

Q & A WITH CARLO THELEN

# Luxembourg's digital revolution

This month, *Discover Benelux* speaks to Carlo Thelen, director general and chief economist of the Luxembourg Chamber of Commerce.

TEXT: ANNA VILLELEGER | PHOTO: CHAMBRE DE COMMERCE

**You have been director general since 2014. Tell us a bit more about your job and why you love it.**

At the Chamber of Commerce we are at the forefront of all the rising economic trends and evolutions within the Luxembourg business environment. It's a challenging but also a very exciting task to keep track of the dynamics generated by the new economic paradigm shifts, not only in Luxembourg but also worldwide. From the emergence of the steel industry over the rapid development of the financial centre to the disruptive nature of digitalisation, each time Luxembourg had to develop appropriate policy responses. At the Chamber of Commerce our mission is to look after the interests of our members. I enjoy meeting companies and helping them to translate their needs into major policy recommendations or papers for the government.

**You have enjoyed a long career as an economist. Tell us about some of the biggest developments you have witnessed.**

I think one major trend nowadays, not only in Luxembourg, is the process of digitalisation and its impact on the economy. This process has disrupting effects, not only on people in general, but how it transforms the companies and the ways to conduct a business. We believe that the good and optimal use of digitalisation can lead to more productivity and to more efficient use of resources. That's something very important in Luxembourg because we are a small country: almost 40 per cent of all

our workforce are cross-border workers. Together with the ministry of economy we launched The Third Industrial Revolution strategy initiative which is a major national project with the objective to lay out a strategic plan for the future economic and social development of the country. This new strategy was defined with the help of American economist Jeremy Rifkin which tries to combine the new communication internet technologies, the progressive advancement of renewable energy sources and the upsurge of a new era of automated and emission-free transport modes. Even if we call it a 'third industrial revolution', it is more appropriate to perceive those developments as an evolution instead of a revolution. In the end, the strategy should guide the government and all the concerned stakeholders through the transformation into a highly connected and fully sustainable nation state and help to make a better use of our resources and to leverage the process of digitalisation to attain new productivity gains.

**What are your predictions for Luxembourg's economy in the next 12 months?**

For the moment we are quite optimistic because the economy is doing well and is in line with the evolution in our neighbouring countries. As a small country we are dependent on the evolution of the financial markets and the international stock exchange: when they are doing well, they have a positive effect on our economy. The contrary is also true. Since we are dependent on the evolution of the international

markets, we monitor them closely. But for the time being, the outlook is rather good. We have a stable socio-economic environment, strong infrastructures and our government is investing a lot into future projects. But we have to remain careful, prepare for the future and build reserves for the days when there will be less economic performance. At the moment our economy is doing well, our companies have well-filled order books, but the international political environment around us is not very stable and could quickly destabilise our open economy. To sum it up, we are optimistic but we remain cautious and prepare for the future.

**What do you think will be the biggest challenges facing businesses in the coming years?**

I think the big challenge is for everyone to make the most of digitalisation and to perceive it not only as a threat but as well as an opportunity to create new value. The challenge is whether all the smaller companies will be fit for the new digital world and whether they manage to put digitalisation to their advantage and to produce and to offer services in a more efficient way allowing them to increase their productivity. I think traditional companies, not only in Luxembourg, absolutely have to delve into the subject of preparing themselves for the modernisation of their production process via digitalisation. We know that it is a huge challenge for small and mid-sized companies and we are doing all we can to prepare them and to inform them, that there will be no way around digitalisation in the future.

Preparing for the digital transformation also implies thinking over your communication and data management strategy. We live in a communication society where information is moving very quickly. Without a proper knowledge and data management strategy, it will be very difficult to remain competitive in this fast-paced environment. Old-school marketing and communication strategies aren't effective anymore. Companies have to invest in a sound data management and communication strategy which implements the latest technologies and social media channels if they want to maximise their productivity and stay connected to their customers. The role of the Chamber of Commerce is to help the companies to step forward and make the best use of available technology.

**Finally, what is the most important lesson you have learned in your career so far?**

Good question! You have to always remain flexible and pragmatic, and adapt to the new trends and situations. Maybe I say that because I come from a very small country. When you are small you have to react more swiftly than all the others and the same goes for an institution or company. Luxembourg companies which have succeeded on an international level are those which are the most competitive, adaptable and innovative. International competition can be fierce and as a small country you have to learn very quickly to adapt to the new megatrends. That is certainly a lesson I have learnt and it is true for everyone, not just in business. For example students have to adapt too. They have to learn to use the new digital tools in order to stay connected to their community and to do research. They have to learn all new skill sets and tools and use them wisely. I think that's the main challenge for young people today: to adapt and to find their way in this new communication and information environment. That's also something you can learn for your life: remain open for new evolutions and developments. Do not be scared of new trends, see where the opportunity lies and take the necessary steps to seize them. Of course you also have to be aware of risks, but mainly you should focus on the opportunities.

