



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG



Taking responsibility

11.10.2022
2022 State of the Nation Address

(only the speech delivered is authentic)

Mr. President,

Ladies and Gentlemen,

These are extraordinary times. Since March 2020, our world has been turned upside down. After more than two long years of pandemic, the Russian president is plunging humanity into the next crisis with an inhuman war. It is the worst crisis that our country, indeed the whole European continent, has experienced since the Second World War.

Not only are we experiencing a war on our doorstep, but we are also facing historic inflation and energy shortages. We are on the brink of a global economic crisis that could overshadow the financial crisis of the last decade.

We live in times of uncertainty and insecurity. None of us can say with certainty what the world will look like in a year or even in a few months' time. What I can say with certainty though is that this government will do everything in its power to ensure that Luxembourgers are well off in the future.

It is particularly important in these times of uncertainty that politicians keep a cool head and make the right decisions.

This is especially true in times of crisis like these. That's when you have to take responsibility. Responsibility for the well-being of the country and of its citizens. It is in times of crisis like these that we must stand together.

This government has proven more than once that we hold the helm firmly, even in stormy times, and that we manage to steer Luxembourg through crises.

At the end of the financial crisis, we put our public finances on a sound footing and, with new record investments, we prepared our country and our economy for the future. At the same time, we managed to mobilise the financial resources needed to respond to unforeseen crises.

I am also thinking of the various waves of refugees, the tornado and the many flash floods. We did not leave the people affected to fend for themselves but stood by them quickly and efficiently.

We managed the COVID-19 pandemic well, striking the right balance between guaranteeing liberties and protecting the vulnerable. We supported businesses and saved jobs with unprecedented support programmes. Almost no economy in Europe recovered as quickly from the lockdown as Luxembourg's did.

The government safeguarded social and political peace throughout all of these crises by helping people and businesses alike pull through.

We are all tired of these crises. But we will not be discouraged. The future belongs to the brave. We stand together when we have to. That is what defines our country. That is what characterises Luxembourgers.

We don't know what is about to happen, but we do know what we can achieve. The institutions have worked even in the most difficult of times. The country is well prepared to deal with this crisis as well.

This government has taken its responsibilities on several occasions in recent years.

We are ready to take our responsibilities today, and also tomorrow.

Let us start with the war in Ukraine. We are not indifferent to this war. Innocent people are dying every day in Ukraine because they are fighting for their freedom and independence. Innocent women, men and even children are dying, some of them tortured and murdered in their homes.

Many of them had to flee their homes. Over the past weeks and months, I have spoken with many Ukrainian refugees in Luxembourg. I have felt their despair, sadness and fear. They are worried about the lives of their family members who are still in the conflict zones in Ukraine.

When you talk to Ukrainians, you feel above all their strong will to fight for their country, for their freedom and for their independence. When I travelled to Ukraine a few months ago, I did not only see villages and towns that had been completely destroyed, I also met people who impressed me.

I remember the conversation with a grandmother well, as she was travelling with her two grandchildren. She told me that she had lost everything. Her husband, daughter and mother had been killed by Russian missiles. She told me that she had cried so much that she had no more tears to shed. Despite the unimaginable suffering this woman endured, her will was intact.

The stories of these people are particularly close to us Luxembourgers, because our country was also invaded by a large neighbour over 80 years ago. The Ukrainian President Volodymyr Zelenskyy didn't quote the motto of the Luxembourg identity „Mir wëlle bleiwe wat mir sinn!“ in his speech in this house by coincidence.

Yes, Ukrainians want to „stay who they are“ too. It is our moral obligation to support the Ukrainian people in their fight for freedom. Because even we, Luxembourgers, live in freedom today, because other countries did not abandon us in the past.

Almost nine years ago, Ukrainians took to the streets to demand closer relations with the European Union. Then the Russian aggression began.

What kind of European Union would we be if we simply ignored the call of people who want to join our community of values? Granting Ukraine and Moldova the status of candidate countries for EU membership was an important political signal. Even if there are no shortcuts in the EU enlargement process, we need to give a new and tangible perspective to people who believe in a European future.

The dream of a European continent where all peoples believe in the common ideals of the rule of law, democracy and freedom is worth defending.

Luxembourg is assuming responsibility by directly supporting the people in Ukraine.

As well as welcoming Ukrainian refugees with open arms. I am extremely proud of the willingness of the Luxembourg people to help. More than 2,600 Ukrainian refugees out of a total of about 4,100 have been accommodated privately by Luxembourg residents. This is an enormous act of solidarity and humanity.

Luxembourg has supported and implemented all EU sanctions against Russia. Even if some claim otherwise, the sanctions are working and are an important element in stopping Russia's military aggression.

Although we ourselves are not a war party, we support Ukraine in its right to defend its citizens and its territory. For the first time in Luxembourg's history, we have delivered heavy weapons to an active war zone.

To date, we have sent 72 million euros worth of military equipment to Ukraine. This corresponds to 16% of our current defence budget. So, we are among the leaders in the European Union and in NATO. We are determined to continue these efforts.

With its war of aggression against Ukraine, Russia has put the security of the European continent to a test.

Through its membership in NATO, Luxembourg is well protected against military aggression. NATO is our best guarantee for a life in peace and security. To keep it that way, the European Union and the NATO member states must strengthen their role as security actors. Luxembourg must and will play its part.

We take responsibility for our own and our collective security.

The warmongering of the Russian President has led to a historic turnaround in our defence policy. The government has drawn up a plan by which we will significantly increase our military spending in the coming years. **We have set ourselves the goal of investing 1% of our GDP in our defence by 2028.**

The government is already actively tackling this objective. We are working on a Belgian-Luxembourg battalion to make our army more robust. We will replace the entire army vehicle fleet with the most modern armoured vehicles. We are investing in the modernisation and renovation of our military infrastructure

The new NATO Innovation Fund will be based in Luxembourg. With a capital of one billion US dollars, the fund will invest in startups that develop technologies in the fields of cyberspace, space, artificial intelligence and the environment. These technologies can then be used in both the civilian and military sectors.

With the new framework law that is currently being drafted, we are introducing new careers to the army, enabling it to hire the specialists needed in times of hybrid warfare.

A well-functioning army also helps us to deal with crises in our country. Hundreds of soldiers performed logistical feats during the pandemic but also during the floods and contributed through their effort to the protection of the lives and health of tens of thousands of citizens.

Mr. President, Vladimir Putin's greatest weapon is fear. In recent weeks, he has used this weapon again. His continuous threats of nuclear war is irresponsible and unacceptable.

I know that many Luxembourg citizens are also afraid of such a scenario. I can relate with them. And yet, we must not allow ourselves to be shaken or alienated from each other. Because that is exactly what the Kremlin wants to achieve with its threats.

The extraordinary cohesion that NATO and the EU Member States have shown so far is our best defence against Russia.

Let us not delude ourselves. Although we are not an active warring party in Ukraine, we are also vulnerable. The probable sabotage of a gas pipeline in the Baltic Sea is the best proof of this. We must therefore improve the protection of our critical infrastructure.

The number of cyber attacks is increasing worldwide. In recent years, critical infrastructure in many sectors, but especially in the energy and telecommunications sectors, has become the target of cyber attacks.

Luxembourg has not been spared. A recent attack on a major Luxembourg energy company reminded us of this once again. This is why we are constantly implementing our national cybersecurity strategy and have once again considerably strengthened our efforts in this area.

The government has convened an assessment cell with all relevant state actors to monitor cyber risk. GovCERT and ILR have issued recommendations to operators of critical infrastructure and essential services.

We are working on a pilot project to create a national cyber defence reserve, i.e. a reserve of specialists in the field of cyber security.

The GovCERT will install a national network of probes near our critical infrastructures. In the future, network anomalies will be communicated to a national security centre in order to quickly transmit information to our critical infrastructures and to better protect them against attacks.

A life without Internet is no longer imaginable for many people. Today's world is so interconnected that even a single targeted attack could massively disrupt our daily life as we are used to it.

The administrations and authorities responsible for cybersecurity will receive significantly more resources in the next budget and in the following years in order to protect our country as best as possible against attacks. The state, the economy, research and the public must work closely together.

In addition to the war, which touches us with its fear and its attacks on our physical and

digital infrastructure, Russia is also counting on an energy and economic war to divide us.

Mr. President, they have not succeeded! Even though gas, electricity and oil prices have risen dramatically in recent months, we have managed not to let ourselves be divided as a society.

I am proud of our country and our citizens. We have not given in to Putin. **The safeguarding of human rights, freedom and sovereignty are more important to us than cheap Russian gas.**

This is a strong sign that Luxembourg, and all of us, are sending to the world. It is also a strong signal to all those who believe they can buy our values and convictions through blackmail and threats. **We do not give in to blackmail. Especially not from autocrats who want to destroy our free and peaceful Europe.**

I would like to take this opportunity to thank the many citizens and businesses who are participating in the energy saving campaign. Their commitment helps us to get through the winter in good conditions and to avoid gas and electricity shortages. We are on track to save 15% of our consumption. This is a huge effort from many actors in our society.

Together we take responsibility for our supply security.

Yes, for many citizens and for companies this is not an easy time. They are suffering from high inflation, which is mainly due to high energy prices. But we have all stood together in solidarity during these difficult months. Among ourselves here, but also with other people who are in an even worse situation.

During the last months, the government's main concern was to not leave citizens and companies alone with their worries. During the Energiedësch and the two tripartite meetings, we voted for historic aid packages totaling €2.5 billion to provide financial support to those who are suffering the most from the current situation.

The government has set itself three main priorities: fighting inflation, maintaining purchasing power and ensuring job security.

I cannot stress enough, what a huge achievement these €2.5 billion are for a country like Luxembourg. **Since the pandemic, we have paid out 5.5 billion euros in direct and indirect aid to individuals and companies.** This extraordinary amount is not only impressive in international comparison, but can be considered unprecedented in Europe.

And our measures are bearing fruit. With our anti-inflation package, we are significantly curbing price increases. On average, households have at least as much or more purchasing power than before the crisis.

We have safeguarded the indexation system and the payment of all instalments will be carried out next year. With additional targeted aid, we are especially supporting those who are in a particularly serious situation.

Business support is proving its effectiveness in preventing bankruptcies and securing jobs. The number of bankruptcies is approximately at the same level as in 2019.

Last year, around 12,600 new businesses were launched. The number of authorisations applied for is not only higher than in 2019, but is at a historically high level.

Unemployment at 4.8% is even below the pre-pandemic level.

The solidarity packs are a historic success, which we also owe to the social partners. I would like to thank them for the constructive way in which they entered into the tripartite negotiations. It proves that the Luxembourg social model also works under the greatest pressure. This distinguishes us from many other countries and we can be proud of that.

Together, we have taken responsibility for maintaining social peace and defending our prosperity.

This government heavily invested in new social benefits in recent years. A progressive increase in the minimum wage and REVIS, the introduction of free childcare and Maisons Relais, free school books and school meals, increased housing benefit and socially fair tax reform are just some of the many cash and in-kind benefits with which we have helped many people since 2014.

In total, 47% of the state budget expenditure is devoted to social measures. We can be proud of that. And yet, we know that there are always people who are not doing well. We have not forgotten them. They motivate us every day to continue working for a Luxembourg where everyone can live well.

The government will therefore continue to expand the welfare state in the future, aimed at those who are particularly dependent on our support.

We will increase the minimum wage and REVIS in January by over 3%. The increased cost-of-living allowance and the energy bonus will be extended by one year.

In order to be able to help the weakest in our society even better in the future, the government will increase the staff of the social offices by 50%.

Even at the EU level, the government is actively working on solutions to relieve citizens and companies who are struggling with high energy prices. Among others, we support the idea of a European price cap on gas imports and a tax on excess profits that energy producers would not have made without the current crisis.

The energy crisis also shows us very clearly how dependent we currently are on fossil fuels from abroad. This is not only a problem in the current geopolitical situation, but also for our climate balance.

Despite the current crises and challenges, climate change remains the greatest and most imminent threat to humanity. The threat posed by it is real now, not in some decades.

This summer, everyone has seen the effects of climate change.

Our planet is burning. Whole rivers and lakes are drying up. Trees are dying not only because of fires, but also because of heat and drought. Cultivable fields no longer offer fertile soil. The habitat of many animals is being destroyed, which leads to the extinction of thousands of animal species every year and has very negative effects on our ecosystem.

Our drinking water is becoming scarce because there is not enough rainfall and our groundwater tables do not have time to replenish.

At the same time, we live with the daily risk of floods caused by heavy rains that cannot drain quickly enough because of the dry soil.

This is already a reality. It is our reality here in Luxembourg. Climate change and its consequences have also reached our country. And we cannot ignore this reality. We have to be aware that it will only get worse if we do not act decisively now. And we have to do it drastically and quickly.

In Pakistan, people experienced the catastrophic effects of such deterioration this year. Due to a combination of heavy rains and melting glaciers, one third of the country was inundated. We are talking about an area that is more than 100 times the size of our country. 33 million people were directly affected by the floods.

Mr. President, unfortunately we have to get used to such disasters. Even in Luxembourg, if we do not act quickly. And yet, climate change is not inevitable. We can still react, but time is running out.

The tipping points are about to be crossed with catastrophic consequences, also for Europe. Huge masses of ice are melting in record time. The sea level could rise faster and more dramatically than we can imagine today.

We must do everything to stop this dangerous development. We have no choice but to respect the Paris Climate Agreement and limit global warming to 1.5 degrees.

Yes, Luxembourg and Europe cannot stop climate change alone. All countries on the planet are called upon to take rapid action on this global crisis. But even if Luxembourg is only a small part of the solution, we cannot and must not shirk our responsibility.

We are among the countries in the world that emit the most CO₂ and consume the most precious resources.

Our climate policy must set an example for other countries. We cannot afford to wait for others to show us the way. Then it might already be too late.

We must and we will take responsibility for the future of our planet.

In recent years, Luxembourg has intensified its efforts against climate change. For the year 2021, we have broadly achieved our climate targets. However, we should not rest on this success. Science tells us that current efforts are not sufficient to limit global warming to 1.5 degrees.

We therefore know that we need to increase our efforts, and above all accelerate them, to achieve the climate targets we have set for ourselves. A huge societal effort is therefore required. Politicians, citizens and the economy must work together so that we can master the challenge of climate change together.

That is why I announced the convening of the Klima-Biergerrot. We asked 100 selected citizens in a representative way whether they were prepared to go further in climate policy.

The answer to this question was „Yes!“

The Klima-Biergerrot has compiled an impressive catalogue of 56 proposals and over 200 individual measures.

For the first time in our country's history, society was involved in climate policy negotiations in this way. The Klima-Biergerrot is an innovative democratic instrument for citizen participation, which is sparsely applied in this form in the world.

The final result is remarkable. I would like to thank the members of the Klima-Biergerrot for the time and work they have put into this project over the past few months. But I would also like to thank them for developing these ambitious and courageous proposals.

It is now up to the political authorities to do justice to this courage with an ambitious climate policy approach.

The government is keeping its promise and will include the work of the Klima-Biergerrot in the discussions on the new energy and climate plan.

There is no time to lose. Therefore, the government set up a task force right after the presentation by the Klima-Biergerrot which, together with the relevant ministries and legally constituted bodies, will analyse the proposals. This task force will have to coordinate the work needed to integrate the many good proposals of the Klima-Biergerrot into the energy and climate plan.

I do not want to get ahead of this process. Not least because the government, as promised, has called for a debate in the Chamber of Deputies for the end of October, during which the political parties should also take a stand on the proposals of the Klima-Biergerrot.

I hope for broad political support in the Chamber of Deputies, which will do justice to the gravity of the situation and respect the work of this participatory project.

Mr. President, renewable energies are an important part of climate protection and our national supply security.

We have more than doubled the production of renewable energy in the last six years.

We are seeing particular success in the area of solar energy systems. Last year, we installed 15 times more units than in 2016. In July this year, our photovoltaic systems

produced twice as much electricity as in the same month the previous year.

Wind energy also helps us to make Luxembourg's energy system more independent and climate-friendly. We have tripled the production of wind energy in the last six years. Luxembourg is also involved in large offshore wind farms abroad.

Last week, for example, we signed an agreement with Denmark, with which we can secure up to 4,800 gigawatts of renewable electricity by 2025.

The development of renewable energies is therefore proceeding at full speed. And yet, we still need to move up a gear. Climate change is not waiting for us. We have become aware of the impact on households and the economy when a country turns off the gas tap overnight.

For this reason, the government is planning additional efforts in the coming months to push forward the energy transition even faster.

We will increase the already existing bonus for the replacement of a fossil fuel heating system with a more climate-friendly system to 50%. The government will also support households that heat with pellets, which are currently facing high prices, with subsidies.

The „Klimabonus“ grants for all energy renovation will be increased by 25%. In addition, we will introduce a compulsory fund for condominiums, with which all kinds of renovations should be financed, especially in the field of energy renovation.

From 1 January 2023, the VAT rate for new photovoltaic installations will be reduced to 3% and the degressivity of allowances will be suspended.

If the operators of photovoltaic systems use their electricity themselves or as part of an energy community, they will receive an additional 25% subsidy under the „Klimabonus“.

We want to make it as easy as possible for people to use renewable energy. What is good for the climate is often also good for the wallet.

We can see that the „Klimabonus“, which we introduced as part of „Neistart Lëtzebuerg“ with the subsidy for energy renovations, is being used by an increasing number of people and that the energy-efficiency of our buildings is therefore also improving.

Many people still cannot afford energy renovation or the installation of a solar system. These are mainly socially disadvantaged households, who live in old and poorly insulated buildings. They suffer twice from high energy prices.

We want every homeowner and tenant to benefit from an energy renovation in the coming years. The government will also help those who do not have the means to finance such a project.

The government will also promote new and innovative financing models for energy renovations, whereby homeowners can pay back their credit on future energy savings. In this case, the state would take over the guarantee of these credits, in order to give the banks the necessary security.

We are convinced that a sustainable policy is characterised by environmentally responsible and socially inclusive measures. **We therefore leave no one behind in the energy transition. Energy policy is also a social policy.**

Photovoltaic installations are an important element of the energy transition. **Such an installation should be on every suitable roof.** Although more and more people are taking this step, we need to ramp up our efforts here too.

The government will introduce the obligation, after a transition phase, to install a photovoltaic system on the whole roof of every new building.

However, we are aware that building is already expensive today and we do not want to make housing even more unaffordable. For this reason, the state will cover the cost of photovoltaic installations for people who cannot afford this investment. As soon as the state has recovered the costs incurred by the production of electricity, it will gift the installation to the owner.

We will create a register that existing building owners can use to make their roofs available to the state.

This initiative will initially cost the state a lot of money, but will have no impact on the budget in the medium and long term. **It is a win-win-win initiative.**

The citizens benefit in the long term from a fully financed photovoltaic plant, the state achieves its climate targets more quickly and the craft industry benefits from guaranteed orders and a certain predictability for the next few years. We do not see this initiative as a cost, but as an investment. An investment in our future.

In the coming months, the government will present in detail this photovoltaic-initiative in the new energy and climate plan and prepare the necessary legal framework.

Like private households, businesses will be supported in their energy transition.

To this end, we will modernise the tax credit to encourage investment in the digital, energy or ecological transition. The government will table a bill in 2023, with the aim of bringing it into force in 2024.

The government has presented additional support for small and medium-sized enterprises, which will enable them to be better prepared for future challenges. Interested companies can take advantage of the SME packages to finance projects in the areas of sustainability, digitalisation or customer relations, as an example.

Companies should increasingly produce and consume their own electricity. For this reason, we will further promote autonomous consumption via photovoltaic installations in companies. The government will also help companies to conclude financially attractive long-term contracts with renewable electricity producers.

Only if we succeed in renovating a large part of the building stock will we have a chance to achieve our climate targets and become independent of fossil fuels.

This also applies to public buildings. On average, we invest 90 million euros annually in

state renovation projects. After renovation, more than half of the heating energy can often be saved in these buildings.

These efforts are not yet sufficient. Too many roofs of public halls, office buildings or schools do not yet have solar panel installations. 62 public buildings are currently equipped with a photovoltaic system. By 2026, 10% of the annual electricity consumption in public buildings should be covered by their own photovoltaic installations. The state must lead by example.

In terms of mobility, we also need to move away from fossil fuels. Not only do internal combustion engine vehicles generate climate-damaging CO2 emissions, but due to high petrol and diesel prices, they are no longer economically viable.

In June, EU Member States agreed that from 2035 onwards, only new climate-neutral vehicles will be allowed. In Luxembourg, 5% of all registered cars are already electric. This share is constantly increasing. This year, 25% of new registrations were electric and plug-in hybrid cars.

This positive development also underlines the success of the state incentives, which buyers of a purely electric vehicle can claim to compensate for the extra costs of an electric car. The government announced in the spring that these bonuses would be extended until 2024.

Electromobility is gaining momentum in Luxembourg. In July of this year alone, 690,000 kWh of green electricity were supplied by Chargy's public charging stations. This corresponds to approximately 4.6 million kilometres travelled using electricity.

By 2025, fast charging stations should be installed at least every 60 kilometres on European motorways. Luxembourg is a pioneer in this field.

Of the 88 SuperChargy terminals planned, 30 are currently in operation. By the end of next year, all of them will be installed. Thanks to these charging points, consumers will be able to charge their cars quickly across the country and travel longer distances without losing time.

The Chargy network is already one of the best in Europe and will become even more efficient in the future.

Our subsidy for home charging points has also been a huge success. Today we have four times as many applications as last year. The subsidy programme for charging points in companies is also underway and is meeting strong demand. This means that people can charge their electric cars not only at home or via a public charging point, but also at their workplace.

In the same vein, the logistics sector will also be able to benefit from subsidies to convert its truck fleets to zero-emission vehicles in the future.

In March, the government presented the National Mobility Plan, which extends to 2035. With this plan, we are now starting to create the supply that we will need in 2035. We do not want the traffic problem to continue just because of delayed construction. That is why we are working today for the mobility of tomorrow.

Digitalisation is also a key component to make mobility more efficient. The government is in the process of creating a digital mobility observatory. Next year, we will table a legal text so that this observatory can collect the necessary information and make it available to all interested parties.

A sustainable and future-oriented mobility strategy cannot rely on the car as the main means of transport today.

Public transport must and will continue to be extended in the coming years, in order for as many Luxembourgish citizens as possible to have an alternative to the car that is at least equivalent, if not better.

While other countries are discussing affordable train passes, all public transport in Luxembourg has been free since 2020. In order for more people to benefit from this free offer, public transport needs to be developed consistently. That is why we will continue to invest in trains, buses and trams.

In 2021, as in previous years, Luxembourg is at the top of the list of countries that invest the most in their rail network per capita.

The major construction projects on the Bettembourg section and at Ettelbruck station are running at full speed. The construction of park-and-ride facilities in Mersch, Rodange, Ettelbruck and Troisvierges will make it easier to switch from car to train.

From next year onwards, the new railcars will finally be delivered, which will increase the passenger capacity of the trains by 43% by 2025.

With all these investments, the rail network will remain the backbone of public transport in Luxembourg in the future, allowing even more citizens to travel from A to B by train in a more reliable and comfortable way.

The tram extension is also in full swing. Already today, more than 70,000 passengers use the tram every day to get around the city. In the next few years, a modern tram network with a length of 40 km will be created from an existing tram line.

The idea of a tram line from Findel to the Cloche d'Or is now a reality. The entire route should be in service by 2024.

In addition to the surveys for the construction of a high-speed tram towards Esch, the government will submit additional bills to the Chamber of Deputies, still during this legislature, for the financing of additional extensions, new lines and a new tram shed.

Today the tram is a great success and will make mobility in the city's agglomeration even more attractive in the years to come. The tram is a good example of an idea that 10 years ago was unimaginable for some people, but today is not only a reality, but a must for many people.

Things are also moving ahead in the area of bus transport. The government conducted a representative consultation with 20,000 residents and 10,000 border residents. In addition, 300 proposals for improvement were collected from municipalities and

citizens to reform the RGTR bus network.

As of this summer, 99.5% of residents have a bus stop near their home. **The regional bus network now covers more kilometres than ever before.**

To prevent buses from getting stuck in traffic jams, we are creating additional lanes on the main roads, especially in the direction of the transport hubs. At the interchanges, there are also additional possibilities for park-and-ride facilities. The „Park and Ride“ at the Cloche d’Or is under construction. The Mesenich park-and-ride facility in Merttert will soon be expanded.

Currently, almost 50% of the buses are electric. We will reach our goal of being fully electric by 2030.

Mr. President, I do want to make public transport better than it is now. Especially in rural areas, we still need to improve the offer significantly, so that bus and train become an equivalent alternative to the car.

We are aware of this situation. And it is precisely for this reason that we will be investing large sums in the development of public transport in the coming years.

We are also continuing to invest in the expansion of our cycle path network. More than 1,100 kilometres are legally planned. Here too we need to move up a gear to accelerate the creation of a well-connected and safe cycling infrastructure. In addition to the express cycle highways that will directly connect the agglomerations, we are also working on regional cycle paths.

Only with continued high investment in public transport and soft mobility will we be able to relieve congestion on our roads and achieve our climate targets.

Mr. President, I have said this more than once, but it is important to repeat it. We can only win the fight against climate change if we all stand together. We must not allow ourselves to be separated. We are all in this together.

This also applies to agriculture. I do not accept that farmers are portrayed by some as accomplices in climate change. We do not need to explain to farmers and winegrowers that climate change threatens their existence.

They are already feeling the effects of global warming in their daily work. The extraordinary drought and lack of water are making life difficult, even existential, for many agricultural businesses.

Yes, it is true that various agricultural activities cause the emission of climate-damaging gases. It is also true that agriculture must continue to develop, if we are to achieve our climate goals.

Farmers are not our adversaries, but rather our allies in achieving these goals.

Before the summer, the government adopted the draft of the new agricultural law. **Over 800 million euros from the national and European budget will be allocated to Luxembourg’s agricultural businesses in the coming years.**

Approximately 40% of the annual expenditure is earmarked for climate and biodiversity support. With these investments, we are making agriculture an active partner in climate policy, fairly remunerated for its service in the interest of the general public.

However, we are aware that young farmers, in particular, are concerned that they will not be able to run their businesses profitably without growth. The new law therefore provides for a number of measures that will financially help farmers to work profitably even without additional livestock.

Several farmers' associations have called for an agricultural summit to discuss the future of agriculture with the government. The government is ready to engage in a constructive dialogue with them.

We also need a competitive and sustainable agriculture in the future. Not only because we cannot achieve our climate goals without committed farmers, but also because Luxembourg depends on reliable food producers.

During the pandemic, and also considering the war in Ukraine, we all became aware that always having enough food of the quality we are used to is not self-evident. We have learned to appreciate our local food more.

Agriculture is therefore an important ally in the fight against climate change and also in the protection of nature.

Whoever wants to protect the climate must protect nature. Climate and nature protection are closely linked. Our forests and natural areas not only bind CO₂, they also help us to live better with the consequences of climate change.

Trees provide important protection from the sun and ensure that public spaces do not heat up as much. Healthy and rich soils, as well as natural watercourses with a buffer zone, can absorb heavy rainfall and flooding much better than many dusty soils and channeled watercourses.

Municipalities are important partners in nature protection. After the great success of the Climate Pact, the government has launched a Nature Pact in cooperation with the municipalities.

Municipalities that contribute to maintaining, strengthening or rebuilding our nature are certified according to a points system and receive appropriate financial means from the state. The Nature Pact is already a success. In the first year, over 80% of the municipalities have already participated.

Nature protection also includes water protection. Without water there is no life. By establishing 48 drinking water protection zones around our springs and the Upper Sûre lake, we are protecting our drinking water reservoirs in the long term.

With the new drinking water law, which has been in the legislative process since April, we will be able to protect our water resources even better.

Mr. President, Luxembourg is an important voice at the European and international levels for a more ambitious climate policy.

Next month, COP27 will take place in Sharm el-Sheikh. Here, Luxembourg will renew its international commitment to financially assist poor countries already suffering the catastrophic effects of global warming in their fight against climate change.

Within the framework of the European „Fit for 55 Package“, Luxembourg has argued for the most ambitious regulation possible, which should apply throughout Europe in order to achieve the goal of a 55% reduction in CO2 by 2030.

In the future, Luxembourg will continue to advocate for a more ambitious climate policy at international level. The government will also present the proposals of the Klima-Biergerrot - which can only be implemented via European regulations - at the EU level.

However, Luxembourg must first do its own homework. **As a state, we take on this responsibility and lead by example.**

Last year, I announced that business travel by government officials and civil servants should be CO2-compensated. Since January of this year, every gramme of CO2 emitted on state-run flights has been accounted for. As of 1 October, this amounted to 860 tonnes of CO2. The budget for 2023 provides for an appropriate sum with which these emissions will be retroactively compensated.

As announced, Luxembourg is also the first European country to carry out a so-called sustainability audit. This instrument will enable the government and the Chamber of Deputies to make their legislative work even more sustainable.

In the future, the government will check its bills against the ten priorities set out in the third National Plan for Sustainable Development. Through this exercise, the government, the Chamber of Deputies and the citizens have a transparent view of how a legislative initiative impacts on sustainability priorities.

In the coming weeks, I will present the details of the sustainability audit together with the Minister for the Environment to the Chamber of Deputies, the Council of State and the public.

Since this summer, the new Grand Ducal regulation on sectoral climate targets has been in force. Overall, we achieved our targets last year. However, we are lagging behind in some sectors. Here, we need to catch up quickly.

We will not win the fight against climate change without a huge financial effort. Yes, effective climate policy is expensive. But it is much more expensive to simply do nothing.

Every euro we do not invest today in measures against global warming will cost us two or three times as much tomorrow. Regardless of the fact that the future of a habitable planet cannot be measured in money.

We take responsibility for our own future.

Luxembourg already invests about 1.1 billion euros per year in its climate policy. In the future, this will not be sufficient. **I stand before you today and say quite clearly: we must stop the climate catastrophe, at all costs.**

Because we owe it to ourselves and to future generations. And if we have to take on more debt, it is money well spent, for which our children and grandchildren will thank us. Because we are investing that money today so that they will have a viable future.

In times of crisis, we need to spend more money. Saving money in difficult times is not the way to go. Thus, the government has invested massive amounts of money in people, businesses and the future of the country. Since the start of the pandemic, we have spent €5.5 billion on aid programmes alone. We are also financing this spending through new loans.

Yes, Mr. President, it is true that we have to watch our public finances. As a small country, we cannot afford to let our public debt grow unchecked. We are dependent on the Triple A. That is a reality.

A loss of the Triple A would be a disaster for our financial centre and therefore also for our country. Because it is this financial centre that creates a large part of our wealth and income. However, we will only get the Triple A if we convince the rating agencies that we are in control of the state's finances.

Today, we can afford to go further into debt because this government has enacted a responsible fiscal policy since 2013. Over the entire period 2013-2019, we have recorded a budget surplus in the public administration. At the same time, we have prepared our economy and our country for the future through constant and high investments.

Currently, we have a public debt of 24.6%. Among other things, thanks to the measures in the framework of the „Energiedesch“ and the solidarity packages 1.0 and 2.0, the public debt will reach 26.3% next year. By 2026, the national debt could reach 29.5%. We do not have to worry about this now, because the national debt is well invested in these times of crisis and public finances are under control.

Luxembourg still has one of the lowest public debts in the eurozone. We are still below the ambitious 30% limit we have set ourselves, and well below the 60% limit set by European rules. And yet, we must continue to pursue a responsible and sustainable financial policy in the years to come in order not to fall into a spiral of debt.

It would be irresponsible to finance a major tax reform today on credit and at the expense of future generations.

Yes, we can and will make our tax system more modern and fairer. Yes, we also need targeted tax relief that reaches the middle class. And yes, the government is working on concrete tax measures.

The Minister of Finance will present them tomorrow.

Mr. President, we do not need lessons on how to achieve a fair tax policy. It is this

government that has successfully implemented more than one tax measure in recent years. Including tax relief for the majority of Luxembourgers.

Starting with the major tax reform that came into force in 2017. In addition to a major adjustment of the tax scale, we introduced a social staggering of allowances, doubled the allowance for people living alone, increased the allowances for home savings plans and home loan interest and introduced optional individual taxation.

In 2019, we introduced the new minimum wage tax credit. In 2020, we increased the tax credits for employees, pensioners and the self-employed by 96 euros per year.

As economic and therefore budgetary developments are currently very unpredictable, the government will wait for the next few months before deciding on the timing of further tax relief. It is not a question of „if“ but of „when“.

We are not shirking our responsibility. On the contrary, we are keeping the promises we have made to the people. But we are doing so responsibly, without jeopardising our long-term future and prosperity.

In the medium term, our aim is to return to the plus numbers through an ambitious budgetary policy and high levels of investment.

Our whole social model and standard of living is built in such a way that we have enough revenue to finance extraordinary expenditure and investment.

Instead of saving now, we must lay the groundwork for our economy to do well in the future. Only then can we ensure that companies create enough jobs in the years to come and also pay taxes.

Our GDP grew by 5.1% last year. This makes our economy one of the strongest recovering and growing economies in Europe. While our GDP will grow by about 2.5% this year, the European economy could fall into recession next year in a worst case scenario.

To avoid this and to maintain the people's prosperity and quality of life, we also need high levels of investment in the coming years. The Solidarity package 2.0, with the 1% VAT reduction and the preservation of purchasing power, already includes measures that should also support the economy.

Next year, public investment will be around €3.8 billion.

Anyone who thinks that raising taxes on business will help us make our economy more competitive is mistaken. Tax increases are poison for business, especially in times of crisis. While higher taxes may mean more revenue for the state in the short term, they hurt us in the medium and long term. This would be irresponsible and therefore cannot be done with this government.

We need to ensure that our companies remain competitive in the face of international competition. At the same time, we must constantly innovate to remain attractive to new businesses and foreign investment.

We take responsibility today, so that we may be well-off tomorrow.

The government is currently working on a long-term strategy to stimulate the country's economic development in a sustainable way. With the help of interdisciplinary studies, carried out in collaboration with all ministries, economic actors and civil society, we will develop an economic vision up to 2050, with concrete roadmaps and the necessary means to implement this vision in reality.

This long-term strategy should be presented in the first quarter of 2023. The Chamber of Deputies and the general public will then have the opportunity to become actively involved.

With the reform of the Right of Establishment that the government launched in the spring, we will further strengthen the entrepreneurial spirit and encourage more business start-ups. Among other things, by introducing the possibility of a second chance after bankruptcy.

Other countries are a few steps ahead of us in this respect, as can be seen from the examples of world-famous and successful companies set up by people who had failed in a previous project. **The courage to be independent should be rewarded, not punished.**

Luxembourg has always succeeded when we have been able to adapt quickly to new situations, when we needed to be one step ahead of our international competition

Our prosperity is directly linked to our ability to innovate continuously. The two greatest potentials for innovation are currently in the areas of digitalisation and sustainability.

With the help of the so-called Twin Transition and the Fit4Sustainability programme, the government has already launched a number of projects to support companies in their digital and energy transition.

In the coming months, we will adapt all existing aid for companies to the decarbonisation objective. This is a great challenge, especially for Luxembourg's industry. At the beginning of 2023, we expect the results of a study commissioned by the High Committee for Industry, which will bring us a little closer to the goal of a CO₂-neutral industry in Luxembourg.

Thanks to our financial centre, we have a considerable impact on the financing of sustainable investments worldwide. **Last year, 38% of all sustainable investments in Europe went through Luxembourg funds. The government wants to further promote the positive development of sustainable funds in Luxembourg.**

We will set up a space campus in Kockelscheier and participate in the European cloud system Gaia.x. As part of Digital Luxembourg, we are investing in innovative initiatives, such as in the field of artificial intelligence.

We also continue to work on the LuxQCI project, due to which Luxembourg is one of the pioneers of quantum communication in Europe. These are all important projects to further develop our business location, in the fields of digitalisation and space.

Digitalisation starts with the state, which must make its services to citizens and businesses as simple and efficient as possible.

The Ministry of Digitalisation, created in 2018, is constantly offering new digital services that are more user-friendly, secure, accessible and efficient. **Until 2026, the government will make almost €2 billion available for digitalisation.**

And the result is there: in the European Commission's eGovernment Benchmark 2022, Luxembourg has made another leap forward and now occupies an excellent third place out of a total of 35 countries. We have moved up two places from 2021 and eight places from 2020. This is an international recognition that shows that our efforts are bearing fruit.

Citizens are also increasingly using the state's digital services. This year alone, over 1.1 million administrative procedures have already been carried out via MyGuichet.lu.

The range of digital services is constantly expanding.

The MyGuichet.lu application has been very successful and has been downloaded over 238,000 times since its launch in July last year. The application is always evolving, so that citizens can carry out more and more procedures via their mobile phone.

We are currently working on a digital wallet in which citizens can save their official documents on their mobile phones. These documents can also be consulted offline and will have the same validity as the original. Initially, driving licences and identity cards will be available in the eWallet.

This enhanced digital service for citizens actively contributes to Luxembourg's brand image and thus makes it even more attractive not only to investors, but also to highly specialised talent from abroad.

We need this talent if we are to continue to prosper. And we already offer them a very attractive working environment. High salaries, a high quality of life and excellent infrastructure.

The government adopted a talent strategy before the summer. An interdepartmental working group is now putting in place the individual tracks, which touch on almost every area of policy, from education to immigration and from housing to taxation. With the OECD skills survey, we have a better idea of our talent needs. We are working on new training opportunities in companies that will enable us to develop the necessary skills.

Mr. President, the government has a permanent desire to make work and life in Luxembourg even more attractive.

The government continues to work towards a better work-life balance. We are transposing the relevant European texts and introducing, among other things, a right to part-time work. The government has also launched a study on working time to find out how Luxembourgers want to organise their work in the future.

Telework is also part of the attractive working environment. After having succeeded

in reaching an agreement with France on an increase to 34 days of telework per year for French cross-border workers, we continue to work with our neighbouring countries on an improved and European solution for all those who work in Luxembourg and live abroad.

The creation of coworking spaces, which we want to install at the borders, is also part of this solution. After discussions with the Chamber of Commerce and the Chamber of Skilled Trades and Crafts, the government also conducted a survey among the heads of public administration.

We will now analyse all this information and work on a strategy to respond to the wishes of companies, cross-border workers and residents as quickly as possible for more decentralised coworking spaces.

The government has introduced a law with which we introduce the right to disconnect. In an increasingly digital world, where working from home is becoming more and more the norm, we need to protect employees from too much mental strain. We have learned, at the latest during the pandemic, that our health is more important than anything else.

We also want to strengthen the interaction between working life and voluntary work. That is why we will reintroduce cultural leave and improve sports leave. In this way, we want to give more support to people who have been invested in their free time.

The quality of life in a country is defined above all outside of work. We do not live to work, but we work to live.

Citizens are entitled to a high quality of life, even in old age. In the coming weeks, the government will adopt amendments to the legislative proposal that will improve the quality of services and transparency in the area of the elderly. At the core of this law are the autonomy and the right to self-determination of our elderly citizens.

Everyone should be able to be and remain an actor in their own life at any age, and be able to choose freely where and how they want to live. To this end, the government will soon be launching the gerontological care reform. With this law, we are reaching out to people who cannot afford to pay the nursing home pension themselves.

In order to ensure that elderly people in retirement and nursing homes do not have to fear price increases in the coming months, the state is contributing to the additional costs caused by high energy prices. In addition, the state is continuing to invest in the expansion and renovation of the infrastructure for the elderly, so that in the coming years around 3,000 additional beds will be available.

We also support families with targeted measures that enable every child to use their full potential. In addition to significant investments in our childcare and school infrastructures, the initiatives of the free Maison Relais, free catering and free homework help are also starting up.

The main objective of the government's national spatial planning policy is to ensure an optimal quality of life for all citizens, everywhere in the country.

We want to organise all regions of the country in such a way that they combine living, working, leisure and recreation with a high quality of life.

Since last month, the draft Master Plan for Spatial Development (PDAT) has been the subject of a public consultation. The municipalities have four months to actively participate and give their opinion on the project. The PDAT aims to guide the country for the next 30 years: how, where and when Luxembourg should develop.

The PDAT proposes, through concrete objectives and strategies, a vision to maintain and increase the attractiveness of the country, preserve the quality of life of citizens and future generations and protect our resources.

The new PDAT also integrates ideas and demands developed by the citizen committee „Lëtzebuerg 2050“ and the international consultation „Luxembourg in Transition“.

The conversion of industrial areas plays an important role in the implementation of the new spatial development plan.

Work has started on the Quartier Metzschmelz site between Esch and Schiffange. Last month, the land was officially transferred from Arcelor to AGORA. Last week, this participatory project was presented. This site will become an exemplary neighbourhood, because it will be planned together with the concerned municipalities and citizens, and will be implemented in a qualitative and sustainable way.

Such projects are of considerable importance for our country.

Because housing is expensive in Luxembourg, even without the very high energy costs that weigh heavily on many people. During the pandemic, housing prices increased even more than in previous years.

Due to high inflation and disrupted supply chains, price dynamics in the housing market have slowed down slightly. But because of this, there is a risk that less construction will take place in the coming months, which will further increase the shortage of available housing.

Housing remains a theme for us this year. This is not surprising. Last year, I made the honest observation that we could not break the spiral of housing prices overnight.

The many measures that the government has initiated in recent years need time to take effect. But this should not be an excuse for complacency. **We cannot and will not be content to watch more and more people struggle with high housing prices.**

In the last 12 months, the government has made additional efforts that will help us to control the housing problem.

Our priorities are still the same as they were a year ago:

Firstly, to invest systematically, as a public actor, in affordable housing in all regions of the country.

Secondly, to fight against land speculation and free up building land on a massive

scale.

We can report significant progress in both areas. The government's efforts are beginning to bear fruit.

Spending on public housing has risen from €40 million in 2017 to €220 million this year. This corresponds to an increase of 450% in five years. Our medium and long-term goal is to invest half a billion euros. Affordable housing for all merits this investment.

In the past 24 months, the Chamber of Deputies has passed financing laws for five major projects. With an investment of almost one billion euros, 3,500 housings will be built in the next few years in Elmen, Wiltz, Dudelange - Neischmelz and in Mamer in the Wältgebond.

Last year we invested 171 million in public and affordable housing through the Special Fund to Support Housing Development. This represents 252 projects across the country and more than 3,300 houses.

These 171 million will also benefit the construction sector in Luxembourg, as all these houses are built by Luxembourg construction and craft companies.

We need a long-term strategic partnership between public and private developers. Because only by joining forces can we build the housing needed to tackle the housing problem.

Therefore, the government wants to work even more closely with private companies in the future. This kind of partnership is beneficial for both, citizens who can have more affordable housing, and craft companies. Especially now, when these companies receive fewer orders from private clients.

In the coming years, the Pacte Logement 2.0 will create additional momentum in public housing construction. This new instrument has been in force since February and enables municipalities and the state to systematically acquire land and housing in every new major private construction project.

In this way, we will succeed in steadily increasing the public housing stock. With the Pacte Logement 2.0, we are creating affordable housing in every municipality, town and village in the country. 99 municipalities have already signed the initial agreement and are working intensively on their housing action plans.

We have set ourselves an ambitious target. The public sector should manage 10 times more public housing than it does at present.

In order to manage this housing stock effectively, we are creating a national register of affordable housing. This is about transparency and fairness. With a uniform list, the people who need it most should get help the fastest. Regional criteria are taken into account in the distribution of affordable social housing.

Mr. President, a study by the Observatoire de l'habitat has concluded that Luxembourg has a land reserve of 3,750 hectares. Around 142,000 homes for more than 300,000

inhabitants could be built on this land. So there is no shortage of constructible sites.

A very important aspect for the mobilisation of this land, and an instrument to counter speculation, is the reform of the property tax, which I announced 12 months ago. As promised, the government has tabled a corresponding bill.

This reform has been talked about for decades. **This government is finally tackling it. We take our responsibility for a fair housing policy.**

The new property tax is socially fair, as owners who live in their own house or flat will, on average, be charged the same amount as today. Landlords who speculate with their land and property by not building on it or by leaving it empty, however, will have to pay considerably more.

We do not want to punish families who keep a plot of land so that their children can build on it later. That is why we grant a rebate per child. These plots of land are therefore fully or partially exempted from the mobilisation tax, depending on their size and the region in which they are located.

With the creation of the National Register of Buildings and housings we provide the state and municipalities with a complete overview of residential buildings and their use or non-use.

Housing should not be an object of speculation. With regard to the new tax on the mobilisation of land and on the non-occupation of real estate, we are making landlords accountable for the problem of housing prices. The right of ownership remains.

However, if speculation with this property is to the detriment of the general public, owners will have to contribute financially in the future to compensate for these costs.

The reform of the property tax and the creation of the land mobilisation and vacancy tax will help municipalities and the state to finance more affordable housing.

The „Baulandvertrag“ and the ministerial reparcelling are two additional instruments available to the state and municipalities to counter speculation on building land and to promote the creation of new housing. Following the Council of State's opinion on the bill, the relevant parliamentary committee adopted amendments before the summer. In the future, if this law is in force, speculation on newly designated building land will be virtually impossible. We are therefore ensuring that every future building plot is built in good time.

Our housing policy should not be geared to the profit of the individual, but to the welfare of the general public. This also applies to taxation. After abolition of the tax abuse by the government with the Specialised Investment Fund (SIF) in the real estate sector in 2020, and the weakened accelerated depreciation, we will again considerably limit accelerated depreciation.

In future, each person will only be able to benefit from a tax advantage twice in their lifetime for five years. In this way, we ensure that a small property investment remains attractive, preventing our tax system from being hijacked to fund a business model that is to the detriment of the general public.

With all these measures, we are gradually implementing the new Constitution: not with an unconditional right to property, but with a right to decent housing for all. A fair housing market is only fair if everyone has access to housing.

State aid and investment must be fairer and more targeted. We will better regulate the private market and better protect the individual.

Over 20,000 households renting on the private market spend more than 50% of their income on housing.

At the tripartite meeting in March, we decided together with the social partners to double the rent subsidy. From this year on, more households will be able to benefit from this support. Many people do not know that they are entitled to housing benefit. So we will promote these measures better, as well as other housing policies.

With the reform of the tenancy agreement, we are providing better protection for the tenant and simplifying alternative models of cohabitation. The private rental market will have a clearer and more transparent framework. We are lowering the rent ceiling from the current 5% of the invested capital to 3.5% and even 3% for energy-efficient housing. In future, the amount of capital invested will have to be stated in the rental agreement, so that the tenant can better monitor compliance with the applicable ceiling. .

We will only be able to get the housing situation under control if we all work together: the state, the municipalities and the private sector. **They must all take their responsibilities to ensure that housing in Luxembourg is affordable for all.**

The new national housing strategy is beginning to bear fruit. The government will continue its efforts for a fairer housing policy in Luxembourg.

Mr. President,

When we talk about quality of life, we should not put our health aside.

The COVID-19 crisis has receded from the front line of the news over the spring and summer. COVID-19 has not disappeared, but we are slowly but surely learning to live with the virus. We are feeling the first trends towards a „new“ normal.

We cannot exclude new and more dangerous variants. We do not know what the future holds, but we are taking the past into account to prepare for any eventuality. **We are ready to assume our responsibilities, if necessary.**

The health reserve was prepared during the summer. We are ready at any time to reactivate contact tracing if necessary. Access to vaccination is and remains easy - we are deliberately leaving some of the vaccination centres open, so that we can vaccinate many people quickly.

As promised, the government has continued work on the introduction of compulsory vaccination, so as not to lose time in the worst case scenario. The Council of State has answered the many legal questions in its opinion and the relevant parliamentary committees can now work on the texts.

We also continue to purchase medication, which is becoming increasingly important in the fight against COVID-19, as it saves lives after infection. Our reserves of rapid tests are well stocked. Mobile teams are ready to vaccinate and test vulnerable people quickly and efficiently in the future. The possibilities of being tested in Luxembourg are high and constantly evolving. The same applies to vaccination.

In the last 12 months, the government has distributed about 14 million rapid tests. More than one million PCR tests and about 600,000 vaccinations have been carried out. The National Health Laboratory has performed about 40,000 sequencings of virus samples and over 95,000 people have been contacted through contact tracing.

Over 83% of adults have a „complete vaccination schedule“, almost 70% have a booster vaccination.

In the future, we will also closely monitor the evolution of the virus. This is an essential prerequisite for setting the course in the right direction. **We will continue to do everything in our power to protect those dear to us from the virus as best we can, avoiding at the same time to have our lives completely determined by the virus.**

The fundamental rights of citizens and their individual liberties have always been important to us. This will always play a role in the measures we may have to take. But we will not hesitate to act if necessary.

The Luxembourg health system never collapsed under the weight of the pandemic. However, it is clear that Luxembourg, like the rest of the world, was taken by surprise by the virus.

Today we know that we could have done things differently. Because we know and understand the virus better.

One thing is very clear. We need to be better prepared for a future pandemic, because the next pandemic could be on our doorstep tomorrow.

As I announced last year, the government has commissioned the OECD to conduct an independent review of our crisis management during the pandemic.

The results of this study were presented a week ago. The greatest possible transparency was necessary so that the OECD's multidisciplinary experts could form a complete and objective picture. All measures – organisational, health, economic, budgetary, social and societal – were highlighted.

The OECD has spoken with many actors here in Luxembourg, with government departments, but also with doctors, hospital staff and nurses, with trade unions and employers' associations, with representatives of the Red Cross, Caritas and the Human Rights Commission, with MPs, pharmacists and members of the Economic and Social Council. Many thanks to them for their availability.

The OECD welcomes the fact that Luxembourg has already worked on a pandemic scenario at a very early stage, i.e. at the end of January 2020, and this before the World Health Organisation called it an international emergency. Experts believe that the crisis

system is generally tested and resilient.

In a very short time, we were able to set up an organisation that could react flexibly and quickly to different developments. We were one of the first European countries to go into crisis mode.

In terms of crisis management, the OECD places particular emphasis on interaction with private industry partners. This co-operation enabled us to get the necessary protective equipment to Luxembourg very quickly. The OECD suggests to share this experience with other countries.

Communication with citizens was interactive and coordination with the municipalities worked better in Luxembourg than in many other countries. The active role of the Chamber of Deputies is highlighted in the report.

In the health system, the direct impact of the health crisis – measured by the overall number of deaths – was less significant in Luxembourg than in most OECD countries. Thanks to the health reserve, we did not suffer from a shortage of staff. The follow-up was effective.

According to the OECD, the effectiveness of the vaccination campaign is indisputable. The efforts of the mobile teams here are described by the experts as remarkable.

Our schools were closed for shorter periods than in other OECD countries. The massive digitalisation efforts in our schools and the individual care of pupils explain why the OECD, unlike other countries, could not identify any deficits in school results.

Businesses received simple and unbureaucratic support and applications were processed quickly. Aid was targeted at the sectors most affected by the crisis. The OECD describes the stability of household income levels as remarkable.

The aim of this study was not to confirm the government's management of the crisis. Quite the contrary.

The OECD was asked to analyse what worked well, but above all what could have been done better. On the basis of this analysis, the experts had to formulate concrete recommendations on how Luxembourg can better prepare for the next pandemic.

And that is exactly what the OECD has done. The experts give us a whole series of homework assignments. We need to update our crisis plans more systematically and make even more efforts to prepare for indirect impacts in the event of a crisis.

Research should also be more strongly integrated into policy-making outside periods of crisis. Its role should be institutionalised.

In general, we need to increase our efforts in the health sector, as well as in that of the elderly and care. Luxembourg should therefore place more emphasis on preventive medicine, teleconsultation and multidisciplinary patient care. The aim is to make the health sector more attractive and to reduce its dependence on foreign countries.

Overall, Luxembourg received a good rating from the OECD. This is an achievement of many actors.

And if the OECD indicates on a number of points in its report that other countries should follow Luxembourg's example, then we, as the second smallest country in the OECD, can be proud of it.

The government takes all these OECD recommendations very seriously. We will also discuss the OECD report with the Chamber of Deputies so that we will then be able to start the necessary collaboration to position ourselves even better. We can only improve together.

Unity, this is the strength of our country. Unity, this is what characterises Luxembourg in a crisis situation.

I am convinced that this study will bring real added value to our country.

COVID-19 was a clear reminder of the importance of a well-functioning health system.

Hospitals play an extremely important role in our health sector, not only during the pandemic. It is a top priority of the government to prepare Luxembourg's hospitals for the challenges of the future.

The government invests 556 million in the reconstruction of the CHL, a project that will probably cost a total of 820 million euros. The new hospital, which will also include a cardiology centre, is a necessary cornerstone for the implementation of the ambulatory shift and the modernisation of hospitals.

The tenders for the CHEM Südspidol project are underway and construction can start next year. The Steinfort Intermunicipal Hospital will be rebuilt with a total of 160 additional beds. We are also planning the modernisation of the Neuro-Psychiatric Hospital, the new construction of the Rehabilitation Clinic and the expansion of the Hôpitaux Robert Schuman in Kirchberg.

With a new bill, the government allows the creation of hospital branches across the country. This way, citizens will have better and decentralised access to services such as radiology and MRI, which will decrease waiting times for an appointment.

The best structures are worth little without dedicated and competent staff. While the University of Luxembourg already offers a bachelor's degree, as well as three specialisations in medicine, four new bachelor's programmes for specialist nurses will start in autumn 2023. From 2024, a bachelor's degree in general care will also be available.

Mental health is another top priority for the government. The pandemic has challenged us all mentally. Unfortunately, many people are still experiencing pressures that they cannot cope with on their own.

I am pleased that the government will adopt a comprehensive mental health plan by the end of the year. With this plan, we want to help people of all age groups who suffer from a psychological problem. Mental health is still a taboo subject for many

people. We want to break these taboos. Because we all need help at certain times to overcome crises in our lives.

Thousands of Luxembourgers, for example, are dependent on psychotherapy. For many of them, it is difficult to understand that they currently have to pay for this important medical treatment entirely out of their own pockets.

I call on all those involved to quickly agree on a good solution, so that psychotherapy is also covered by the health insurance. We need a solution in the interest of the patient.

The best health care system is only as good as its affordability to patients.

We are proud of the fact that since this year, no one has fallen through the cracks of the social system in Luxembourg. With the introduction of the Universal Health Care Coverage, people living in Luxembourg who have not had access to health insurance are now insured.

The services concerned will actively accompany these people at every stage of their journey and help them to regain a foothold in our society.

The Luxembourg social security system is an essential pillar of our society. Social security must constantly adapt to an increasingly complex medical reality and must not remain stuck in the past.

This is why digitalisation is a government priority in this area. Every insured person must have easier access to the benefits and services of the various social security institutions.

In health insurance, the government is working on direct and automatic payment, which will be introduced in several stages from next year. This system will eliminate the need to pay in advance and will be covered by the health insurance system.

We therefore take responsibility for a more effective and inclusive health sector that is accessible and affordable for all.

Mr. President, I have spoken a lot today about the economic attractiveness of our country. In addition to all the economic and financial advantages we can offer, social and political stability is certainly one of our greatest strengths compared to other countries.

Major social conflicts, strikes and political crises are an absolute exception in Luxembourg. Social dialogue and social peace have been an integral part of our success model for decades.

This year we have once again proved the importance of social dialogue in times of crisis. Two tripartite agreements, which the government was able to conclude successfully with the social partners, are proof enough of the success of the Luxembourg social model.

While thousands of employees in other countries took to the streets to demand better wages, we managed to secure automatic wage compensation for next year through

the indexation system. With the energy tax credit, even small and middle income earners are overcompensated since July and until April 2023.

Social dialogue is alive. And that is how the Luxembourg success story lives. Only together can we find the best possible solutions, even in the most difficult situations.

The cohesion of society is a great strength of our country. That is why we must maintain and further strengthen social cohesion by all means.

We also do this through citizen participation. The Klima-Biergerrot is a success. For eight months, 100 citizens lived and experienced participatory democracy. We need more participatory initiatives of this kind.

Citizens need to express themselves on the major political challenges of our time and to actively participate in the search for solutions. We have commissioned the University of Luxembourg to analyse the Klima-Biergerrot project in order to draw valuable lessons for future participatory projects.

We need a more dynamic democracy. A participatory democracy. The new Constitution lays the foundations for this with new instruments for greater citizen participation. In the future, for example, citizens will be able to propose their own legislation through the citizens' initiative, provided that there is sufficient support among the population.

The entry into force of the new Constitution is a historic moment. We can be proud of our new, modern constitution, which takes account of current social realities.

Schools must also constantly adapt to changes in society. We need quality education for all. Because education is one of the important factors that will shape our society in the future. As every child has different talents, we are moving forward by systematically diversifying our educational offer. So that every child has the right opportunities for the future. The motto „different schools for different children“ is becoming more and more a reality.

We must not exclude anyone from social life.

Our foreign compatriots also contribute to the cultural and economic wealth of our country. That is why we want to give them a greater say in the municipal elections.

With a large majority in the Chamber of Deputies, we have amended the electoral law so that the five-year residence requirement for foreign citizens is removed and the deadline for registration is extended.

In this way, they can integrate more easily and contribute to shaping life in their local community.

The government is working, in close cooperation with the people in the field, on a law for intercultural cohabitation, which should further strengthen our social cohesion.

The cohesion of our society is regularly endangered by targeted misinformation, especially on social networks. This has led to a radicalisation of a part of society during

the pandemic. With a sad climax last year during the outbursts at the Christmas market and around the Gëlle Fra square.

Since then, the government has been working with experts on an action plan against radicalisation. We will discuss this action plan with the Chamber of Deputies this year.

The press is also an important ally in the fight against disinformation and in strengthening our democracy. With the new law on press subsidies and the new agreements for RTL, Radio 100.7 and Radio Ara, we will continue to strengthen the pluralism of the press. A total of 18 publications from 14 publishers benefit from press subsidies.

In the first six months of this year, the State spent €6.7 million on aid to the press. This is an increase of 43% compared to last year.

For an independent press, it is at least as important to get as much government information as possible. In the past, the state has not done everything right in this area.

Therefore, we revised the circular, which gives the public servants new and clearer instructions for cooperation with the press, together with the Press Council. The state has to respond to a journalist's request within 24 hours, if possible with the requested information, but at least with an indication of when the information will be available, or for what reasons the information may not be disclosed.

The new circular has been in force for a few weeks and should be evaluated with the press and the officials concerned after six months.

The so-called transparency law is also being evaluated. We will discuss this with the press and other interested parties in the near future.

Transparency is essential for citizens' trust in institutions. Today, the principle of open data is already firmly anchored in law. However, we see that this principle is not always respected as much as we would like. The state collects millions of data. Much of this information is not only important for citizens for reasons of transparency, but also represents untapped opportunities.

Researchers, associations, companies and even ordinary citizens could work with this information in the public interest. A lot of skills, expertise and creativity are currently being lost to the state.

We will change that. We want to treat government data as transparently as possible. We will completely revise the principle of open data so that we can use its full potential. First, we will take stock of what has worked well and what has not worked so well so far.

The government will then provide the necessary resources to the ministries and administrations so that open data does not only exist on paper, but is experienced in everyday life.

We take responsibility for a society that will remain united in difficult times. By involving citizens better in political decisions and making the state more transparent.

Mr. President, as I said at the beginning, these are extraordinary times. Under normal circumstances, I would have addressed all the issues that relate to the policy of the past year and the coming year in general terms.

I would have highlighted the work of all the ministries. Because all the ministries and administrations are doing extraordinary things, not only to deal with the crisis, but also to prepare our future. I would like to take this opportunity to thank all those who have been working tirelessly for years for the good of the country and its citizens.

This year I focused on the biggest challenges facing our country and our citizens today. This was a very conscious decision and not because there was nothing to say about the many other policy areas.

On the contrary, all these ministries have done a lot of good work over the past year and have planned a number of initiatives for the future, which deserve to be presented and discussed in detail here in the Chamber of Deputies.

Mr. President, Ladies and Gentlemen,

Yes, these are tumultuous times. We approach these times with the necessary seriousness, with the necessary determination and also with optimism. In the past, this government has managed to hold the helm firmly, even in troubled waters, and to steer the country through all storms.

We have not only relied on our Luxembourg model, but have constantly improved and adapted it to new challenges. As a result, we have not only weathered all past crises well, but as a country we have even fared better than before after difficult times. And this is also because we systematically learn the right lessons from the past.

Luxembourg also coped better with the pandemic than most other countries in Europe. We are listening to the advice of international experts and preparing our country even better for the next pandemic. We are increasing investment in the health system to provide a wider range of accessible and affordable medical services for all.

With the „Solidaritätspäck“, we have laid the foundations for successfully overcoming the current crisis. We are not bowing down to warmongers and we are standing up for our values.

We are constantly working on the economic attractiveness of our country to secure our jobs and prosperity in the long term. We achieve this through innovative projects in the areas of digitalisation and sustainability. At the same time, we maintain a high quality of life through intelligent spatial planning and a better work-life balance.

Affordable housing for all is and remains a top priority for this government. We can point to significant successes. Over the next few years, we will create thousands of public and affordable housing units and we will fight speculation.

The government is working on concrete and tangible improvements for Luxembourgers in all areas of life. Today, we are laying the foundations for an even more liveable future. For us, for our children and for our children's children.

That is why we continue to play a pioneering role in the fight against climate change. We are working concretely on the proposals of the Klima-Bürgerrot and the experts to strengthen our efforts in climate policy. We assume international responsibilities without neglecting our national duties. In the area of energy transition, we are shifting into high gear for our climate and for our energy sovereignty.

In order to successfully meet all these challenges, we rely on social dialogue, on greater citizen participation and on strengthening social cohesion through more democracy and transparency.

We are betting on a stronger Luxembourg and a stronger Europe. Because alone, we will not be able to meet the great challenges of our time.

Mr. President, Ladies and Gentlemen,

We have been in permanent crisis mode since March 2020. The citizens are probably tired and this is understandable.

They just want to live their lives. Spend time with their loved ones. Plan for the future. Without having to worry about not being able to pay the next electricity bill. Without having to worry about the war in Ukraine getting out of hand. Without fearing unimaginable consequences that could also put our security at risk.

I understand these worries and fears. But there are enough reasons to face the coming weeks and months with optimism and courage. Together we will overcome this. Just as we, as a people, have already gone through many difficult times. That is Luxembourg. That is what characterises us.

We will not abandon the citizens. We are taking extraordinary measures to help them through this extraordinary winter. We are doing everything possible to ensure that they and their children can count on good and secure jobs tomorrow.

We are investing in the future of a country in which it will be possible to live even better than we do today. We can also live safely tomorrow by not giving in to warmongering today.

This government has taken its responsibilities more than once in the past. By taking the right decisions at the right time.

And today, we are still convinced that we have the right answers to the great challenges we face as a country. The right answers, not only to get us through these crises, but also to ensure our long-term prosperity and security.

The voters put their trust in us four years ago. We are at their service.

We take our responsibility, even in these difficult times. For the good of the country and its citizens. For today and for tomorrow.

Xavier BETTEL,
Prime Minister, Minister of State