



Integrated Country Strategy

Luxembourg

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1. Chief of Mission Priorities

Luxembourg is a longstanding U.S. ally, particularly in promoting global security, political stability, and economic growth. A founding member of the EU, UN, and NATO, and home to six EU institutions, Luxembourg was quick to join the counter-ISIL coalition and frequently deploys troops on NATO missions, including in Afghanistan and Lithuania. Luxembourg is one of the world's smallest nations, yet it plays an outsized role on the world stage given its equal vote in multilateral institutions, its trusted history negotiating thorny issues among its European neighbors, its status as a financial powerhouse, and its uncanny ability to foresee future trends and to be among the first adopters – most recently in its investment in the space industry.

Brexit has only increased this status, as Luxembourg actively seeks to negotiate a solution that keeps the UK close to Europe while also offering an attractive EU home to UK-based financial companies. In addition, it has become the destination/domicile for many companies deciding to keep their headquarters in an EU country. Luxembourg is working to create closer bilateral military cooperation with the United States while also increasing its defense spending in line with NATO goals. Although it falls well short of the Wales 2% commitment, it has made progress – doubling its spending in recent years. In addition, it invests one percent of its GDP every year on development assistance, the third highest in the world.

As a financial center and home to many EU institutions, Luxembourg is disproportionately influential in the EU and other international institutions, creating important opportunities for our Embassy to leverage its influence to advance U.S. objectives far beyond Luxembourg's borders. Embassy Luxembourg seeks to 1) increase Luxembourg's commitment to strengthen the Western Alliance through its defense and development investments by facilitating Luxembourg's movement toward its defense spending commitment to NATO; 2) expand our shared economic prosperity; and 3) enhance security and safety for U.S. citizens and all people through closer advance law enforcement cooperation.

A Stronger Commitment to Defense

In Luxembourg, development investment has historically taken precedence over military defense, given Luxembourg's very small military (consisting of an army of less than 1000, no air force and no navy). While Luxembourg remains a committed member of NATO, it ranks last on defense contributions among the allies when measured by percentage of gross domestic product (GDP). At the same time, it spends more than double the NATO benchmark on modernization. The Luxembourg government in 2017 approved a long-term plan to increase its defense spending, and since 2014, Luxembourg has already doubled its defense investments in absolute numbers, and increased its defense spending by 50% when measured by percentage of GDP. We will continue to encourage this promising progress, as Luxembourg increases its defense capabilities, appropriate to its context and in line with NATO capability gaps. Given the impending elections, the best opportunities are likely after October as a new government begins its 5-year mandate following national elections.

Shared Economic Prosperity

Luxembourg is one of the world's wealthiest nations when measured by per capita GDP. As a leading financial center worldwide, Luxembourg is an important strategic business partner for the United States. Luxembourg has positioned itself as a leading global player in space, logistics, and the Information, Communication, and Technology (ICT) sectors. We will work to further enhance existing cooperation and find new avenues for collaboration, particularly in the space domain. Luxembourg has signed space cooperation agreements with Japan, Russia, and China, among others, and we will act quickly to ensure that Luxembourg and the United States are close partners in this pioneering work. Recently, it saw the latest successful launch into space from Cape Canaveral in the United States and other projects, including a variety of communications satellites are in process.

Luxembourg still struggles to overcome its residual reputation as a tax haven, and we will continue to track and encourage Luxembourg's efforts to battle tax avoidance, tax evasion, and money laundering. Some part of this will involve the stalled tax treaty negotiations. In addition, it will involve greater transparency in financial transactions.

Enhanced Security through Closer Cooperation

Like all embassies, ensuring the security and safety of U.S. citizens is a top priority of this Embassy. Underpinning this priority is the United States and Luxembourg's shared commitment to law enforcement and international justice. While law enforcement cooperation has increased, it is limited by Luxembourg's privacy rights laws. Despite challenges posed by Luxembourg's strict domestic data privacy protections, in 2017 Parliament approved two critical agreements – HSPD-6 and PCSC that will enable better information sharing between our two countries, contributing to the global fight against terrorism and enhancing the security of U.S. borders. We will continue to work with Luxembourg to implement these critical agreements, the next step in our long-term efforts to improve information sharing and increase counter-terrorism cooperation.

Deepen the Commitment to Shared Values

The Luxembourg public still remembers with deep gratitude the sacrifices of U.S. troops in liberating Luxembourg during World War II, and the American Battle Monument Cemetery, located just outside Luxembourg City is a constant reminder of the sacrifice and the depth of our bilateral relationship. Yet with each passing generation, this memory dims. To maintain its relevance, we must actively nurture this goodwill, especially among newer generations. As a consequence, we must continue to focus our public outreach on programs that reach younger generations and target new audiences throughout Luxembourg, and use social media, cultural programming, English language teaching support, and a robust exchange program to promote our shared values (that many died to preserve).

Mission Management

The Chief of Mission Residence (CMR) and adjacent chancery building were built originally in 1927. The toll of age and changing/advancing technology have started to become notable. Indeed, like the memorials, the residence has started to look like a relic rather than a vibrant representation of the past revitalized by the future. Like the Post Office in Washington, D.C., it is in need of a 21st Century upgrade to blend the beauty of the past with the innovation of the future.

The annex, a modern leased commercial space, is located 1 kilometer away. Our 2019 plans include using it to further initiatives in the space and technology zones. Unfortunately, size restrictions have limited its utility.

As part of the maintenance needed to keep the Chancery functioning as needed, a major project to replace the Chancery's water, drainage, and sewer pipes will begin in early 2019. The Mission will strive to continue to provide the best possible operating environment for mission team members, ensuring the operational effectiveness and safety of all three locations. The Mission will also work to expand regionalization services through other neighboring U.S. missions to promote optimum efficiency. Finally, we will work to rekindle the important relationship between the Embassy and the International School of Luxembourg.

2. Mission Strategic Framework

Mission Goal 1: Luxembourg actively deploys a 3D Democracy, Defense, Development Strategy to strengthen the Western Alliance.

Mission Objective 1.1: The GoL demonstrates a renewed commitment to burden sharing by further developing and implementing a credible plan to increase substantially its defense capabilities, appropriate to the local context and in line with NATO capability gaps.

Mission Objective 1.2: The Luxembourg government actively supports U.S. efforts to defeat ISIS and to counter shared security threats.

Mission Objective 1.3: Luxembourg support for development assistance is increasingly formed in cooperation with USG programs, leading to enhanced security and stabilization.

Mission Goal 2: Luxembourg contributes to economic growth and job creation in the U.S. and worldwide and remains a key partner on economic, finance, and technology priorities.

Mission Objective 2.1: The GoL adopts domestic policies and supports EU decisions that improve global financial stability, foster transparency, and prevent tax avoidance and evasion.

Mission Objective 2.2: Our collaboration with private and public sector economic actors leads to deeper economic and business ties between Luxembourg and the United States, particularly in the technology, space, logistics, and ICT sectors.

Mission Goal 3: The Embassy advances U.S. interests in law enforcement, international justice, and security and safety for U.S. citizens.

Mission Objective 3.1: U.S.-Luxembourg law enforcement and counter-terrorism cooperation is enhanced to better protect U.S. citizens and territory.

Mission Objective 3.2: Embassy Luxembourg continues to provide first-class consular services that take full advantage of social media and strengthened relations with Luxembourg authorities.

Mission Goal 4: Luxembourg government and public support for and understanding of U.S. values and foreign policy are broader and deeper, leading to increased commitment to global engagement.

Mission Objective 4.1: Mission Luxembourg deepens popular ties to the United States through effective engagement with youth and key influencers, and public trust in U.S. policy and leadership is increased by highlighting our special relationship to key audiences.

Mission Objective 4.2: Embassy Luxembourg shapes a positive narrative, improves access to balanced and accurate information, and counters disinformation.

Management Objective 1: Provide the best possible operating environment for Embassy Luxembourg, ensuring the operational effectiveness and safety for the chancery, the annex, and mission residences.

Management Objective 2: Strengthen operational effectiveness and efficiencies through data-driven and analytical decision-making.

Management Objective 3: Improve the relationship between the Embassy and the International School of Luxembourg.

3. Mission Goals and Objectives

Mission Goal 1: Luxembourg deploys its 3D Democracy, Defense, Development Strategy to strengthen the Western Alliance.

Description and linkages: Luxembourg is a close and reliable ally, and despite its small size, punches above its weight as a voting member of the EU, NATO, and a wide range of multilateral institutions and organizations. Luxembourg government has adopted a “3D” approach to foreign policy, focusing on Democracy, Development and Defense in Luxembourg. . Democracy and development have historically taken precedence over defense, largely based on Luxembourg’s very small military consisting of an army of less than 1000 and no air force and no navy.

Luxembourg remains a committed member of NATO. At the same time, it ranks last on defense contributions (when measured by percentage of gross domestic product (GDP)). The Luxembourg government in 2017 approved a long-term plan to increase its defense spending and by law contributes 1% of GDP to development, which Luxembourg argues should count as defense spending as its development aid seeks to ensure security worldwide by preventing conflict. Geopolitically, Luxembourg is a key part of the western alliance as a member of the Benelux and as a neighbor and often broker between Germany and France. Though small, Luxembourg has an important role to play in reaching the Joint Regional Strategy Goal 1, “Strengthen the Western Alliance.”

Mission Objective 1.1: The GoL demonstrates a renewed commitment to burden sharing by further developing and implementing a credible plan to increase substantially its defense capabilities, appropriate to the local context and in line with NATO capability gaps.

Justification: Given its small size, small army, and lack of an air force and a navy, Luxembourg has historically been vulnerable and looked to its neighbors and allies for protection. Luxembourg is aware of its dependence on others including the U.S. and supports NATO. Notwithstanding political dynamics, the leadership continues efforts to increase Luxembourg’s contributions toward its collective defense. Luxembourg currently ranks last on defense contributions when measured by percentage of gross domestic product (GDP), though it well exceeds the benchmark to spend 20% of its defense budget on modernization. The Luxembourg government in 2017 approved a long-term plan to increase its defense spending. This plan was developed in close coordination with NATO and seeks to meet NATO gaps with Luxembourg niche capabilities, particularly in the realm of military satellite communications. Yet, the plan does not envision Luxembourg reaching the pledged goal of spending 2% of GDP on defense by 2024. Luxembourg does host a critical storage and maintenance facility for US Air Forces Europe and plans are underway to increase its size and presence.

Mission Objective 1.2: The Luxembourg government actively supports U.S. efforts to defeat ISIS and to counter shared security threats.

Justification: Luxembourg remains committed to the Western Alliance and dependably votes in multilateral fora in concert with US policies on the DPRK, Iran, Afghanistan, Syria, and North Africa. As a pragmatic country dependent on open and free trade for its own prosperity, it generally does not support sanctions as the best way to meet foreign policy goals, but does vote in consensus with its EU colleagues, even when it is not necessarily in Luxembourg's own clear domestic interest. It also seeks to keep diplomatic channels open to all countries, as it has historically served the role as trusted broker in difficult diplomatic situations. Luxembourg has recently joined the Counter Finance working group of the Defeat ISIS coalition and is considering membership in the Stabilization working group. Luxembourg participates in Operation Resolute Support in Northern Afghanistan with one soldier, an Explosive Ordnance Disposal specialist in Mazar-e-Sharif. The Luxembourg government decided to withdraw its small contingent of troops participating in the Kosovo Force (KFOR) in order to support the new NATO effort in Lithuania, while continuing to co-finance its medical support for KFOR. Luxembourg has two soldiers deployed to the European Union Training Mission in Mali. Luxembourg remains committed to supporting the Afghan national security forces through 2020, with contributions to the Afghan National Army Trust Fund. Luxembourg pledged the largest per capita amount of any International Security Assistance Force (ISAF) partner during the 2012 NATO Summit in Chicago.

Mission Objective 1.3: Luxembourg support for development assistance is increasingly formed in cooperation with USG programs, leading to enhanced security and stabilization.

Justification: Luxembourg annually spends one percent of its GDP on development cooperation and humanitarian aid; only two countries in the world spend more (as measured by percentage of GDP) than Luxembourg in these areas. The primary goal of Luxembourg's development and humanitarian budget, which does not include its refugee reception and climate change projects, is the eradication of poverty which Luxembourg argues contributes to conflict prevention and global security. Luxembourg has identified health, education and rural development as its priority sectors for assistance for its seven current partner countries: Burkina Faso, Mali, Niger, Senegal, Cabo Verde, Nicaragua, and Laos. Luxembourg is also piloting two projects in Myanmar. The Government of Luxembourg began in 2016 to partner with the private sector for some of its development projects.

Mission Goal 2: Luxembourg contributes to economic growth and job creation in the U.S. and worldwide and remains a key bilateral partner on economic, finance, and technology priorities.

Description and linkages: As a leading financial center worldwide, Luxembourg is a strategic business partner for the United States. Increased investment in technology in the fields of space, telecommunications, green technology, and financial technology provide enormous potential for bilateral economic and commercial cooperation. As a member of the EU and OECD as well as a headquarters for numerous multinational corporations, Luxembourg must remain a key player in the fight against tax avoidance and tax evasion. This goal links directly to Joint Regional Strategy Goal Two – “Strengthen and Balance the Transatlantic Trade and Investment Relationship.”

Mission Objective 2.1: The GoL adopts domestic policies and supports EU decisions that improve global financial stability, foster transparency, and prevent tax avoidance and evasion.

Justification: As one of the wealthiest nations on earth, Luxembourg shares our interest in maintaining a functioning, stable, transparent global economy. Luxembourg has a lingering reputation as a tax haven, a reputation that was further tarnished by various document leaks and the inclusion of Luxembourg on the OECD gray list, and investigations by the European Commission into unfair tax practices. The government has implemented extensive financial reforms, the most high profile of which was ending its banking secrecy practices in 2015. Luxembourg also instituted the automatic exchange of bank account information with EU Member States. The OECD removed Luxembourg from the “grey list” in 2009. The U.S.-Luxembourg bilateral tax treaty contains significant loopholes disadvantageous to the United States, though the renegotiation of the treaty is on hold pending analysis of the impact of the 2017 U.S. Tax Reform. Luxembourg is very cooperative in providing assistance in major tax fraud investigations, in which tax evasion is the targets’ main objective, via the bilateral Mutual Legal Assistance Treaty (MLAT).

Mission Objective 2.2: Our collaboration with private and public sector economic actors leads to deeper economic and business ties between Luxembourg and the United States, particularly in the space, logistics, and ICT sectors.

Justification: Luxembourg has positioned itself as a leading global player in space, logistics, and the Information, Communication, and Technology (ICT) sectors. Existing collaborations are numerous and can be further developed and enhanced. Luxembourg’s recent SpaceResources.lu initiative seeks to exploit the resources of space – starting with the wealth of data available through satellite observation, through the harvesting of ice from asteroids to extract hydrogen fuel to power space travel, and eventually to the mining of rare earth metals in space. Luxembourg and the United States are the only two nations on earth with laws relating to space resources, and

Luxembourg's efforts to attract space-related companies are unparalleled. Luxembourg has signed space cooperation agreements with Japan, Russia, and China, among others, and we should act quickly to ensure that Luxembourg and the United States are close partners in this pioneering work.

Mission Goal 3: The Embassy advances U.S. interests in law enforcement, international justice, and security and safety for U.S. citizens.

Description and linkages: The United States and Luxembourg have a strong foundation of cooperation in law enforcement, international justice, and the security and safety of U.S. citizens. Law enforcement cooperation has increased, but is limited by Luxembourg's privacy rights legislation. We are working to assist Luxembourg in implementing information sharing programs required for continued participation in the Visa Waiver Program. The Embassy and Luxembourg have cooperated very closely to increase Luxembourg's capacity for and attention to the issue of Trafficking in Persons, in particular. This goal is linked to National Security Strategy Goal 1 – Protect the Homeland – and Goal 2 – Preserve Peace through Strength as well as the Joint Regional Strategy Goal 1.3.

Mission Objective 3.1: U.S.-Luxembourg law enforcement and counter-terrorism cooperation is enhanced to better protect U.S. citizens and territory.

Justification The United States and Luxembourg have a strong foundation for security cooperation, but with the continued unrestricted movement of individuals throughout the Schengen region and increase of terrorist-related events in Western Europe, the security environment has changed. Luxembourg has not experienced an increase in terrorist-related events like its neighbors; however, the possibility of incidents does exist due to the Schengen free movement. Efforts to strengthen our already strong relationship through information sharing and capacity building activities must be pursued to strengthen their ability to combat these threats and protect U.S. citizens both domestic and abroad.

As outlined in sections 5 and 12 of Executive Order 13768, the U.S. government believes that, under international law, every state is obliged to accept the return of all its nationals that another state seeks to expel, remove or deport. It is imperative that countries identified by ICE as uncooperative or At Risk of Non Compliance (ARON) make efforts to (1) issue travel documents within the International Civil Aviation Organization (ICAO) standard of 30 days; (2) agree to accept the physical return of their nationals by commercial or charter flights, as appropriate; (3) agree to conduct interviews to confirm nationality, as appropriate; and (4) develop an enduring and consistent system through which ICE officials can work directly with consular officer in the United States to obtain travel documents expeditiously for nationals subject to orders of removal. Under INA 243(d), DHS may designate a country as delaying or denying the return of their citizens or nationals, resulting in the discontinuation of at least some visa service.

Presidential Proclamation 9645 states that “It is the policy of the United States to protect its citizens from terrorist attacks and other public safety threats” and “information sharing and identity management protocols and practices of foreign governments are important for the effectiveness of the screening and vetting protocols and procedures of the United states.” Under the Proclamation, the Department of Homeland security, in consultation with the Department of state and other agencies, must report regularly to the President on the status of foreign government performance against baseline information-sharing and identity management criteria. Nationals of countries deemed deficient in these areas may be subject to entry and visa restrictions under the Proclamation.

Mission Objective 3.2: Embassy Luxembourg continues to provide first-class consular services that take full advantage of social media and strengthened relations with Luxembourg authorities.

Justification: The goal of the consular section in Luxembourg is to provide services that effectively and efficiently protect US citizens in our consular district, ensure U.S. security, facilitate legitimate travel and promotes economic growth. Embassy Luxembourg provides the full range of consular services: passports, consular reports of birth abroad, notarials and visas, in a timely and efficient manner.

Executive Order 13780 required the Department to “review all nonimmigrant visa reciprocity agreements and arrangements to ensure that they are, with respect to each visa classification, truly reciprocal insofar as practicable with respect to validity period and fee.” INA sections 221(c) and 281 require that the Secretary of State establish visa validity and fees, respectively, according to what foreign governments provide to U.S. citizens. As such, the Department of State must match visa validity and fees to match the visa issuance practices of the Government of Luxembourg.

Mission Goal 4: Luxembourg government and public support for and understanding of U.S. values and foreign policy are broader and deeper, leading to increased commitment to global engagement.

Description and Linkages: Mission Luxembourg’s public diplomacy program will encourage Luxembourg’s active engagement in support of global challenges, promote and strengthen economic growth and bilateral ties, and deepen understanding and appreciation for U.S. values and foreign policy perspectives. This goal is linked to the President’s National Security Strategy number IV - Advancing American Influence: As a force for good throughout its history, America will use its influence to advance our interests and benefit humanity.

Mission Objective 4.1: Mission Luxembourg deepens popular ties to the United States through effective engagement with youth and key influencers, and public trust in U.S. policy and leadership is increased by highlighting our special relationship to key audiences.

Justification: Mission Luxembourg's public diplomacy program will reach out to youth audiences as they are sophisticated, willing to engage and the future generation of leaders in Luxembourg. Additionally, Luxembourg's size means the influencers are easily accessible and interested in dialoguing on many topics important to the United States.

Mission Objective 4.2: Embassy Luxembourg shapes a positive narrative, improves access to balanced and accurate information, and counters disinformation.

Justification: Mission Luxembourg's public diplomacy program will continue to shape a positive narrative, putting out accurate and balanced materials and hosting speakers and guests who can effectively share the U.S. perspective and goals in addition to the outreach the Ambassador and DCM will conduct.

4. Management Objectives

Management Objective 1: Provide the best possible operating environment for Embassy Luxembourg, ensuring the operational effectiveness and safety for the chancery, the annex, and mission residences.

Justification Mission Luxembourg's Embassy compound is composed of the Chief of Mission Residence (CMR) and the Chancery. The Annex, a leased commercial space, is located 1 kilometer away. The Chancery and CMR structures were built in 1927 and are aging and in need of update and repair. A major project to replace the Chancery's water, drainage, and sewer pipes is planned to begin in early 2019. Embassy Luxembourg continues to strengthen the effectiveness of Post's operations by expanding two more service areas under the Bureau's regionalization initiative. In addition, the residence itself needs a technology update to bring it within 21st century norms.

Management Objective 2: Strengthen operational effectiveness and efficiencies through data-driven and analytical decision-making.

Justification In an era of data-driven platforms, Embassy Luxembourg can better focus on the compelling evidence of statistics to identify areas of strengths and risks, focus resources appropriately to maximize efficiencies, strengthen internal controls and to address potential areas of material weakness. Full utilization will lead to more accurate reflection of data.

Management Objective 3: Improve the relationship between the Embassy and the International School of Luxembourg.

Justification The International School of Luxembourg was originally founded as the American School of Luxembourg and enjoyed a very close relationship with the U.S. Embassy, with a member of the Embassy sitting on the school board. As the school evolved with Luxembourg's growth and surge of expatriates, the relationship with the Embassy changed. While most mission children attend the school, preferential registration is not provided, and all families who wish to attend the school must finance their own travel to Luxembourg the spring before a new school year starts to participate in an in-person interview. Currently no exceptions are allowed, placing a strain on Embassy families and even in some cases limiting our pool of bidders.