

Liechtenstein

Sandwiched between Switzerland and Austria, tiny Liechtenstein (population just over 36,300, area 35 square kilometres) is Europe's only absolute monarchy. Crown Prince Alois, who became acting Head of State after his father Prince Hans-Adam stepped back in August 2004 has the power to hire and fire the government since the people of Liechtenstein voted in a constitutional referendum in March 2003 to give the head of state sweeping new powers.

Liechtenstein is known mostly for its financial services, and indeed they account for 33 per cent of gross domestic product (GDP). And since Liechtenstein was removed from the Organisation for Economic Co-operation and Development's (OECD) blacklist of non-co-operative tax havens in April 2009 it has been repositioning itself as a legitimate financial centre.

However, Liechtenstein's strongly export-oriented industry and manufacturing sector is the largest sector, contributing 36 per cent of GDP. Traditionally, Liechtenstein has focused on producing high-quality, specialist goods, including machine and tool engineering, precision instruments and the dental and food industries.

Liechtenstein is in a customs union with Switzerland and is a member of the four-nation European Free Trade Association (EFTA) which gives it trading preferences with the European Union.

COUNTRY PROFILE

Historical profile

Independence in 1719 was followed in the early nineteenth century by a period of French domination, then close connection with Austria until 1918.

1938–70 Fortschrittliche Bürgerpartei (FBP) (Progressive Citizens' Party) was the majority party in the coalition government. 1970–74 Vaterländische Union (VU) (Fatherland Union) was the majority party in coalition, followed by FBP in the 1974 elections.

1978 Liechtenstein was admitted to the Council of Europe. A VU-led coalition was formed.

1984 Prince Hans-Adam II took over executive power from his father. Women

were granted the vote in national elections, but not in local elections.

1986 Women were given to right to vote in all elections.

1989 The VU gained a majority of one seat.

1993 FBP became the largest party
1997 The VU gained an outright majority in the elections, the first by any party for over 60 years, and Mario Frick became prime minister.

2001 FBP was elected and Otmar Hasler became prime minister.

2002 The Organisation for Economic Co-operation and Development's (OECD) included Liechtenstein on a list of seven states that were failing to meet international standards on financial transparency and information exchange. An agreement was signed with Monaco over the prevention of money laundering and terrorist financing.

2003 In a referendum, 64 per cent of voters agreed to give Prince Hans-Adam II more power, including the right to dismiss any government deemed incompetent. The vote followed a long-standing dispute between parliament and the monarch, who had threatened to leave the country if his constitutional reform proposals were not adopted.

2004 Liechtenstein adopted a new aubergine-coloured flag. Prince Hans-Adam II handed over day-to-day responsibility for running the country to his son, Prince Alois, while remaining head of state himself.

2005 Otmar Hasler of the ruling FBP was re-elected with 48.7 per cent of the vote (12 seats out of 25). A coalition with the VU was formed.

2006 Liechtenstein celebrated the bicentenary of its admission to the Confederation of the Rhine in 1806. After its borders were re-measured the size of the country was found to be greater than previously thought at 160 square km,

2007 The Swiss army, on night manoeuvres, accidentally trekked up to 2km into Liechtenstein before the error was noticed and the 171-man company returned to their own lands.

2008 An international arrest warrant was issued for the former employee of the LGT Bank, who allegedly sold client details to foreign governments. Germany, the UK and several other countries, have used

KEY FACTS

Official name: Fürstentum Liechtenstein (The Principality of Liechtenstein)

Head of State: Prince Hans-Adam II (titular), (since 1989; on 15 Aug 2004, Crown Prince Alois became acting Head of State)

Head of government: Prime Minister Klaus Tschütscher (from Feb 2009)

Ruling party: Coalition led by Fortschrittliche Bürgerpartei (FBP) (Progressive Citizens' Party) with Vaterländische Union (VU) (Patriotic Union) (FBP since 2001; re-elected 2009, VU since 2005; re-elected Feb 2009)

Area: 160 square km

Population: 36,304 (2011)*

Capital: Vaduz

Official language: German

Currency: Swiss franc (Swf) = 100 centimes/rappen (the euro also circulates informally)

Exchange rate: Swf0.93 per US\$ (Jul 2013)

GDP per capita: US\$134,915 (2009)

GDP real growth: -1.20% (2009)

GDP: US\$4.83 billion (2009)

Inflation: -0.50% (2009)

* estimated figure

these records to pursue tax evasion by their citizens. Liechtenstein announced it would modify its banking rules to allow 'comprehensive co-operation' with foreign finance ministries on tax issues. However, 'a culture of privacy' would still be maintained.

2009 In parliamentary elections, the VU won 47.6 per cent of the votes (13 seats out of 25). Otmar Hasler resigned as prime minister and was succeeded by Klaus Tschütscher. Liechtenstein was removed from the OECD's list of countries considered unco-operative tax havens.

2011 A rental scheme for the entire principality was launched in April for US\$70,000 per night, with the offer of accommodation for 150 people, customised street signs and temporary currency. The marketing opportunities were identified following a refusal in 2010 by authorities in hiring the country as a backdrop to a music video for the Rap-star Snoop Dogg. In December, Liechtenstein became a member of the European Union Schengen area whereby all travellers may cross borders without a passport or visa.

2012 A constitutional referendum was held on 1 July to decide whether to remove the veto held by the Prince of Liechtenstein of any legislation. The motion was defeated by a vote of 76.1 per cent on a turnout of 82.9 per cent.

2013 Attempts by Nigeria to repatriate US\$250 million stolen by former military dictator Sani Abacha and being held by banks in Liechtenstein have been frustrated by companies linked to the Abacha family which have filed a complaint before the European Court of Human Rights.

Political structure

Constitution

The constitution dates from 1921. Voting rights for women on national issues were granted in 1984, and on local matters two years later.

In 2003, 64 per cent of voters were in favour of constitutional changes, which gave Prince Hans-Adam II power to veto the decisions of parliament and to sack the government, and powers over the appointment of judges, but it took away his right to rule by emergency decree for an unlimited period and to nominate government officials.

Form of state

Absolute monarchy (since 2003)

The executive

The head of state is the monarch. The 2003 referendum conferred on the monarch the power to veto the decisions of parliament and to sack the government.

National legislature

The constitution provides for a unicameral Landtag (parliament) with 25 seats, elected by proportional representation in

two multi-seat constituencies, for a four-year term. The Landtag elects a five-member government, which is thereafter officially approved by the head of state.

Legal system

The monarch appoints the country's judges.

Last elections

7–8 February 2009 (parliamentary)

Results: Parliament: Vaterländische Union (VU) (Fatherland Union) won 47.6 per cent (13 seats out of 25), the Fortschrittliche Bürgerpartei (FBP) (Progressive Citizen's Party) won 43.5 per cent (11) and Freie Liste (FL) (Free List) won 8.9 per cent (1).

Next elections

2013 (parliamentary)

Political parties

Ruling party

Coalition led by Fortschrittliche Bürgerpartei (FBP) (Progressive Citizens' Party) with Vaterländische Union (VU) (Patriotic Union) (FBP since 2001; re-elected 2009, VU since 2005; re-elected Feb 2009)

Main opposition party

Fortschrittliche Bürgerpartei in Liechtenstein (FBP) (Progressive Citizens' Party in Liechtenstein)

Political situation

Following Liechtenstein's signing of tax disclosure agreements from March 2009, it was removed from the Organisation for Economic Co-operation and Development's (OECD) blacklist of non-co-operative tax havens, in April. This followed two years of concerted effort and international pressure from EU and US tax departments, in their attempt to find and curb their citizens' tax evasion schemes. Liechtenstein banking, always a secretive sector, was undermined in its capacity to conceal when in 2007 an employee of the Liechtenstein Global Trust had sold account details to interested tax operations worldwide.

Population

36,304 (2011)*

Population

About 38 per cent of the total population are foreign nationals. Age structure: 11 per cent of the total population are 65 year and over; 71 per cent are between 15–64 years, and 18 per cent are under 14 years.

Last census: December 2000: 33,307

Population density: 200 inhabitants per square km. Urban population 14 per cent (2010 Unicef).

Annual growth rate: 1.1 per cent, 1990–2010 (Unicef).

Ethnic make-up

Alemannic (87.5 per cent), Italian, Turkish and other (12.5 per cent).

Religions

Roman Catholic (80 per cent), Protestant (7.4 per cent).

Education

Primary education lasts for five years. Secondary education, starting at aged 12, is provided through three school types: *Oberschule*, *Realschule* and *Gymnasium*. Each is geared to the attainment outcomes expected of their students.

On completing four years (compulsory) secondary education, a lower secondary school certificate is awarded. *Realschule* students either undertake a one year technical or vocational course leading to specialised schools of further education, or an academic course to attain the lower level Matura Certificate. Students of the *Gymnasium* complete a four year academic course, attaining the higher grade Matura Certificate which is recognised for university entrance either at home or in Switzerland, Austria and Germany.

Compulsory years: Seven to 16.

Health

Life expectancy: 79 years (estimate 2003)

Main cities

Vaduz (capital, estimated population 5,161 in 2012), Schaan (5,829), Triesen (4,738), Balzers (4,528), Eschen (4,347), Mauren (3,893).

Languages spoken

Allemanish – a dialect of German – is also spoken.

Official language/s

German

Media

Press

There two dailies newspapers are *Liechtensteiner Vaterland* (www.vaterland.li) and *Liechtensteiner Volksblatt* (www.volksblatt.li) and one weekly *Liewo Sonntagszeitung* which is published on Sunday.

Dailies: Two main dailies include the *Liechtensteiner Vaterland* (Vaduz) and *Liechtensteiner Volksblatt* (Schaan).

Weeklies: *Liechtenstein News* is the official weekly newspaper, providing tourist and hotel information in the principality.

Broadcasting

Radio Liechtenstein (www.radio.li) has a network of seven stations. Swiss radio signals are readily received in Liechtenstein including RTSI (www.rtsi.ch) and DSR, with seven stations. RTSI also broadcasts TV programmes.

Economy

Liechtenstein has a highly industrialised, export-based economy with a

well-developed banking sector. It ranks as one of the wealthiest countries by GDP per capita in the world. There is close economic inter-dependence with Switzerland through a customs and currency union (neither country is a member of the European Union).

Financial services contribute about 30 per cent of GDP. It is home to some 17 banks, including Liechtenstein Global Trust (LGT), owned by the royal family. The tourism sector is an important foreign exchange earner and together with the services sector enjoyed rapid expansion during the latter part of the 1990s to provide over 55 per cent of GDP.

Around 40 per cent of the workforce is employed in the service sector, with a large proportion of cross-border workers from Switzerland and Austria. Around 30,000 businesses are registered in Liechtenstein, which is not far short of one business per resident. There is an extremely high ratio of self-financing enjoyed by domestic businesses plus their ability, if necessary, to fall back on private wealth. A number of companies are research-focused and are considered world leaders in their particular specialities.

External trade

Liechtenstein is one of the four members of the European Free Trade Association (EFTA) and European Economic Area (EEA) which allows access to the internal EU market and takes around 70 per cent of Liechtenstein's exports.

While the industrial sector produces goods of high value it is the financial services and tourism that make the most significant contributions to the balance of payments.

Imports

Main imports include agricultural products, raw materials, machinery, metal goods, textiles, foodstuffs and vehicles.

Main sources: EU, Switzerland

Exports

Principal commodities include small speciality machinery, audio, video and vehicles parts, dental and optical products, prepared foodstuffs, ceramics, hardware and electronic equipment.

Main destinations: EU (typically over 60 per cent in total – Germany (24 per cent) Austria (10 per cent), France (9 per cent), Italy (7 per cent), UK (5 per cent)), US (18.9 per cent), Switzerland (15.7 per cent)

Agriculture is small-scale, employing only about 1.7 per cent of the population (350 workers). Activity is concentrated on dairy farming and farming of fodder cereals although vegetable cultivation and wine production are also undertaken. Utilising methods such as technical rationalisation and intensive cultivation, yields have been

steadily increasing. Production typically includes 150 tonnes (t) grapes and 12,000t milk.

Forested land accounts for 42 per cent of the principality and 0.3 per cent of the agricultural sector are employed in forestry. The forestry industry has grown since the late 1990s, doubling production to 22,167 cubic metres (cum) industrial roundwood and 18,000cum sawlogs and veneer logs and maintaining production of 4,000cum fuel wood annually.

Industry and manufacturing

Industry and trade employs about 45 per cent of the workforce. Owing to lack of raw materials and a small domestic market, the sector is export-based and centred on specialised and high-technology production. Manufacturing is centred on machine building, precision engineering and metal working industries. There are also traditional industries such as chemicals (mainly pharmaceuticals), textiles, ceramics and food processing. The production of materials for dental medicine, of microsections for optics and electronics, the manufacture of preserves and deep-frozen products, upholstery, and varnishes, have all attained growing importance. Liechtenstein is the world's largest exporter of false teeth.

Tourism

Liechtenstein receives over 50,000 tourist arrivals each year, mainly from Germany and Switzerland. There has been a steady decline in the number of arrivals, down from 78,000 in 1990 to 52,000 in 2009. In recent years the popularity of staying in the towns has risen, while those in the mountains have fallen. Most tourism activities on offer consist of outdoor pursuits geared to the seasons, such as winter sports and wildlife watching at other times of the year. Local and regional cuisines are promoted.

The State Art Collection (collected by the Princes of Liechtenstein) includes over a thousand art works and among them are paintings by Van Dyck and Rubens. Only a portion collection is on display to the visiting public at any one time.

Liechtenstein does not produce any hydrocarbons. Over 90 per cent of energy imports are acquired from Switzerland and 46 per cent of Liechtenstein's primary energy consumption is met by oil imports. Gas contributes 27 per cent of energy consumption.

Energy

Liechtenstein is dependent on imported energy from Switzerland, which supplies over 90 per cent of the energy needed. The remainder is sourced from domestically generated hydropower (75 per cent) and wood (25 per cent). The country has

ratified the Kyoto Protocol. The government has pledged to source 10 per cent of domestic energy requirements from renewable sources particularly biomass and solar.

Banking and insurance

Three main banks are in operation: Liechtensteinische Landesbank, LGT Bank in Liechtenstein and Verwaltungs und Privat-Bank (VP Bank) AG. These have a close association with the Swiss banking system. Secrecy laws are strict although new legislation has put an end to the old anonymous numbered accounts. There is a total of 17 banking institutes in operation.

Liechtenstein is a signatory of an EU tax agreement introduced in 2005 in a number of non-EU countries. Liechtenstein will impose a withholding tax, up to 35 per cent, to be passed to the tax department of an EU citizen's country, but retaining the anonymity of the saver. This means that the relevant EU country will not be informed about the amount of money in its citizens' bank accounts. In an effort to avoid joining the global list of non-co-operative tax havens, held by the Organisation of Economic Co-operation and Development (OECD), Liechtenstein eased its banking laws to allow the sharing of bank data that cracks down on offshore tax evasion.

Liechtenstein has also agreed to supply information on tax fraud, for criminal or civil trials, and notify EU member states about additional malpractices.

In 2005, a banking ombudsman was appointed in Liechtenstein, ending years of reliance on the Swiss banking ombudsman.

The insurance sector is a recent development. Eight companies make up the Liechtenstein Insurance Association, formed in 1998.

Central bank

Centrum Bank AG

Offshore facilities

Liechtenstein is a major international offshore financial centre, and the largest single supplier of fiduciary funds in Europe.

Time

GMT plus one hour (daylight saving, late March to late October, GMT plus two hours)

Geography

Liechtenstein is a tiny, land-locked country, surrounded by Switzerland (to the west and south) and Austria (to the east). The area of the principality is 160 square km. The river Rhine forms Liechtenstein's western frontier.

The western part of Liechtenstein is lowland, situated in the Rhine flood-plain. This has been drained, providing a wide

range of soil types suitable for agriculture. The eastern half of the country is in the foothills of the Rätikon mountains (Raetian Alps), which rise to snowy Alpine peaks. The highest point is the Grauspitz at 2,599m. Coniferous forests and alpine meadows cover the lower slopes. There are three main valleys in the mountains. The river Samina crosses the range south to north to join the Ill river in Austria.

Hemisphere
Northern

Climate

Varies with altitude, generally mild and often windy. Average summer temperature 17 degrees Celsius (C). Average winter temperature 1 degree C.

Dress codes

Medium-weight throughout the year, with a topcoat for winter.

Entry requirements

Passports

Swiss regulations apply. Passports are required by all, except nationals of EU countries. Passports must be valid for three months beyond intended stay.

Visa

Visas are required by all, except nationals of EU/EEA countries, Australasia, North America, Japan and some other countries. Contact the nearest embassy or consulate for details. A business visa for a citizen of a non-exempt country requires a letter of invitation from or evidence of correspondence with a Liechtenstein company.

Currency advice/regulations

There are no restrictions on the import and export of local and foreign currencies.

Customs

Restricted amounts of alcoholic beverages, tobacco and gifts (up to value of Swf300) may be imported duty free.

Health (for visitors)

Nationals of the European Economic Area (EEA) countries and Switzerland can access reduced cost and sometimes free necessary medical treatment using a European Health Insurance Card (EHIC) while visiting the EEA. Applications for the EHIC should be made before travelling.

Mandatory precautions

None

Advisable precautions

Up-to-date tetanus and polio immunisations.

Hotels

Tips are included in hotel and restaurant bills.

Public holidays (national)

Fixed dates

1 Jan (New Year's Day), 2 Jan (St Berchtold's Day), 6 Jan (Epiphany), 2 Feb

(Candlemas), 19 Mar (Feast of St Joseph), 1 May (Labour Day), 15 Aug (Assumption Day), 8 Sep (Nativity of Our Lady), 1 Nov (All Saints' Day), 8 Dec (Immaculate Conception), 24–26 Dec (Christmas), 31 Dec (New Year's Eve).

Variable dates

Shrove Tuesday, Good Friday, Easter Monday, Ascension Day, Whit Monday, Corpus Christi (May/June).

Working hours

Banking

Mon–Fri: 0800–1630.

Business

Mon–Fri: 0800–1200 and 1330–1730.

Government

Mon–Fri: 0800–1630.

Shops

Mon–Fri: 0800–1200, 1330–1830; Sat: 0800–1600.

Getting there

Air

International airport/s: There are no airports in Liechtenstein. The nearest international airport is Zürich-Unique (ZRH), Switzerland, approximately 130km from Vaduz. Travel to Liechtenstein can then be continued by road, rail or bus; an autoroute connects Zürich with Liechtenstein.

Surface

Road: Good road access from Switzerland and to a lesser extent Austria.

Autoroute (N13) extends along Liechtenstein's Rhine border to Lake Constance, Austria and Germany in the north, continuing southwards towards St Moritz. In the west there are autoroutes to Zürich, Bern and Basel.

Motorway connections: Balzers, Vaduz, Schaan, Bendern, Ruggell.

Rail: The nearest rail stations to Vaduz are at Sargans and Buchs, in St Gallen, Switzerland. Another rail station is at Feldkirch in Austria.

Getting about

National transport

Buses: All villages can be reached by bus service.

Rail: Restricted rail network, with stations at Nendeln and halts at Schaan and Schaanwald.

Nearest main rail stations are at Buchs and Sargans in St Gallen, Switzerland, and Feldkirch in Austria.

City transport

There are regular and inexpensive bus services, and easily obtainable taxi services. Tipping is not customary.

Car hire

Service offered by Avis (Vaduz), Europcar (Eschen-Nendeln) and Nolo (Balzers). Driver must have held a valid driving licence for at least one year and be over 20 years of age. Speed limit 50kph in

city, 80kph outside. Traffic drives on the right.

BUSINESS DIRECTORY

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes

The international direct dialling (IDD) code for Liechtenstein is +423, followed by subscriber's number.

Chambers of Commerce

Liechtenstein Chamber of Commerce and Industry, Altenbach 8, 9490 Vaduz (tel: 237-5511; fax: 237-5512; e-mail: info@lihk.li).

Banking

Centrum Bank AG, Heiligkreuz 8, FL-9490 Vaduz (tel: 235-8585; fax: 235-8686).

LGT Bank in Liechtenstein AG (prior to Jan 1996, known as BIL GT Group), Herrengasse 12, FL-9490 Vaduz (tel: 235-1122; fax: 235-1522).

Verwaltungs und Privat-Bank AG, Im Zentrum, Aeulestrasse 6, FL-9490 Vaduz (tel: 235-6655; fax: 235-6500).

Central bank

Liechtensteinische Landesbank, 44 Städtle, PO Box 384, FL-9490 Vaduz (tel: 236-8811; fax: 236-8822; e-mail: llb@llb.li).

Travel information

National tourist organisation offices

Liechtenstein Tourism, Städtle 38, PO Box 139, FL-9490 Vaduz (tel: 239-6300; fax: 239-6301; e-mail: info@tourismus.li).

Other useful addresses

Amt für Volkswirtschaft (national statistics office), Kirchastrasse 7, FL-9490 Vaduz (tel: 236-6871; fax: 236-6889).

Liechtenstein Embassy (USA), 633 Third Avenue, 27th Floor, New York, NY 10017 (tel: (+1-202)-599-0220; fax: (+1-202)-599-0064).

Postillion-Reisen AG, Landstrasse 9, FL-9494 Schaan (tel: 26-565; fax: 27-037).

Presse-und Informationsamt, Regierungsgebäude, FL-9490 Vaduz (tel: 236-6111; fax: 236-6460).

Internet sites

Liechtenstein News: <http://www.news.li>

Tourism information: <http://www.tourismus.li/>