

INTERNATIONAL MONETARY FUND

LUXEMBOURG

Staff Report for the 2011 Article IV Consultation—Informational Annex

Prepared by European Department

April 27, 2011

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ANNEX I. LUXEMBOURG: FUND RELATIONS
(As of April 5, 2011)

- **Mission:** March 24, April 4, 2011. The concluding statement of the mission is available at <http://www.imf.org/external/np/ms/2011/040411.htm>.
- **Staff team:** Messrs. Hoffmaister (Head), Vázquez and Ms. Zhang (all EUR), and Mr. Blancher (MCM).
- **Country interlocutors included:** Mr. Luc Frieden, Minister of Finance; Mr. Yves Mersch, Central Bank Governor; Mr. Mars di Bartolomeo, Minister of Social Security; Mr. Nicolas Schmit, Minister of Labor; and Mr. Jean Guill, General Director, Financial Sector Supervisory Commission. Mr. Dirk Mevis, IMF Advisor to the Executive Director attended the discussions. Mr. Johann Prader, Alternate Executive Director, joined the concluding meeting. Outreach activities included meetings with trade unions and a press conference.
- **Fund relations:** The previous Article IV consultation took place on April 7–19, 2010 (IMF Country Report No. 10/161). The staff report and associated Executive Board’s assessment are available at:
<http://www.imf.org/external/pubs/cat/longres.aspx?sk=23926.0>.
- **Data:** Luxembourg subscribes to the Fund’s Special Data Dissemination Standard, and data provision is adequate for surveillance (Annex II).

I. **Membership Status:** Joined: December 27, 1945; Article VIII

II. General Resources Account:	SDR Million	Percent Quota
Quota	279.10	100.00
Fund Holdings of Currency	199.80	71.59
Reserve position in Fund	79.32	28.42
III. SDR Department:	SDR Million	Percent Allocation
Net Cumulative Allocation	246.62	100.00
Holdings	243.39	98.69

IV. **Outstanding Purchases and Loans:** None

V. **Financial Arrangements:** None

VI. **Projected Payments to the Fund** (SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2011	2012	2013	2014	2015
Principal	0.00	0.00	0.00	0.00	0.00
Charges/Interest	<u>0.01</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>	<u>0.02</u>
Total	0.01	0.02	0.02	0.02	0.02

VII. **Exchange Rate Arrangement:**

Luxembourg's currency is the euro, which floats freely and independently against other currencies. Luxembourg has accepted the obligations of Article VIII, Sections 2, 3, and 4, and maintains an exchange system free of restrictions on payments and transfers for current international transactions, other than restrictions notified to the Fund under Decision No. 144 (52/51).

VIII. **Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT):**

The Financial Action Task Force (FATF) recently concluded that Luxembourg has largely addressed the major shortcomings identified in its AML/CFT framework. In its February 2010 mutual evaluation report on Luxembourg, the FATF identified numerous shortcomings, judging that overall Luxembourg's AML/CFT efforts were not proportional to the risks associated with its role as a key international financial center. As a result, Luxembourg was placed under enhanced scrutiny by the FATF's International Cooperation Review Group (ICRG). Since then, the authorities implemented a speedy remedial action plan, including the adoption of AML/CFT legislation addressing deficiencies in financial and nonfinancial sector areas, and increased supervisory actions in the financial sector. At its latest plenary meeting, the FATF noted that authorities have responded rapidly and agreed to remove Luxembourg from the ICRG process, although the effectiveness of these newly implemented measures has not yet been ascertained. Luxembourg will continue to provide updates on its progress as part of the regular FATF follow-up process for assessed members.

ANNEX II. LUXEMBOURG: STATISTICAL ISSUES

(As of April 5, 2011)

I. Assessment of Data Adequacy for Surveillance

General: Data provision is adequate for surveillance. The Central Service for Statistics and Economic Studies (Statec) regularly publishes a full range of economic and financial data and provides an advance release calendar for main statistical releases at:

<http://www.statistiques.public.lu/fr/agenda/calendrier-diffusion/index.html>.

On-line access to Statec's databases and those of other jurisdictions is available to all users simultaneously at the time of release through the [Statistics Portal of Luxembourg](#).

Key publicly accessible websites for macroeconomic data and analysis are:

Statistics Portal of Luxembourg.....	http://www.statistiques.public.lu/fr/
Statec.....	http://www.statec.public.lu/fr/index.html
Central Bank of Luxembourg	http://www.bcl.lu/en/index.php
Ministry of Finance.....	http://www.mf.public.lu/

National Accounts: Luxembourg avails itself of the SDDS special flexibility for the timeliness of the national accounts, and generally disseminates national accounts data not later than four months after the reference period (the SDDS timeliness requirement for the national accounts is three months). Reduction of the reporting lag would aid surveillance.

II. Data Standards and Quality

Subscriber to the Fund's Special Data Dissemination Standard (SDDS) since May 12, 2006. Uses SDDS flexibility options on the timeliness of national accounts and analytical accounts of the central bank.

No data ROSC is available.

LUXEMBOURG: TABLE OF COMMON INDICATORS REQUIRED FOR SURVEILLANCE
(As of April 5, 2011)

	Date of Latest Observation	Date Received	Frequency of Data ⁷	Frequency of Reporting ⁷	Frequency of Publication ⁷
Exchange Rates	04/05/11	04/05/11	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	02/11/11	03/30/11	M	M	M
Reserve/Base Money	02/11/11	03/30/11	M	M	M
Broad Money	02/11/11	03/30/11	M	M	M
Central Bank Balance Sheet	02/11/11	03/30/11	M	M	M
Consolidated Balance Sheet of the Banking System	02/11/11	03/30/11	M	M	M
Interest Rates ²	04/05/11	04/05/11	D	D	D
Consumer Price Index	02/11/11	03/09/11	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ³ – General Government ⁴	2010 Q4	04/05/11	Q	Q	Q
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government	2010 Q4	04/05/11	Q	Q	Q
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	02/11/11	04/05/11	Q	Q	Q
External Current Account Balance	2010 Q4	03/30/11	Q	Q	Q
Exports and Imports of Goods and Services	01/11/11	03/28/11	M	M	M
GDP/GNP	2010 Q4	04/12/11	Q	Q	Q
Gross External Debt	03/11/11	04/05/11	Q	Q	Q
International Investment Position ⁶	2010 Q4	03/30/11	Q	Q	Q

¹ Including reserve assets that are pledged or otherwise encumbered.

² Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Includes external gross financial asset and liability positions vis-à-vis nonresidents.

⁷ Daily (D); weekly (W); monthly (M); quarterly (Q); annually (A); irregular (I); and not available (NA).