

agricultural sector is a little smaller than the average; the proportion of the service sector is higher than 70% of GDP and of the total workforce. The industrial sector has traditionally been dominated by steel, but has become more diversified within the last decades. Banking and financial services are an important pillar of the Luxembourg economy. Imports and exports as well as trading partners are highly diversified although there still are relatively intensive trade relations with Belgium and the Netherlands, the other two countries of the BENELUX group.

The population of Luxembourg is rather homogeneous in European terms. Taking nationality, there are about 25% foreigners, most of whom are citizens of an EU member country. Official languages are Lëtzebuergesch (a Moselle-Frankish dialect), German and French.

5.2.2.7 Monaco

The Principality of Monaco is one of the most famous VSC, since it is considered to be a refuge for celebrities and top athletes. The attraction of Monaco is its tax-free personal income status. Although costs of living and especially housing are extremely high, the net benefit of moving to Monaco from a high-tax European country is mostly positive for the rich. Monaco is also well known for a series of big events, among which sport events are the most prominent, and for casino activities. It is not surprising that tourism, therefore, is an important source of income. Independent since 1489, Monaco is a traditional VSC. Its economic and political independence is however rather limited due to its high integration with France (currency and customs union).

Unemployment and inflation rates are comparable to Liechtenstein or Luxembourg. An extremely high proportion (nearly 90%) of the Monegasque are employed in the service sector. The rest is accounted for by the industrial sector; the primary sector is negligible and natural resources do not exist. An important source of income for the public sector are monopolies operated by the government, including telecommunication, tobacco industries, etc. The only industrial activities of considerable size, also as exports, are the pharmaceutical and cosmetic industries. Although data on the Monegasque economy are very scarce, which is especially true of foreign trade, it is not difficult to conclude that Monaco imports a large variety of goods and services.