***Press release***

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***PwC Luxembourg publishes CEO Survey Report 2023***

***- Luxembourg Findings***

***“Winning today’s race while running tomorrow’s”***

* **The detected optimism from the 2021 edition of the survey was disrupted due to the extraordinary macroeconomic and geopolitical shocks of 2022.**
* **Inflation, macroeconomic volatility, cybersecurity among the key threats looming on Luxembourg CEOs’ horizons.**
* **Structural imbalances in the Luxembourgish economy are starting to weigh heavily on CEOs’ minds.**
* **Luxembourg CEOs are investing in resilience and weathering the storm, leveraging existing USPs and innovating into new (sustainable) areas of business, but some longer term concerns start to emerge.**
* **Talent is a key issue in most countries but is seen as a bigger challenge in Luxembourg and more needs to be done by the public and the private sector to attract and retain critical talent in order to succeed.**

**Press Release, Luxembourg, 08 February 2023**

**PwC published its global CEO Survey 2023 / 26th edition on January 16, revealing that the optimism witnessed in the CEO Survey of 2021 has been dashed, as 2022 has been a year of extraordinary macroeconomic and geopolitical shocks, the likes of which have not been seen in decades. On February 8, the “Luxembourg Findings” from that report were revealed. Macroeconomic instability is seen as the predominant threat, but cyber risks persist. Luxembourg-specific challenges centre on costs, talent, and regulatory issues. 7/10 Luxembourg CEOs intend to invest in upskilling, automation, and advanced technology in the near-term.**

For the past 26 years, PwC has surveyed chief executives for our Global CEO Survey. PwC Luxembourg, takes part in this survey on a biennial basis in order to obtain insights from Luxembourg CEOs in both the financial and non-financial sectors and thus get an idea on how domestic CEOs fare compared to their

global peers, and where the country’s economy is heading.

Alas, the optimism of 2021 has been dashed as 2022 has been a year of extraordinary macroeconomic and geopolitical shocks, the likes of which have not been seen in decades. The Russian invasion of Ukraine brought war to Europe’s doorsteps for the first time since the 1990s, causing major supply chain disruptions, a new wave of refugees, and a spike in oil and gas prices – in addition to untold human suffering on the ground. China’s strict lockdown policies – which were only loosened in December, following the conclusion of PwC’s survey campaign – coupled with increasing trade-related tensions with the United States also contributed to global supply chain disruptions. Inflation, at mild levels in late 2021, shot up as a result, reaching new heights in Europe and compelling the European Central Bank (ECB) to raise interest rates for the first time since 2011.

Given such dramatic macroeconomic and geopolitical developments, it is unsurprising to see that Luxembourg CEOs are by and large uncertain and uneasy about the near future, with 78% expecting global economic growth to decline in the coming year, mirroring the views of their global counterparts. At the same time Luxembourg CEOs are slightly more optimistic for local economic growth, unlike several of the surrounding countries.

Unsurprisingly, inflation and macroeconomic volatility are the key threats looming on Luxembourg

CEOs’ horizons, with 41% and 34% seeing inflation as a key threat in the next 12 months and

five years respectively, the highest figures among all threat categories. Macroeconomic volatility came in a close second, with 36% and 32% seeing it as a key threat in the next 12 months and five years respectively.

These findings are starkly different from the ones identified in the 2021 edition, when Luxembourg CEOs considered over-regulation and, unsurprisingly at that time, public health-related crises as the most significant threats they faced.

However, similar to the 2021 edition of the survey, cybersecurity remains one of the core preoccupations of Luxembourg CEOs, as 28% and 32% see cyber risks as a key threat in the next 12 months and 5 years respectively, which remains consistently higher than their global peers. There is a strong argument to be made that cybersecurity has thus become a persistent, high-priority concern for CEOs that is linked to the ineluctable transformation of business models linked to digitalisation.

Climate change appears to have taken a backseat in terms of perceived threat level – at least in relative terms and in the short term. Whereas 33% of Luxembourg CEOs saw climate change and environmental damage as a key threat to growth prospects in the 2021 edition, only 11% currently consider that their businesses are extremely or highly exposed to threats in this regard over the next 12 months. The number rises to 20% when CEOs are asked to take a 5-year view. Non-FS CEOs are more likely than their FS counterparts to have prepared plans to decarbonise their business models and to have adopted alternative energy sources. But it remains a topic weighing on the minds of Luxembourg’s CEOs.

**“Winning today’s race while running tomorrow’s”**

[The CEO Survey 2023 – Luxembourg Findings report](https://www.pwc.lu/en/ceo-agenda/ceo-survey-luxembourg-2023.html) dives deep into Luxembourg CEO sentiment (versus global CEO sentiment) on an array of topics such as: local GDP evolution, companies’ prospects for revenue growth, companies’ growth, profit margin and return on assets (ROA), the Grand Duchy’s resilience to extraneous shocks, key threats for the next five years, leading to numerous insights of an array of topics. For example, 7/10 Luxembourg CEOs intend to invest in upskilling, automation, and advanced technology in the near-term.

Ultimately, the conclusion is that this moment of uncertainty should not be a cause for despair, but rather a springboard to usher in a new way of thinking among Luxembourg CEOs, rooted in stakeholder collaboration. ESG presents a pivotal opportunity for CEOs in the financial and non-financial sectors to create value, attract investments and talented professionals, push the country’s green transition, and ultimately contribute to Luxembourg’s long-term socio-economic development. Simultaneously, today’s investments in technological transformation, upskilling and cybersecurity pave the way for tomorrow’s productivity gains and continued attractiveness of product offerings to customers. Luxembourg CEOs are bracing for the coming years by investing in priority areas and, given Luxembourg’s status as a pioneer in sustainable finance, stand in a strong position to decarbonise their activities and embark on a green transition.

[**John Parkhouse, PwC Luxembourg CEO**](https://www.linkedin.com/in/john-parkhouse-45481918/?originalSubdomain=lu)says:

“Today, we appear to be entering an era of ‘polycrisis,’ to borrow a term recently popularised by the World Economic Forum, as we see a plethora of inter-related crises impacting the world and the business agenda, driving uncertainty and a need to focus more on the short-term, whilst not losing sight of the race of tomorrow.

Naturally, Luxembourg CEOs have not been immune to the upheavals of recent months and, unsurprisingly, join their global counterparts in considering inflation and macroeconomic volatility to be the top threats they are facing. In Luxembourg, this is closely followed by cybersecurity-related challenges - a persistently high priority here in the Grand Duchy. Talent is a key issue in most countries, but is seen as a bigger challenge in Luxembourg as we struggle to attract and retain a sufficient number of qualified people to sustain our growth and more needs to be done by the public and the private sector to address this issue.

We believe that Luxembourg and its business leaders are provided with an opportunity to not only weather the storms of today but rather to seize the opportunity to invest, upskill and collaborate with a view on building the foundations for an ever more prosperous tomorrow. The unique structural selling propositions of Luxembourg remain still strong and intact, i.e. the robust economic growth, excellent country rating and a deep pool of expertise and competencies, distinctive even in a competitive global market.

As we highlighted in the previous edition of the survey, there is also significant untapped potential for businesses to more fully align with ESG principles and to innovate products and services that put sustainability front and centre. Additionally, more fully integrating their sustainability goals into their businesses’ priorities conceivably helps leaders ease some of the talent attraction and retention issues they are facing in Luxembourg.”

[**Explore the key findings and download the full report**](https://www.pwc.lu/en/ceo-agenda/ceo-survey-luxembourg-2023.html)

**On the survey**

For the past 26 years, PwC has surveyed chief executives for our Global CEO Survey. Since then, the survey has become a key tool to garner insights on the main challenges CEOs across the world face, the areas of strategic significance, the available opportunities for future growth, and ultimately, how the global economy will be shaped in the coming years.

At PwC Luxembourg, given the Grand Duchy’s position as a leading international financial centre in the heart of Europe, we partake in this exercise on a biennial basis to obtain insights from CEOs in both the financial and non-financial sectors and get an idea on how Luxembourg CEOs fare compared to their global peers, and where the country’s economy is heading.

This year, the response rate increased to 85, up from 82 in the previous edition of the survey. Notably, this year’s sample is even more heavily skewed towards respondents from the financial services sector (FS), who now make up over 80% of our sample. Globally, 4,410 CEOs from 105 countries and territories responded to the survey.

**Notes to editors**

**About PwC**

1. PwC Luxembourg ([www.pwc.lu](http://www.pwc.lu)) is the largest professional services firm in Luxembourg with over 3,100 people employed from 85 different countries. PwC Luxembourg provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice. The firm provides advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. The firm helps its clients create the value they are looking for by contributing to the smooth operation of the capital markets and providing advice through an industry-focused approach.
2. At PwC, our purpose is to build trust in society and solve important problems. We’re a network of firms in 152 countries with over 328,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com and [www.pwc.lu](http://www.pwc.lu).