

sector. The industrial sector accounts for the remaining half of GDP, whereas agriculture and natural resource exploitation is negligible. Even though the financial service sector accounts for about 28% of GDP, the economy of Liechtenstein is – all in all – highly diversified and comparable those of larger European countries. Comparatively low business taxes and easy incorporation rules have induced many holding or so-called letter box companies to establish nominal offices in Liechtenstein. These are an important source of public revenues. Note that Liechtenstein is more dependent on daily commuters from abroad (Austria and Switzerland) than any other VSC. About one-third of its workforce does not live in Liechtenstein. Liechtenstein exports machinery, dental products and a wide variety of other commodities mainly to EEA countries and Switzerland. Important imports include foodstuffs and manufactured goods as well as a variety of other products. Liechtenstein imports from and exports to the same partners.

The population of Liechtenstein is rather homogeneous, although the proportion of foreigners formally is very high. Most of them are, however Austrians and Swiss as well as a few Germans. German is the official language.

5.2.2.6 Luxembourg

Luxembourg is a special VSC in several respects. Perhaps due to its size (more than 400,000 inhabitants) it is sometimes not classified as a VSC at all. Though, we suppose that this (mis-)classification is mainly a consequence of Luxembourg's full integration in the international political and economic system by being a member of the EU, NATO, the OECD and the OSCE. Furthermore, Luxembourg is non-negligible at least in the European context, because many important EU decisions require unanimity of member states, and Luxembourg's voting power is therefore far beyond its size. The Grand-Duchy of Luxembourg achieved independence in 1815 and is hence one of the «older» VSC.

Unemployment rate is the lowest or among the lowest in the EU 15; inflation is not a problem either. Luxembourg's currency, the Luxembourg franc, vanished at the end of 2001 due to the introduction of the euro. With regard to the economic structure, Luxembourg does not differ very much from other EU member countries. The proportion of the