

NEWS RELEASE

For Immediate Release

Contact: Georges Faber
(212) 888-6664
Jerry Seeman
(212) 879-7966

Luxembourg Ranked Fourth in World Economic Freedom by Heritage Foundation/Wall Street Journal Index

NEW YORK, New York, January 16, 2006 -- The Year 2006 Heritage Foundation/Wall Street Journal's annual *Index of Economic Freedom*, the twelfth anniversary edition of the Index, has ranked Luxembourg the fourth freest economy in the world. In the latest survey Luxembourg's ranking, following only Hong Kong (1); Singapore (2); and Ireland (3); places it ahead of the United States (9); United Kingdom (5) and the Netherlands (16). The index compiles economic data on 161 countries, analyzed by Heritage Foundation economists and Wall Street Journal editors.

The index specifically measured how well the 161 countries performed within the standard of economic freedom, evaluating each economy by 50 independent economic variables in ten broad areas: Trade policy; Fiscal burden of government, Government intervention in the economy; Monetary policy; Capital flows and foreign investment, Banking and finance; Wages and prices, Property rights, Regulation, and Informal market activity.

The Heritage Foundation researchers observed in the 2006 Index that for the world's countries, North America and Europe continues to be the world's most economically free region, with seven of the world's freest countries and 5 of the world's "free" economies. Of the countries in this region, 33 exhibited an increase in economic freedom while only 10 experienced a decline in economic freedom.

They stated that "This year, economic freedom has advanced throughout the world: The scores of 99 countries are better, the scores of 5 are worse, and the scores of five are unchanged...What do these improvements mean? Studies in previous editions of the Index confirm the tangible benefits of living in freer societies. Not only is a higher level of economic freedom clearly associated with a higher level of per capita gross domestic product (GDP), but GDP growth rates also increase as a country's economic freedom score improves."

- 2 -

The researchers also concluded that “Moreover, although there are many theories about the origins and causes of economic development, the findings of this study are straightforward: The countries with the most economic freedom also have higher rates of long-term economic growth and are more prosperous than are those with less economic freedom.”

According to the *Wall Street Journal*, “As they do every year, the index authors observe the average per capita income of countries in each category. Not surprisingly, over the years, they have found a strong relationship between economic freedom and prosperity. Yet there is something more that can be observed in this pattern: Countries that liberalize quickly and thoroughly achieve resounding successes, politically and economically. Conversely, gradualism risks stagnation and even reversals, because the benefits are not evident enough to impress the electorate and generate a momentum in their favor.”

Georges Faber, Consul General of Luxembourg in New York, stated: “Luxembourg’s outstanding stability and historic democratic traditions continue to support the economic freedom that has made it a prime location for conducting successful business in Europe.”

Further information about the 2006 Index of Economic Freedom is available via the Internet at www.heritage.org/index.

Index of Economic Freedom 2006 Rankings

1.	Hong Kong
2.	Singapore
3.	Ireland
4.	Luxembourg
5.	United Kingdom/Iceland
7.	Estonia
8.	Denmark
9.	United States/Australia/New Zealand
12.	Canada/Finland
14.	Chile
15.	Switzerland
16.	Cyprus/Netherlands