Eurofound

Restructuring in SMEs: Luxembourg

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Introduction

Overview

Luxembourg is the second smallest Member State of the EU after Malta, with about 511,000 inhabitants in a landlocked area of approximately 2,586 square kilometres. Luxembourg is unusual in that 43% of its population is composed of foreigners, most of them European citizens, with important communities of Portuguese, French and Italians. Given its history and geographical area, Luxembourg has always been a crossroads. The country has three different official national languages: both French and Luxembourgish are widely used and German is recognised as an official language. Luxembourg is known for its small size and flourishing economy based on steel, chemicals and banking and finance (Kwiatkiewicz, 2009).

Luxembourg is part of the Greater Region or '*Grande Région*': the area that encompasses Saarland (Germany), Lorraine (France), Luxembourg, Rhineland-Palatinate (Germany) and Wallonia (Belgium). This region is situated between the Rhine, the Moselle, the Saar and the Meuse rivers, and has an overall area of 65,401 km². Its population totals 11.2 million inhabitants, representing 2.5% of the total population of the EU, and accounting for the same proportion of the EU GDP.

As part of the *Grande Région*, Luxembourg benefits from the highest rate of foreign daily commuting. Of the 200,000 cross-border workers commuting in the Region on a daily basis, Luxembourg drains 32,400 commuters from Wallonia, 25,900 from Rhineland-Palatinate, 7,300 from Saarland and 67,200 from Lorraine (PWC, 2011).

Luxembourg's historical economic development

Luxembourg is one of the richest countries in the world. It used to rely on heavy industry, specifically the steel industry, but its economy underwent a major change in the second part of the twentieth century, based on the development and support of the service sector, and more specifically of the financial and banking sector. Over the last 30 years, the financial and banking sector became the main drivers of the Luxembourg economy. For instance, in 2003 the financial sector generated around 25% of the country's global added value, represented almost 12% of the total employment rate and gave the state 40% of its revenue (Poggi, 2005). In 2009, services accounted for 86% of GDP, of which 28% was generated by the financial sector alone (Kwiatkiewicz, 2009).

Still, Luxembourg may be described as having a 'bipolar' economy that is an industry–service economy, with a strong dominance of the service sector. The industrial sector (steel, chemicals, metal and rubber production), although on a much smaller scale than the service sector, remains important for the country, accounting for some 13.6% of GDP (2009 figures). Some of the modern industries, such as IT, telecommunications, transport, logistics, and advanced food processing are also well developed.

In 2011, Luxembourg's GDP reached €44.06 ($59.2 approx.) billion (World Bank, 2011). At the same time, economic growth was 2.7% and the public debt represented 19.1% of the GDP. These statistics show a more favourable economic position than many other Member States, particularly those in southern Europe.

SMEs in Luxembourg

The Act of 21 February 1997 amending the Act of 27 July 1993 applies the criterion of the European recommendation 96/280/CE as modified by the Recommendation 2003/361/EC concerning the definition of SMEs. Under this act, an SME is a company with fewer than 250 employees. Its annual turnover is €50 million or less, or the total balance sheet is €43 million or less. A small enterprise is a company employing between 10 and 49 workers, with an annual turnover of €10 million or less, or a balance sheet of €10 million or less. Finally a microenterprise has fewer than 10 workers and/or a turnover of €2 million or less, or a balance sheet total of €2 million or less.

According to the Chamber of Commerce of Luxembourg, SMEs represented 80% of the total national GDP in 2005 (Poggi, 2005). According to the European Commission's latest SME performance review, Luxembourg's SME sector accounts for 99.8% of the number of enterprises operating in the country. The sector's employment and value added share further represents 67% and 58% of the total economy respectively.

The most prevalent form of SMEs in Luxembourg is microenterprises. Figures for 2005 show that over 87% of all SMEs are businesses employing up to nine people. Microenterprises also contribute the biggest share of value added (36.6%, representing €2,745 million) (Kwiatkiewicz, 2009).

Luxembourg's service-oriented economy is reflected in the structure of the SME sector, according to the latest Commission's SME performance review (SBA Fact Sheet 2012). At least 58% of the country's almost 27,000 SMEs provide services, as opposed to 44% in the EU. When narrowing down the SME sector to companies employing between 10 and 100 workers, this ratio increases to 67%, with 31% of firms operating in the wholesale, retail, repairs and catering industries, 27% in financial and related services and 9% in the transport, storage and logistic industries. The construction industry represents 9% of SMEs.

Table 1: *Number of SMEs in Grand Duchy of Luxembourg 2005–2012*

	2005	2006	2007	2008	2009	2010	2011	2012
0–9 employees	19,651	20,313	21,209	22,526	22,895	23,426	23,842	24,314
10–49 employees	2,358	2,518	2,600	2,731	2,736	2,756	2,777	2,811
50–249 employees	488	501	526	556	551	547	542	547
Total	**22,497**	**23,332**	**24,335**	**25,813**	**26,182**	**26,729**	**27,161**	**27,672**

Source: *Database for the Annual Report on SMEs 2010–11*

As SMEs account for most economic activity and employment in Luxembourg, various initiatives exist to promote them such as the 'Third Action Plan for SMEs' (3ème plan d'action en faveur des PMEs).

Crisis and restructuring

Even though Luxembourg remains one of the most prosperous European countries, it has been affected by the economic crisis. In this context, numerous SMEs in the Grand Duchy have experienced economic difficulties (see Lejeudi.lu, 2 February 2012), which has led to restructuring in some cases.

Restructuring has become more common since the beginning of the crisis in 2008. It affects mainly firms in industry and the financial sector. In particular, a few banks have restructured in order to guarantee their viability and ability to finance. According to Gerber-Lemaire (2010):

> *Over the past couple of years, Luxembourg has unavoidably experienced the impact of the ongoing uncertainty across the financial markets, particularly in respect of the collapse of the many major conglomerates with subsidiaries in Luxembourg, including names such as Dexia, Fortis, Kaupthing, Glitnir, Landsbanki and Lehman Brothers. As a result, there have been some very complex restructuring activities including, among others Kaupthing's split into two new entities, to become Banque Havilland SA and Pillar Securitisation Sàrl, and Glitnir Bank's restructuring plan.*

Bernard Madoff's funds scandal has also impacted Luxembourg. In a press release dated 23 January 2008 issued by the Luxembourg regulatory body, the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, 18 funds and sub-funds are listed as having been affected by the Madoff fraud. In 2009, the judiciary liquidation of three funds (Herlad Lux SICAV, Luxalpha SICAV and Luxembourg Investment Fund SICAV) was ordered by the court. […]

There has also been an increasing number of international businesses facing financial and strategic challenges turning to Luxembourg for its structuring and restructuring capabilities.

As this report shows, the turmoil in the financial and banking sector also affects Luxembourg's SMEs.

One of the major consequences of those difficulties is the rise in the unemployment rate. Although it is still low in comparison to neighbouring countries, namely 6% in March 2012 according to official data (STATEC, 2012), the employment situation has some weaknesses. The Luxembourgish labour market is indeed characterised by a paradoxical situation: on one hand, there is a strong trend in job creation and on another hand, a rise in unemployment. This is explained by the fact that the jobs created benefit mainly cross-border workers (Thomas, 2010).

Available data show that bankruptcy proceedings increased dramatically in 2010–2011, reaching a historical record. Luxembourgish companies hit by bankruptcy are mostly microenterprises, employing one to five people and having a turnover below €2 million per year. The reasons behind bankruptcy (loss of competitiveness, economic downturn, management's strategic mistakes, fraud, etc.) are so far largely unknown due to a lack of breakdown data and figures, as we will see below.

The handicraft sector is particularly relevant for the study as it is composed of 99% SMEs. The handicraft sector saw a rise of 32% in the number of companies between 2000 and 2010.[1] With 1,275 jobs created in 2010, the level of growth is lower than before the crisis. It thus appears that since the crisis numerous SMEs in this sector are experiencing some kind of restructuring, but unfortunately, the available information does not indicate the reasons why SMEs in this sector are undergoing restructuring (*Le Quotidien*, 3 November 2011).

Finally, we can say that restructuring in SMEs is a topical issue in Luxembourg. For instance, a media report in L'essentiel.lu on 6 November 2011 noted that the economic situation of SMEs was not improving, especially because of the difficulty of finding funds. Emphasis is generally put on employee protection during restructuring, as illustrated by the ArcelorMittal case – even though this company does not qualify as an SME.

However, the topic is discussed in general fashion, by way of general news as reported by newspapers. There is no relevant scientific and/or academic literature on the topic of SME restructuring apart from a dedicated study that was published well before the economic crisis and thus has limited relevance today (Poggi, 2005).

[1] This information must however be nuanced with respect to an historical perspective in the sense that the number of jobs created decreased from 3,700 in 2008 to 2,000 in 2009, according to the newspaper *Le Quotidien* (3 November 2011). However, just because the number of new jobs is decreasing this does not automatically imply that the total number of jobs is decreasing.

A study carried out by PWC on the competitiveness of SMEs in the *Grande Région* nonetheless demonstrates that public authorities are aware of the importance of SMEs in overcoming economic difficulties stemming from the crisis – thus also indirectly recognising the importance of restructuring for SMEs:

> *In times of economic and financial crisis, political, economic and social decision-takers must be aware of the fact that SMEs play a prominent part and are the springboard of economic recovery and the main source of our employment.*
>
> (PWC, 2011, p. 2)

Social dialogue in Luxembourg

The management of social issues arising from economic difficulties is carried out through tripartite social dialogue. It brings together representatives of employers, labour and public authorities. A 'Tripartite Coordination Committee' was created under the Act of 24 December 1977. This institution is to be convened when the economic and social situation deteriorates (Thomas, 2010). In the past, it has succeeded in getting agreements signed between the parties to take action to alleviate the situation, for example in 1979 for iron and steel. Generally speaking, there is a strong tradition of dialogue and negotiation in Luxembourg and social conflicts such as strikes and demonstrations are rare (Kwiatkiewicz, 2009).

The stability of labour relations are usually attributed to three main factors, namely: (i) the small size of the country, allowing the 'three parties' to meet easily; (ii) the exceptional wealth of the country, constituting the best guarantee of harmonious labour relations; and (iii) the high rate of cross-border workers, providing for a flexible workforce that can be, for instance, easily deactivated in case of economic downturn. For these reasons, the 'Luxembourg model' is viewed as specific to the country and not easily transposable abroad (Kwiatkiewicz, 2009). The next chapter describes how SMEs (at least the biggest of them) are affected by this model.

Relevance of different types of restructuring for SMEs

The European Restructuring Monitor (ERM)[2] generally considers the following events to be types of restructuring:

- relocation;
- outsourcing;
- offshoring/delocalisation;
- bankruptcy/closure;
- merger/acquisition;
- internal restructuring;
- business expansion.

For the purpose of this report, we thus analysed available literature relating to the above events.

Relocation

Luxembourg, due to its small size and its location, depends heavily on exports, notably in the *Grande Région*, as well as on a cross-border workforce (see above). However, there is little literature on relocation of SMEs in Luxembourg. This may be explained by the fact that Luxembourg is so small and that workers and/or management do not need to relocate within the country: wherever they live in the Grand Duchy territory, they still live close to their business location, so relocation is not relevant.

Outsourcing

We do not find any specific data or information about outsourcing realised by SMEs in Luxembourg.

Bankruptcy/closure

The bankruptcy procedure properly speaking is ruled by articles 437 and subs. of the Luxembourgish Commercial Code. A particular bankruptcy procedure exists for financial institutions. It is ruled by the articles 60 and 61 of the law of 5 April 1993 on the financial sector which has been modified by the law of 19 March 2004, implementing the Directive on reorganisation and winding up of credit institutions (Oostvogels Pfister Feyten, 2010). The procedure provided is the suspension of payments, which aims to prevent a deterioration of the institution's situation and to give it sufficient time to resolve its difficulties. For the remainder, the bankruptcy procedure follows the rules of commercial companies.

Three different actors can initiate the bankruptcy procedure, namely the creditors, the commercial court or the affected company through a decision of its managers. Two cumulative conditions are verified by the court to activate this procedure (insolvency test); that is (i) the company must be unable to pay its creditors and (ii) it must be unable to raise credit.

[2] http://www.eurofound.europa.eu/emcc/erm/index.htm.

Beside bankruptcy, different procedures exist for avoiding bankruptcy, namely controlled management (‘gestion controlee’, see Grand-Ducal Decree of 24 May 1935), the reprieve from payments (‘sursis de paiement’, see articles 593 and following of the Luxembourgish Commercial Code) and a ‘scheme of composition’ with creditors to avoid bankruptcy (‘concordat préventif de faillite’, see Law of 14 April 1886). But these mechanisms are usually not used in practice or, when they are, they are activated too late to ensure recovery. For instance, in 2011 only a dozen companies used the controlled management, out of a total of 961 bankruptcy proceedings in that year (Creditreform, 2011). Moreover, contrary to other modern legislations on reorganisation procedures, Luxembourg law does not have any full-fledged judicial restructuring procedure (procedure de restructuration judiciaire), allowing for bodies undergoing restructuring to avoid bankruptcy.

Moreover, bankruptcy is seen as a punishment/failure by managers so companies already in a situation of payment suspension are reluctant to activate it. This is due to the fact that some aspects of Luxembourgish restructuring procedures refer to criminal law concepts. The request on the initiative of the manager is for instance called ‘bankruptcy on avowal’ (aveu de faillite).

For these reasons, reorganisation procedures in Luxembourg tend not to be successful. The bankruptcy regulation is commonly seen as outdated and not fit for purpose, according to numerous professionals/practitioners (*Le Quotidien*, 3 November 2011).

Creditreform analyses bankruptcies on a yearly basis in Luxembourg and neighbouring countries. Please note that the figures provided are general; that is, not SME-specific, but, as SMEs account for 99.8% of the enterprises operating in the country, it is worth detailing these figures for the purpose of this report. However, the figures do not allow identification of the cause of bankruptcy.

From Creditreform’s 2011 report (Creditreform, 2012), we learn the following with respect to bankruptcies in Luxembourg:

- bankruptcies rose by 4.68% from 2010 to 2011; a total of 918[3] bankruptcy filings took place in 2011;
- 64.10% of all filed bankruptcies are related to the service sector;
- 65% of all filed bankruptcies affected companies aged over five years.

More specifically, the split by sector is as shown in Table 2.

Table 2: *Bankruptcies by sector in Grand Duchy of Luxembourg 2011*

Production	Construction	Commerce	Services
1.14 %	8.74 %	26.02 %	64.10 %

Source: *Creditreform, 2011*

A comparison with previous years is shown in Table 3.

[3] 930 according to Paperjam.lu, 2012.

Table 3: *Number of bankruptcies in Grand Duchy of Luxembourg 2007–2011*

2007	2008	2009	2010	2011
680	590	698	918	961

Source: *Creditreform, 2011*

The figures for 2006 are shown in Annex 1 of this report, which gives a detailed breakdown of bankruptcies by sector for 2000 to 2010.

It appears from the above that the number of bankruptcies increased considerably in 2010 and 2011, at least according to the Luxembourg press (*Le Quotidien*, 2011 and Paperjam.lu, 2012). The same sources draw a clear link between the increased number of bankruptcies and the subprime crisis. The financial sector is the most affected by it, according to these sources. We note that some of the bankruptcies reported in the press relate to companies that are too large to qualify as SMEs, as defined for the purpose of the present study.[4]

Mergers and acquisitions (M&As)

Competition is regulated in Luxembourg among others by the law of 14 May 2007 on Competition (Law of 4 May 2007 relating to Competition). This law does not contain any provision on merger control so there is no prior control of concentrations in Luxembourg. Nevertheless, concentrations may be subject to an *a posteriori* control under articles 3 and 5 of the law (general prohibition of abuse of dominant position and of cartels).

It is thus not surprising that no information is available on mergers and acquisitions of SMEs in Luxembourg. In any event, we can assume that concentrations concerning SMEs do not very often reach minimum thresholds provided by EU law[5] so, as a general rule, information on M&As of SMEs is likely to be scarce throughout the whole EU.

Internal restructuring

Luxembourgish SMEs are particularly concerned by internal restructuring. Indeed, one-third of enterprises will search for a successor within the next ten years (PWC, 2007). This is due to an ageing population and the retirement of the baby-boom generation. It is an important issue for managers but, according to the PWC study relating to the *Grande Région*, 59% of Luxembourgish managers have a strategy to organise their succession. This level is, however, lower than the *Grande Région* as whole, where it reaches 67%. However, these data should not be interpreted as reflecting a lack of awareness among the management of Luxembourgish family businesses of the issue of succession. Indeed, family successions in direct line are not taxed under Luxembourgish law. Thus, and by contrast with the other regions, managers have fewer reasons to be concerned about the costs of succession. Luxembourgish tax law is hence a real asset for family businesses.

[4] Socimmo, with 470 employees, for instance.

[5] According to the Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings, concentrations having a Community dimension, thus having to be notified to the Commission, are those where: The combined aggregate worldwide turnover of all the companies is more than €2,500 million; in each of at least three Member States, the combined aggregate turnover of all the companies is more than €100 million; in each of at least three Member States, the aggregate turnover of each of at least two of the companies is more than 25 million, and the aggregate Community-wide turnover of each of at least two of the companies is more than €100 million; unless each of the companies achieves more than two-thirds of its aggregate Community-wide turnover within one and the same Member State.

Another factor relating to internal restructuring may be the high level of internationalisation of SMEs in Luxembourg. According to a study of the European Commission on internationalisation of SMEs (European Commission, 2010), Luxembourg is in the top five Member States whose SMEs are the most internationalised:

- 25% of Luxembourgish SMEs have direct exports, which places Luxembourg above the EU average for this type of internationalisation;
- almost 50% of Luxembourgish SMEs are involved in direct imports, whereas the EU average is 29%;
- almost 55% of SMEs benefit from direct foreign investments, either following a technical cooperation or outsourcing abroad.

Moreover, Luxembourg is an important recipient of foreign direct investment (FDI). Figures for 2002–2003 reveal for instance that the country was the largest recipient of FDI and the largest outward investor in 2003. In these years, Luxembourg was accountable for more than one-third of the EU's combined inflows and outflows, while generating 0.2% of the EU's total GDP (Kwiatkiewicz, 2009). However, we do not find specific information confirming the link between internationalisation and restructuring, including other forms of restructuring.

Business expansion

PWC's study (2011) showed that product diversification, geographic expansion and increased technology are important factors helping SMEs to cope with changing market conditions, globalisation and the economic crisis (see below). We can thus expect business expansion to be an important type of restructuring in Luxembourg. However, we do not have relevant specific information on this area in Luxembourg.

Drivers of restructuring

The economy of Luxembourg has been affected by the economic crisis, and SMEs are victims too. As demand has fallen, less production is needed. The industrial sector has been particularly badly affected. Small companies are obliged to adapt their plans and limit their costs. Moreover, individuals hesitate before investing and consume less (Chambre des métiers du Luxembourg, 2009).

Globalisation, reorganisation of value chains and increasing competition

Luxembourg's SMEs face economic difficulties due to increased competition stemming from 'new' EU Member States and globalisation. A study carried out by PWC in 2011 shows that some of the main strategies that companies in the *Grande Région* are following are product diversification and geographic market expansion (PWC, 2011). With respect to geographic market expansion, the SME managers interviewed by PWC, including managers in Luxembourg, identify the creation of partnerships with foreign partners as useful as they allow for investment cuts. Others identify the development of activities on a targeted foreign market as a way of maximising return on investments. It is generally recognised that exporting on new markets requires a substantial commercial network. According to the study, SMEs generally lack adequate tools for structuring development abroad. The study identifies institutional support offered by chambers of commerce or other institutions as being useful in this respect (PWC, 2011).

Client relationship is also viewed as a challenge for SMEs in the *Grande Région*, and thus perhaps also – although not specifically pointed out as such by the study – as a driver for restructuring. According to the PWC report (2011):

> *In order to keep direct ties with needs and expectations of clients, commercial strategy managers must set up and maintain a strong proximity with clients and operations. This will allow them to understand market tendencies that impact or will impact their markets. […] Today, offer differentiation occurs not only on the basis of product or service quality but also on the added value as perceived by the client, which becomes a differentiation factor.*

Privatisation, liberalisation of markets and public sector restructuring

We do not have specific literature identifying privatisation and liberalisation as a driver for SMEs to restructure in Luxembourg. However, liberalisation of network industries such as energy, the postal sector or telecommunications, for example, and subsequent privatisation are processes under way in the whole EU, thus also in Luxembourg.[6] We thus can assume that what is valid for any EU Member State is also valid for Luxembourg. For instance, formerly vertically integrated electricity and gas companies also had to divest their respective networks in Luxembourg. Gas and electricity transmission or distribution system operators thus also appeared on the Luxembourgish energy market.[7]

In electricity markets for instance, the expected 'smartening' of society will certainly benefit SMEs, including pushing them to restructure. Indeed, the wide-scale development and penetration of smart grids is, according to the European Commission, viewed as an opportunity for boosting the competitiveness of the EU, notably in the field of electronic engineering – an industry composed of SMEs for the most part (European Commission, 2011).

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[6] See **http://ec.europa.eu/enterprise/policies/sme/files/analysis/doc/smes_observatory_2003_report3_fr.p**.

[7] CREOS S.A. for instance is the transmission system operator for gas and electricity in the country, see **http://www.creos.lu/index.php?id=241**.

Need for innovation

The study by PWC (2011) points out that innovation is viewed by the interviewed managers as key to overcome difficulties stemming from the economic crisis. Although there is little literature with respect to this specific driver, we can infer from PWC's study that the need for innovation is, among other things, pushing SMEs to restructure.

Demographic change

As mentioned above, one-third of Luxembourgish companies will search for a successor to the managing director within the next 10 years, which makes the ageing population an important issue for SMEs. PWC's study estimates that around 3,000 SMEs in Luxembourg are expected to hand over their activities due to the retirement of their manager within the next decade. Demographic change is thus definitely a driver for SMEs to restructure in Luxembourg.

Management

Poor management practices can be as harmful to SMEs in Luxembourg as in any other EU Member State. An interesting article in *Le Quotidien* (3 November 2011) identifies vocational training as fundamental in that field in the country. According to this source, the most educated managers and traders are those who suffer fewer bankruptcies, especially in craft sector. Quality of management thus definitely has an impact on restructuring (bankruptcies) in Luxembourg.

Moreover, PWC's study identifies the lack of qualified human resources/workforce as a recurrent problem for SMEs in the *Grande Région*, and thus also in Luxembourg (PWC, 2011). In this respect, SMEs are thus in a more disadvantageous situation compared to larger firms, as in other Member States.

Distinctive characteristics of restructuring in SMEs

This section discusses the anticipation and planning of restructuring for SMEs as well as its implementation and the actors involved. Most of the available information concerns employee protection measures; little information is available for other aspects of restructuring management. Moreover, the information provided in this section applies to those SMEs fulfilling the thresholds set up under labour/social law; that is, generally employing 15 or more people. No information is available for smaller SMEs. As 87% of Luxembourg's SMEs are microenterprises (see above), we note a substantial literature gap with respect to restructuring of SMEs in Luxembourg.

Actors involved

Social representation has a double nature in Luxembourg.

It is compulsory for employees to affiliate themselves to one of the five chambers, namely the 'Chambre des salaries' (white-collar workers), the 'Chambre des fonctionnaires et employés publics' (public sector workers), the 'Chambre d'agriculture' (agricultural workers), the 'Chambre du commerce' (trade sector workers) and the 'Chambre des metiers' (professionals). Chambers have the right to submit proposals to the government for any matter falling within their ambit. The government must consult chambers for any project of act or regulation affecting the professional sector they cover.[8] It appears from the website of the Chambre des metiers, for instance, that it is competent for (among other things): (i) promoting a legal and regulatory framework that is favourable to the development of the artisanal sector; and for (ii) implementing 'specific missions' allocated to them on the basis of a convention.[9] [10]

Social representation is voluntary: each employee has the option to be represented by a trade union. Freedom of collective industrial organisation is guaranteed by article 11, section 5 of the Luxembourg Constitution. Trade union affiliation is quite high in Luxembourg in comparison to other EU Member States, covering 65% of the workforce. The main trade union confederations are: the Confédération générale de la fonction publique (CGFP) (for the public sector); the FNCTFEL – Landesverband;[11] the Lëtzebuerger Chrëschtleche Gewerkschaftsbond (LCGB);[12] the Onofhängege Gewerkschaftsbond Lëtzebuerg (OGB-L);[13] the Association Luxembourgeoise des Employés de Banque et Assurance (ALEBA);[14] the Fédération générale de la fonction communale (FGFC);[15] and the Confédération générale du travail du Luxembourg (CGT-L).[16]

8 See the section dedicated to professional chambers on **http://www.luxembourg.public.lu**.

9 See **http://www.cdm.lu/about-us/la-reforme-de-la-chambre-des-metiers**.

10 Several documents used for the purpose of this report are documents issued by this Chamber. For carrying out this study, we took numerous contacts with representatives from both the Chambre des metiers and the Chambre de commerce. The people we questioned about the lack of data and statistics regarding SMEs and, more specifically SMEs restructuring, could confirm to us the lack of available specific data or studies.

11 Federation made up of railway agents, employees of the public sector (state, local, public establishments), workers active in road transportation and fluvial navigation.

12 Group of 16 federations made up of 10 sector federations and six that organise specific target groups, representing 40,000 members – confederation active mainly in the private sector.

13 Group of 16 trade unions with a total of 50,000 members (socialist oriented) – confederation active mainly in the private sector.

14 For the banking, financial service and insurance sector (white-collar union).

15 For local public service.

16 Supranational action (structure faîtière).

Trade unions have, among other rights, the right to conclude collective bargaining agreements (CBAs) (conventions collectives du travail), some of which affect restructuring of companies.[17] For instance, the CBA applicable to hospital workers (Convention collective de travail des salaries occupés dans les établissements hospitaliers luxembourgeois) signed by the 'Luxembourgish Hospitals Entente' (LHE) and the main unions provides for different elements to protect employment in case of restructuring.

First, in the case of a transfer of business, no economic layoffs are possible for a 10-year period if the buyer is part of LHE.[18] Moreover, mergers between establishments which are not all signatories of the CBA comprise its membership. Second, no economic layoffs can be implemented for the same 10-year period after common activities between LHE member employers. Finally, in cases of externalisation of the activities of a LHE member, no economic layoffs are possible in establishments with more than 100 employees. In establishments with fewer than 100 workers, the employer must do its best to protect employment. If an internal redeployment/ transfer/ reallocation is not possible, the employer must pay a special allowance and will negotiate with the new employer regarding job recovery.

Moreover, Luxembourg companies, including some SMEs, must organise social elections every five years. The purpose of these elections is to designate one or more workers' representatives, who have competencies for protecting workers' interests, including in case of restructuring.

Under article L. 411-1 of the Luxembourg Labour Code, in any company regularly employing at least 15 workers (thus including some – but not all – SMEs in the country), the employer has the responsibility to organise the election for the workers' delegation. Under the Labour Code, workers' delegations (or employee committees) have specific tasks and competencies, including:

- A right of information and consultation about the company's life;
- An obligation for the company's general manager to inform the delegation of the structure, the expected evolution of employment within the company and of any decision that may substantially modify work conditions (Social elections in Luxembourg, undated).

Under article L. 421-1 of the Labour Code, 'joint committees' (*comités mixtes*) must be created in 'any industrial, artisanal or commercial company of private sector established on the Luxembourgish territory and having on a regular basis 150 employees or more for the last three years'. Joint committees have numerous attributions, including one that is directly relevant for the purpose of the study. Under article L. 423-3, section 1 of the Labour Code:

> *1. Joint committees must be informed and consulted on a mandatory basis for any decision of economic or financial nature having a determining impact on the company's structure or on the employment rate.*
>
> *This is notably the case for decisions on production level and sales, programme and orientation of production, investment policy, project of ending or transferring the company or part(s) of it, project of restriction or extension of the company's activities, project of merger or acquisition, project of modification of the company's organisation, as well as the setting up the modification and the abrogation of complementary pension scheme.*

[17] See the section dedicated to trade unions on **http://www.luxembourg.public.lu**.

[18] CBA of 31 January 2002 relating to workers occupied in Luxembourgish hospitals.

Under paragraphs 2 and 3 of this article:

> *2. Information and consultation under this article must cover consequences of the contemplated decision or measure on the volume and structure of workforce and on the employment conditions […].*
>
> *Moreover, they cover social measures, notably training and professional vocational measures as contemplated by the company's manager.*
>
> *3. Information and consultation under this article must in principle occur before the contemplated measure is adopted.*
>
> *Derogations to this principle are allowed when there is a risk of prejudice to the management of the company or part of it or when there is a risk of comprising the contemplated measure. In this case, the company manager must give the committee any necessary information and expectation within three days.*

Joint committees are thus platforms for employer–employee dialogue that must be activated in various situations, including in case of restructuring, as defined for the purpose of the study. In this case, the aim is to reach compromise solutions. Joint committees are also involved in the decision-making process on the content of restructuring-related programmes and plans; that is, the 'social plan' (plan social) or 'redundancy programme' (Kwiatkiewicz, 2009).

It appears from the above that a social dialogue is compulsory in those SMEs that meet the employment thresholds for any decision of 'restructuring', as defined for the purpose of the study. Unfortunately, no literature on the topic is available so the only information we managed to gather is that from the case studies conducted in the framework of this project .

Anticipation, planning and preparation

The available literature allows us to explain the anticipation and planning of restructuring in terms of minimising the impact of restructuring on employees, the labour market and economy (Thomas, 2010) and in particular by avoiding dismissals. The literature does not allow conclusions to be drawn with respect to other aspects of anticipation and planning, such as the degree of preparation of managers, the way events unfold (planned or unplanned), preparing the handover of family businesses, and so on. (The information obligation of worker representatives is covered in the following section.)

Notably, labour law outlines particular provisions to avoid dismissals on the basis of *short-time working*. Companies, including SMEs, can put their employees on short-time working in case of economic difficulties provided the measure avoids redundancies and offers some public income support for the affected workers.[19] The decision is granted by the

[19] See: **http://www.eurofound.europa.eu/emire/LUXEMBOURG/SHORTTIMEWORKING-LX.htm** and **http://www.eurofound.europa.eu/publications/htmlfiles/ef10634.htm**.

Ministry for Economics and the Ministry of Labour after taking advice from the Committee of Conjuncture.[20] The request must come from an employer and an employee representative. This procedure is realisable only when other, less restrictive, possible solutions such as the limitation of interim missions cannot be implemented. Four regimes of part-time working exist: non-structural, structural, force majeure or arising from a link based on economic dependence.

Managing restructuring

From the available literature, it is possible to explain how Luxembourg's SMEs manage restructuring in *case of casualties only*; that is, in cases of individual and/or collective dismissal, and *with respect to these only*. For the remainder, the available literature does not allow us to draw conclusions, for instance on how SMEs hand over business, such as family business succession, or on how they organise and implement internationalisation, offshoring, outsourcing, and so on. Moreover, the information below is applicable to those SMEs fulfilling the required employment criteria; that is, generally employing 15 people or more.

In Luxembourg, various measures must be accomplished by and/or are available to companies, including some SMEs, whose restructuring implies employment losses (Kwiatkiewicz, 2009):

Plan to maintain workers in employment (*plan de maintien dans l'emploi*): refers to a measure introduced by the law of 22 December that needs to be discussed in the framework of the social plan (see below). It is anticipatory in nature as its goal is to implement anticipatory management of restructuring processes planned by companies. It is based on social dialogue and aims at finding alternative solutions to ensure that any dismissed worker will not be faced with unemployment. The plan should be prepared in the form of a convention signed by social partners. It must be sent to the Committee of Conjuncture, who should transfer it to the Ministry of Labour for official approval. According to the law, the plan should include instruments addressed to enterprises facing difficulties with a view to adapting to changed economic conditions and to maintaining employment, including the following measures: partial unemployment; flexible working time in a longer or a shorter period for which the total working time is calculated; voluntary work on a part-time basis; using up of working time accounts; reduction of working time as an alternative to partial unemployment, professional training or reconversion aimed at re-employing the employee in a different part of the company or for a different function; temporary 'loans' of employees; accompanying measures of employees with the view of facilitating their career transition; preretirement arrangements (préretraite solidarité and preretraite ajustement) (Kwiatkiewicz, 2009).

Collective dismissal procedure: The law on collective dismissal makes a distinction between termination of employment by reason of employee behaviour and for reasons not related to the employee. In the latter case, a collective dismissal procedure must be followed when there are five cases of dismissals during a three-month period or eight during a six-month period. Before carrying out the contemplated dismissals, the employer must enter into negotiations with employee representatives; that is, the employee committee (companies with 15 employees or more) or the joint committee

[20] The Committee of Conjuncture (Comité de conjoncture) is a tripartite body that carries out monthly analyses of the Luxembourg labour market. Its activities are aimed at preventing collective dismissals caused by the economic situation and to ensure protection of employment. The committee is also responsible for providing views on measures aimed at protecting employment (le plan de maintien dans l'emploi), for example allowing an enterprise to enter the partial unemployment scheme (chomage partiel), deciding about early retirement schemes or approving the introduction of public intervention works as a response to the worsening economic conditions in which an enterprise operates. The committee is one of the most important institutions involved in managing of the restructuring processes at the enterprise level, i.e. by examining the economic situation of a given enterprise and approving/denying the introduction of the partial unemployment scheme. It is a very pragmatic institution with precisely defined tasks.

(companies with 150 employees or more). Should a collective bargaining agreement be in place, the employer must negotiate with the signatory unions with the purpose of reaching a social plan (‘redundancy programme’ or ‘job retention plan’). The aim of the programme is to reduce the number of necessary collective dismissals or to mitigate their consequences. Compensation for social impacts of restructuring is mainly realised through financial compensation, rather than other solutions such as vocational training (Thomas, 2010). Different measures can be adopted in the frame of the job retention plan such as reorganisation of working hours or voluntary departures. Those measures can obviously be adopted without such a plan but the specificity of this procedure is to allow the company to benefit from more public funds.

Reporting obligations: Under the law of 22 December 2006 on promoting, maintaining employment and defining special measures in the field of social security and environmental policy, any employer employing 15 persons or more must report any collective dismissal due to reasons unrelated to employees to the Committee of Conjuncture.

Individual dismissal for economic reasons: This measure is often used in case of social difficulties. A dismissal is for economic reason when it is not personally connected to the worker (EC directive of 27 February 1969 modified by the Directive 98/59 of 20 July 1998). In this context, the employer does not have to justify the choice of the employee concerned by the layoff and it has no reclassification obligation inside or outside the company.[21]

Procedures for transfer of undertaking: The transfer of undertaking can enable a healthy part of a company to be saved by transferring it to another one. In this case, the new employers shall continue all the labour contracts.

Other information regarding restructuring management

Besides the information mentioned above, we found an interesting piece of information regarding planning and management of the succession of family enterprises. According to the PWC study carried out in 2011, only 59% of Luxembourgish family companies have a strategy regarding their succession. Moreover, they see the simplification of SME handover procedures as a necessity for dealing with the ageing of the population.

The same study identifies the following means typically used by SMEs for extending their activities to foreign geographic markets, in other words for developing export activities (PWC, 2011):

- The setting up of partnerships with commercial representatives active on the targeted geographic market;
- Direct implantation on the targeted geographic market.

[21] Guichet.lu, see **http://www.guichet.public.lu/fr/entreprises/entreprise-difficulte/sauvegarde-activite/plan-social-licenciement-economique/licencier-preavis/motifs-licenciement/index.html**.

Main challenges and constraints facing SMES in restructuring

Generally speaking, the main challenges for SMEs in restructurings concern the lack of knowledge and means to overcome it.

SMEs face particular difficulties linked to their size. Unlike major firms, they concentrate liability and decision-making capacity (*Entreprises*, 2009). This situation leads them to prioritise the short term and to not anticipate future demands. Furthermore, in 2011, 42% of SMEs' credit requests failed versus 34% in 2007 (STATEC, 2011).

The issue of the cost of labour is also mentioned by the companies to explain the difficulties they face in recovering economic growth.

One of the main issues in the management of restructuring centres around the managers in difficulties asking for help. Most judicial proceedings are taken to court when it is already too late. Hence, traders should be encouraged to turn to competent institutions – that is, employers' organisations, private chambers and competent courts and tribunals – at the start of their difficulties.

Moreover, SMEs seldom consult the chambers of commerce unless they are in the process of starting up.

Raising awareness among those actors is necessary and could avoid numerous bankruptcies.

Business support from public and private sources

The law of 30 June 2004, as modified by the law of 28 May 2009, provides the main framework for subsidies to investments in Luxembourg. Three types of companies may benefit from it, namely: (i) small enterprises employing fewer than 50 people and having a turnover not exceeding €10 million; (ii) 'SMEs'; that is, companies having between 50 to 250 employees and a turnover below €50 million; and (iii) large companies falling beyond these thresholds. These subsidies may thus be directly relevant for SMEs wishing to restructure in some way or another in Luxembourg.

Companies qualifying for such subsidies must: (i) be located in Luxembourg; (ii) offer sufficient guarantees of viability; (iii) be well managed ('gérées sainement'); and (iv) integrate themselves in the economic tissue of the country. According to Fiduciaires LPG, investments qualifying for subsidies are:

> *Either tangible depreciable or intangible assets. Fixed assets must be related to the creation of a new establishment, expansion or modernisation of an existing establishment or starting an activity involving a fundamental change in the product or production process of an existing institution. It should be noticed that about fifty activities (e.g. business agencies, shopping malls or retail areas of sales with an area greater than 400m, accountants, industrial, professional, work executives, etc.) and a dozen types of investment (e.g. the immaterial parts of a business, equipment leasing of every kind, rolling stock, buildings or homes that can be used to housing) are excluded from the aid system, as well as total investments below 12 500 Euros. Intangible assets may include assistance mainly technology transfer, acquisition of patents or licenses and know-how.*

Subsidies granted must not exceed 15% of investments for small companies, 7.5% for SMEs, and are capped at €200,000 over three years.[22]

Specific funds for encouraging innovation and technology may also be allocated. The type of state support varies according to the nature of the project promoter. For instance, private sector companies may be eligible for the R&D incentive schemes offered by the Ministry of Economy and Foreign Trade and the Ministry of Middle Classes, Tourism and Housing, with the possible addition of an innovation loan provided by the National Credit and Investment Corporation (SNCI) (Thomas, 2010).

The National Credit and Investment Corporation (SNCI) is a state-owned bank specialising in medium long-term financing of investments by Luxembourg-based companies (long-term loans ranging from €5,000 to €2.5 million). SNCI's instruments are investments in fixed assets, innovation and export. The SNCI also grants start-up loans to newly incorporated SMEs. It may also finance investments abroad by Luxembourgish companies.

Two other bodies, namely the Mutualité d'Aide aux Artisans and the Mutualité de Cautionnement et d'Aide aux Commerçants, are explicitly charged with overcoming the difficulties of SMEs in securing collateral for their investments. In a report of which the source is unknown, it is reported that:

> *Most interviewees feel that the range of aid to date has been appropriate and flexible enough to adapt to the financial crises, notably via the 'Vaccin Anti Crise' and via a new SNCI instrument aimed at facilitating SME takeovers, which proved useful during the economic slowdown.*

[22] See **http://www.fiduciaire-lpg.lu/les-subventions-aux-entreprises-luxembourgeoises.html**.

Luxembourg authorities set up other kinds of initiatives for helping SMEs to develop, such as the creation of innovation clusters, allowing technical cooperation between companies on key technologies, such as treatment technologies and coating and development of new materials (SurfMat), ICT (InfoCom), aeronautical and space (Aerospace), environmental technologies and sustainable development (Ecodev), and so on (Thomas, 2010).

Research on the web identifies other kinds of support (public or private), such as the 'bourses d'entreprises' of the Chambre des metiers, which provides some financial support for people willing to take over a company falling within the sector covered by this chamber.[23]

In terms of private support, the Luxembourg Business Angel Network (LBAN) is significant. The LBAN's main objective is to create a forum to bring together capital-seeking entrepreneurs and business angels within Luxembourg and the *Grande Région*. The aim is to increase the efficiency of the informal segment of venture capital and bridge the gap between the entrepreneur's own funds and those available from formal venture capitalists.[24]

This review of support to SMEs for restructuring is by no means exhaustive, but it gives the reader some ideas regarding what is available in Luxembourg and what is important for Luxembourg authorities, namely innovation and competitiveness. From the figures available to us (see European Commission, 2010), it appears that 4% of Luxembourgish SMEs used government financial support in 2009 and 11% benefited from non-financial support.

Regarding the demand-side, we identify some very high-level needs in the analysed literature, which is not always specific to restructuring. The third action plan emphasises that social taxes should be 'favourable to growth and employment creation' (Government of the Grand Duchy of Luxembourg, p. 13). The PWC study recommends that policymakers should: (i) favour exporting; and (ii) put more emphasis on vocational training, which is considered 'vital' for Luxembourgish industry but does not have a positive image among the population. This study also recommends that policymakers 'undertake more actions to encourage competitiveness', as well as to 'reduce red tape', but these statements are general and not related to restructuring specifically.

As mentioned above, regarding short-time working, labour law gives particular provisions to avoid dismissals on the basis of short-time working. Companies, including SMEs, can put their employees on short-time working in the event of economic difficulties, provided the measure avoids redundancies and offers some public income support for the workers affected.[25] The decision is granted by the Ministry for Economics and the Ministry of Labour after receiving advice from the Committee of Conjuncture.

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[23] See **http://www.cdm.lu/services/bourse-d-entreprises/**.

[24] See **http://www.bcc.lu/Setting_Up_a_Business_in_Luxembourg/Setting_Up_a_Business_in_Luxembourg.php?PN=8&SN=6**.

[25] **See http://www.eurofound.europa.eu/emire/LUXEMBOURG/SHORTTIMEWORKING-LX.htm** and **http://www.eurofound.europa.eu/publications/htmlfiles/ef10634.htm**.

Outcome of restructuring events

There is little literature on the outcome of restructuring of SMEs in Luxembourg. Several interesting elements may nonetheless be put forward.

First, in terms of social dialogue and employment protection, the reviewed authors highlight that Luxembourg has a tradition of 'peaceful restructuring' (the so-called 'Luxembourg model' mentioned above). The main example illustrating this aspect is the ARBED case, although it does not concern SMEs. This case shows how the tripartite system manages to ensure restructuring with limited social consequences. For instance, the workforce decreased from 25,000 employees to 6,000 in a five-year period with systematic public formation/help/involvement in order to reallocate the workforce (Kwiatkiewicz, 2009). This also inspired ArcelorMittal to implement requalification units in order to avoid dismissals.

Second, the study carried out by PWC regarding SMEs of the *Grande Région* shows some kind of positive correlation between the development of exports and competitiveness of companies in the *Grande Région*. Please note that, in the study, this correlation comes from the fact that interviewed SME managers perceive exports as a positive element for remaining competitive in changing market conditions. The study does not make a link between development of export activity (restructuring) and to positive outcomes for the SMEs having implemented it. The study nonetheless notes:

> *The majority of interviewed companies in the Grande Région are active on foreign markets (exportation). On the basis of the collected answers, exports are perceived as an important element for fostering competitiveness. Over 50% of exporting companies of the sample have seen their exportation turnover increased over the last two years. Exportation seems to be an option companies wish to exploit and that is profitable to them. […] There exists a link between exportation and performance of companies on their market: those SMEs anticipating a growth that is superior to that of their local market are those who export* (PWC, 2011).

Likewise, the study identifies a positive link between those SMEs of the region that innovate and their competitiveness (PWC, 2011), without however providing evidence that this type of restructuring does actually lead to positive outcome for those SMEs implementing it.

Apart from the above, our desk research does not allow us to draw conclusions with respect to other types of outcomes (positive or negative) of restructuring for SMEs, such as new products or technologies, increased or decreased profitability, increased or decreased employment rate, and so on. There is thus a literature gap with this respect.

Conclusions and policy issues

The first striking element that appears from this report is a lack of statistical data regarding SMEs, not to mention on the restructuring of SMEs. For instance, the figures and statistics regarding insolvency procedures made available by STATEC and as processed by Creditreform do not provide for a breakdown by company size and/or by causes to bankruptcy. After verifications with the Chambre de commerce and with the Chambre des métiers, we understand that the lack of breakdown data may be explained by the 'archaic' functioning of the Luxembourgish administration. STATEC specifically suffers from the small size of the country as it lacks the necessary economies of scale to collect data and process them in a more refined way. Moreover, we understand from information provided to us orally by the Chambre des metiers, and as confirmed orally by the Chambre de commerce that, so far, collection of data is spread between different institutions in the country and that reform is underway to modernise the process, notably by centralising data collection in the hands of STATEC.

Generally speaking, we find it difficult to gather literature on the restructuring of SMEs in the country, although authorities recognise SMEs as central to the economic recovery of the country following the crisis.

Taking the above into consideration, the *first policy recommendation* we would formulate is the improvement of gathering, processing and presenting statistical data at the national and/or the regional levels (*Grande Région*). The new system should enable policymakers and analysts to understand better the causes of the challenges SMEs face, including with respect to the possibilities they have to adapt to evolving market conditions (restructuring).

A *second policy recommendation* relates to the modernisation of Luxembourgish insolvency law. An interview with Minister François Biltgen dated 30 March 2011 revealed that this reform has been in the pipeline since 2003 but that, so far, it has not been completed. Following the economic and financial crisis, the reform of insolvency law should become an absolute priority. Notably:

- An efficient system of 'green lights' should be set up, providing not only for the control of VAT and social taxes payments, but also the setting up of a published list of court decisions relating to managers of bankrupt companies. The Code de Commerce should contain an obligation for the General Assembly to convene/meet in case of sudden and substantial decrease of the of the available company capital;
- The existing procedure of controlled management (gestion controlée) is not used by practitioners. Luxembourgish authorities should thus contemplate simplifying it and making managers aware of it (training);
- One main weakness of Luxembourg insolvency law identified in this report is the fact that bankruptcies are considered a criminal offence, so managers are understandably reluctant to activate the bankruptcy procedure. Apart from genuine fraudulent bankruptcy, the criminal nature of bankruptcies should be removed. Moreover, measures favouring 'second chance' should be promoted, such as facilitating access of a bankrupt manager to a licence for opening up a new establishment;
- In line with what has already been mentioned above, curators of bankruptcies should be trained to make better use of the documents they fill in and file to the Ministry of Middle Classes, Tourism and Housing, following the closure of a bankruptcy. This document should be improved to allow for better identification of causes of bankruptcies and to yield relevant statistics on bankruptcies. Centralisation should be placed in the hands of STATEC;
- Finally, Luxembourg insolvency law should set up a judicial restructuring procedure (procédure de restructuration judiciaire), allowing for structured and monitored (by the court) restructuring to avoid bankruptcy.

In the aftermath of the economic crisis, some political proposals have been made to reform the legal proceedings in order to reduce the number of bankruptcies or avoid them altogether. A reform project of Luxembourgish insolvency law has been pending since 2003 (Act no. 5157 of 20 May 2010 wearing-off measures in the prevention of bankruptcy and the fight against organised bankruptcy). It tries to promote reorganisation proceedings in order to avoid bankruptcies. It has been criticised by business organisations for several reasons, such as too much emphasis on company creation, and has still not been adopted. However, the new government is committed to achieving this reform (source: Paperjam.lu, 2011).

Generally speaking, most of the SMEs are managed by a single manager/owner rather than by a management team. The smaller the company, the stronger is the position of the owner/manager. Compared to larger firms, SMEs dispose of less financial and human resources, so have less time, knowledge and expertise for planning and managing restructuring. A *third recommendation* could thus be to facilitate access of SMEs to the expertise needed for managing restructuring. Such facilitation could for instance take the form of granting tax reduction and/or subsidies for the use of appropriate professional services. Likewise, business angels should benefit from tax exemptions for the money they invest in SMEs' activities and development.

A *fourth recommendation* is administrative simplification (for example, reduction of red tape). This topic is not specifically discussed in this report but this issue came up during the structured interviews for case studies. The Luxembourgish administration is in favour of 'better regulation' leading to a genuine reduction of administrative burdens for managers of SMEs (Government of the Grand Duchy of Luxembourg, 2008).

A *fifth recommendation* relates to the ageing of the population and the need to anticipate the transfer of family companies that will occur with the baby boomers who are on the verge of retiring. It is expected that thousands of SMEs will face this issue in the next ten years in Luxembourg. Notably, transfer to persons outside the family circle should be simplified. Succession rights should be adapted accordingly. Heavy succession rights regarding SMEs are likely to have a deterrent effect on successors with limited means; it is thus necessary, for the sake of business and employment, to lower these charges.

Finally, as Luxembourg is such a small country and as regional cross-border trade is so important for Luxembourgish companies (*Grande Région*), coordination of relevant institutions in all regions of the region (chambers of commerce and the like) should be improved. These institutions should aim at setting up some kind of one-stop-shop point of contact for SMEs.

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Annex

Annex 1: Breakdown of bankruptcies by sector (STATEC)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total	**593**	**750**	**681**	**653**	**665**	**675**	**621**	**659**	**574**	**693**	**918**
Agriculture	4	5	2	1	2	1	1	3	2	-	2
Industry	14	21	20	11	19	17	15	18	19	32	27
Building	77	93	92	95	88	98	88	99	95	117	111
Automotive trade and repair	35	40	39	29	23	29	34	27	28	28	31
Wholesale	144	191	150	136	131	118	130	120	85	94	139
Retail	75	71	78	84	66	75	57	51	62	66	78
Transportation and warehousing	18	40	39	35	31	21	33	34	18	47	42
Hotels and restaurants	67	55	54	66	94	92	81	90	83	103	88
Information and communication	22	35	30	21	24	32	30	35	26	20	35
Banking and insurance activities	33	36	38	37	41	59	42	38	31	62	145
Real estate	24	32	36	24	38	29	16	31	25	33	73
Scientific activities	41	66	62	52	63	62	51	56	49	48	91
Administrative service activities	16	39	22	40	24	24	26	27	24	22	29
Other services activities	19	22	18	16	19	18	17	30	27	21	27
Not elsewhere classified activities	4	4	1	-	2	-	-	-	-	-	-

Source: *Mémorial/Statec*

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