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LES RAPPORTS DU LISER

# How does Brexit and its potentially restricted movement of people affect high-skilled UK passport holders in Luxembourg's services economy?

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# Background and Summary

This research report is the result of the project seminar “Regional Development”, part of the Master course in *Geography and Spatial Planning* at the University of Luxembourg (Faculté des Lettres, des Sciences humaines, des Arts et des Sciences de l’Education), led by Dr Sabine Dörry (LISER) in the winter term 2016/2017. The choice of this particular research topic was inspired by Sabine Dörry’s research focus on international financial centres and, in particular, the role of the state in promoting their financial hubs.

This research paper is an exploratory study. It started from the initial assumption that Brexit would cause impacts on the financial centre of Luxembourg. In particular, we assumed that the Brexit negotiations might result in a restricted movement of people between the United Kingdom (UK) and the remaining EU 27 member states. Such an outcome would not least affect individual professional careers of British citizens working in Luxembourg’s services economy. With its specialisation in financial and corporate services, a field increasingly governed by English contract law, UK lawyers are in high demand in Luxembourg. A looming Brexit threatens these developments.

This study therefore explores the personal and professional strategies British lawyers working in the Luxembourgish economy use to cope with such a highly uncertain political situation whose outcome ultimately affects their lives. Primary empirical data, on which this very small study builds, suggests that the majority of British lawyers seek to consolidate their private and professional situations in Luxembourg. Against the background of major uncertainty, main strategies comprise the application for Luxembourg nationality and, if appropriate, a potential relocation of their professional legal activities from the English to the Luxembourgish legal system. These results provide a first glimpse of the situation of a heterogeneous group of professionals working in the broad field of law; yet it may help Luxembourgish policy-makers to develop means to support UK passport holders engaged in Luxembourg’s economy and to open up a long-term perspective for them in the Grand Duchy of Luxembourg.

## Key words

Brexit, UK, Luxembourg, services industry, labour market, British lawyers, individual strategies

# Introduction

On 23 June 2016, a historical vote was taken that shook the European Union (EU): The British electorate had voted to leave the EU by a small margin. The May administration subsequently invoked Article 50 of the Lisbon Treaty by giving Britain's formal exit notice on 29 March 2017. It has kick-started a two year-long negotiation period to disentangle highly complicated economic, trade, legal and political relationships between the two divorcees.

The United Kingdom's (UK) exit from the Union, commonly referred to as Brexit, has caused heated and controversial discussions in the realms of politics, the economy, and society. Yet academia has remained relatively silent on Brexit and its potential economic, political and societal implications (see, however, Dörry 2017), and instead focussed on the reasons Brexit happened in the first place (Bachmann & Sidaway 2016; Dorling 2016; Tomlinson & Dorling 2016). The snap general election in the UK on 8 June 2017 surprisingly reintroduced a high degree of uncertainty when the Conservative Party unexpectedly suffered relative losses while the Labour Party gained votes, a result interpreted, amongst other things, as a protest against a 'hard Brexit'.

London is arguably one of the largest and economically most important cities of the EU. It has been argued, however, that the recent Brexit events would hardly benefit the UK economy and might destabilise London's status quo as Europe's financial capital (Bischoff 2016; Bollen et al. 2016; Dörry 2017). About 900,000 UK citizens live in the continental EU member states. Estimations suggest that about 2,200 UK passport holders live in Luxembourg. This number is still larger if one adds the approximately 500 UK civil servants of the EU based in Luxembourg (Chronicle.lu 2016). According to *The Guardian*, "there is a significant British element in the EU labour market" and "[t]heir ability to work in the union could be severely restricted if free movement access to jobs is brought to an end" (2017). Luxembourg's Ministry of Justice highlighted that the number of applications from UK nationals for naturalisation has been rising steadily from five in January 2016 to 20 in June 2016, with 66 registered in total since the beginning of 2016. In comparison, in 2015, 75 British nationals obtained dual Luxembourgish nationality (Luxemburger Wort 2016a). In addition, the *Institut National des Langues* registered a significant increase of UK citizens wanting to learn the Luxembourgish language. These are indicators that UK citizens working in Luxembourg are severely affected by the triggering of article 50, which initiated the two-year Brexit negotiation process with the remaining 27 EU member states – and with open-ended results. One of the key negotiation themes will be the free movement access to the EU labour markets, and it has therefore repeatedly been labelled as a 'bargaining chip' in the forthcoming talks. As the negotiations are unfolding, and uncertainty for citizens is rising, Luxembourg's members of the European Parliament, for example, have proposed to change EU citizenship law in a way that would enable ex-EU state-member citizens to opt for EU citizenship (Independent 2016, Luxemburger Wort 2016b) Here too, outcomes remain uncertain.

Consequently, we start our analysis with the assumption that Brexit will change the regional patterns of economic and social development at the EU level. Media, experts, politicians, and public opinion-makers are in complete controversy about the results of the anticipated divorce process between the UK and the remaining EU27, predicting, for example, that legal and financial constraints will hinder large companies headquartered in London to continue conducting business as usual with their EU-based counterparts. Access to the single market is among the most crucial questions for UK-based business to be resolved politically. Failing to secure such access might lead to the relocation of a whole number of financial activities (Chronicle.lu 2016; Bischoff 2016; Dörry 2017). Various banks, insurance companies and other investment firms have already begun to relocate at least part of their business. With Frankfurt, Paris, Dublin and Amsterdam, Luxembourg is thought to be one of the places benefitting disproportionately from these organisational rearrangements. Historically, not least since signing the Treaty of London in 1867, the UK and Luxembourg have enjoyed a special relationship. This relationship, entrenched by a deep division of labour of both countries' economic and financial activities, is said to work as

an advantage for the latter's prospects in a new post-Brexit environment (Miethe & Pothier 2016). However, so far, the post-Brexit situation for both the British and the Luxembourgish economy with its Greater Region remains uncertain.

Luxembourg hosts, amongst other things, the world's largest cross-border investment funds centre, thus accommodating numerous foreign banks, as well as associated legal, accounting and advanced business services companies. The administration and taxation of a multitude of investment funds and holding companies, including their legal requirements, tax structures, as well as the demands of customers and various administrative specificities in related markets, require a highly specialised knowledge and expertise base that feeds Luxembourg's industry dynamics and generates much of the country's income. Therefore, the presence of some of the largest international law firms such as *Clifford Chance*, *Linklaters* and *Allen & Overy* is essential for Luxembourg's global (financial) services industry. The continuous support of these specialised legal advisers is, for example, crucial for the functioning of the investment fund industry in Luxembourg, whether it concerns the establishment of investment structures, consulting on the use of domestic and overseas regulatory advantages, or providing tailor-made solutions for established investment structures. Often, US- and UK-based investment firms perceive Luxembourg as their gateway to the European single market, from which they distribute their investment products to the other 27 EU member states. The instrument with which to do this is 'passporting'. Hence, along with other advanced business services firms, Britain's law firms shape Luxembourg's local financial centre and connect it with London's finance industry, thus ensuring that both the economies of these centres are deeply embedded within the international networks of financial production (Dörny 2015). Luxembourg's services economy thrives not least due to the knowledge inputs of a high-skilled, predominantly foreign labour force. Amongst these, UK nationals earn the highest incomes in Luxembourg (Fetzer 2011).

The aim of this research paper is to explore to what extent Brexit will influence Luxembourg's labour market with respect to its highly international services industry. We focus our research on the agency of British lawyers who represent a particularly powerful group of actors within Luxembourg's specialised, international economy. **We specifically aim to explore to what extent the UK-based lawyers are socially embedded in Luxembourg, what their strategies are in the event that Brexit would – as far as we can see – end the free movement of people across the EU, and – concluding provisionally – whether their strategies matter for Luxembourg's specialised economy?**

This research paper is organised as follows. First, we briefly discuss the current context of Brexit with respect to Luxembourg. We then elaborate on the opportunities and threats to which Luxembourg is susceptible. We include ideas on how these legal firms have become such prominent economic actors for Luxembourg's economy and how they influence Luxembourg's institutional and organisational context. We illustrate the influence of international service companies and their embodied knowledge input on Luxembourg's thriving services economy in the future. The method section outlines our empirical research strategy and the data gathering on which our analysis is built. We interviewed five lawyers from the UK who have been working in Luxembourg for at least one and a half years. After illustrating our empirical results, the paper closes with some preliminary results and critically evaluates the potential Brexit-influence on Luxembourg's labour market.

# 1. The Context: Brexit-induced opportunities and threats for Luxembourg’s service-based economy

Brexit may hamper the UK’s attractiveness to foreign investors both as an important market and as a gateway to continental EU member states. Today, London hosts a large number of American and other international banks, benefitting from the EU’s so-called passporting regime. Passporting applies to a range of financial businesses, products and organisations, including banks, asset managers and insurance companies. It allows non-EU firms to run European trading operations out of the UK into the other 27 member states and serve their markets without setting up local operations in each of these markets. Combined with the UK’s advantage of English as the financial business lingua franca, as well as the UK being a core country of the Common Law legal family, these factors help to explain why London rose to be the EU’s financial capital (The Economist 2016; Wright 2016). All these opportunities, however, will cease in the case of a hard Brexit (see Table 1), so often proclaimed by the May administration in the recent past.

Table 1: Alternative Brexit models (source: <http://www.bbc.com/news/uk-politics-37507129>, accessed 12 June 2017)

	EU membership	Norway	Switzerland	Canada	Turkey	World Trade Organisation (WTO)
Single market member?	Full	Full	Partial	No	No	No
Tariffs?	None	None	None	Reduced tariffs through free trade deal	None on industrial goods	Yes
Accepts free movement?	Yes	Yes	Yes	No	No	No
In the customs union?	Yes	No	No	No	Yes	No
Makes EU budget contributions?	Yes	Yes	Yes (but smaller than Norway)	No	No	No

In contrast, Luxembourg sees immense opportunities for its own finance hub, for example, because of the relocation of UK-based investment funds and companies. Currently, the City’s financial services industry employs a record of 400,000 people compared to more moderate numbers in the financial centres of Paris (147,000 employees), Frankfurt (75,000 employees), and Luxembourg (45,000 employees), to name but a few (Bischoff 2016). Such assumptions do not suggest, however, that the entirety of London’s jobs will move to other European financial centres in case of a hard Brexit.

The explicit uncertainty associated with the political implications of Brexit will remain a key theme in the near future. Besides declining degrees of economic confidence (OECD 2016), vital issues such as comprehensive trade agreements and equally important issues such as how to organise – or further guarantee – the free movement of people between the newly divorced parties, pose challenges to the political negotiations. As mentioned before, two Brexit variations currently dominate the political discourse: the ‘hard’ and the ‘soft’ version.

One extreme, so-called 'hard Brexit', could involve the UK **refusing to compromise on issues such as the free movement of people**, leaving the EU single market, and trading with the EU based on WTO rules as if it were just another country outside of Europe. A hard Brexit agreement between the remaining EU27 and the UK would probably introduce mutual tariffs and other trade restrictions. At the other end of the scale, a 'soft Brexit' might involve some form of membership of the EU single market, not least **in return for a degree of free movement of people**. On 15 January 2017, the BBC suggested the following explanations and related the UK's current situation to the situation of other EU non-member states that are, nevertheless, comprehensively embedded in the EU trade regime.

Cooperation between the UK and Luxembourg has been particularly important in the finance industry as the "[T]he UK is our second largest EU partner for exports of services and first for imports of services, the first EU investor in Luxembourg as well as our top destination for investment flows" (Chronicle.lu 2016). Additionally, the UK accounts for 16.4% of all net assets under management in Luxembourg, and it ranks sixth in terms of bank representation (ibid 2016). The functioning of Luxembourg's and London's financial centres rely on each other, linked, amongst others, by a profound division of labour (Dörry 2015), which is not least echoed by the extensive economic activities of UK legal advisory companies in Luxembourg's services economy.

## 2. Role of the law firms

For the small Grand Duchy of Luxembourg, located at the geographical and institutional heart of the EU, sovereignty and territoriality are key concepts, both economically and politically. Luxembourg's financial industry is highly specialised, yet it shows similarities and a large degree of complementarity with London's financial hub, most obviously in the investment fund and insurance industries. The close links of both places explain why the Brexit-related results of political negotiations will affect the strategic interests of Luxembourg's finance industry, and – in particular with respect to the free/restricted movement of people – its labour market.

The smooth functioning of finance depends on advanced business services companies and, there, international law firms are of particular importance. British business law practices occupy leading positions within the world's legal partnerships, the corporate legal sector and the legal system as a whole. Their leading positions are historically derived, which also helps to understand why British law firms and legal advisors are so vital and influential for the functioning of many aspects of the finance industry (Morgan & Quack 2005; Faulconbridge 2008). The English legal profession preceded the formation of the modern state founded on pre-existing English common law. Unlike the European state-sponsored and 'absolute' order of the civil code, English common law emphasises the use of interpretations and precedent; it exists separately from the sovereign. English common law rationale therefore suggests that its legal profession has been seeking "to extend its own mandate and jurisdictions" (Morgan & Quack 2005, p. 1767).

The transformation of prominent British lawyers into influential brokers, regulators and legal innovators started in 19th century (Osiel 1990). A distinctive pocket of specialised law practices focussing on corporate business had emerged around the City of London, i.e., London's original financial centre (Morgan & Quack 2005). They helped to facilitate the construction of the legal frameworks for the newly emerging financial and capital markets, and the City-based law firms soon enjoyed competitive advantages over European law firms whose focus was predominantly on domestic finance and industrial affairs. City-based law firms drew heavily on their embeddedness in the thriving British Empire and had a genuinely global outlook early on, and they were therefore able to promote English law in international contract relationships.

The post-war industrial growth period of the 1950s and 60s, as well as thriving business in the newly established Eurodollar markets, reinforced the prime position for London-based law firms (Kynaston 2001, p. 327). Moreover, capital mobility, the deregulation of London's stock exchange in the 1980s, and the introduction of revolutionary financial instruments "spurred on trade in and around the London financial markets, creating new opportunities for City and other UK law firms" (Morgan & Quack 2005, p. 1771; cf. Stoller 2000). All these complex dynamics contributed to the emergence of the City's five most important law firms. This 'magic circle' comprised *Clifford Chance*, *Linklaters*, *Freshfields*, *Slaughter and May*, and *Allen and Overy* (Fairclough 2005). US firms, attracted to London by the dynamic finance business, introduced a new level of competition to the sector dominated by UK firms. The latter adjusted their business strategies and engaged in shaping national regulations and standards for the legal profession, and this enabled them to enhance their international competitiveness. Moreover, the economic expansion of the European market and the collapse of the former Soviet Union and Eastern European countries demanded new expertise regarding the establishment of financial markets as well as the privatisation of formerly public assets. City law firms, highly experienced in operating on the international markets, stepped in and filled these knowledge gaps (Beaverstock et al. 1999). The growing globalisation of the economy contributed to, and further resulted in, the emergence of law firm networks operating internationally. Today, the five largest UK law firms operate offices in more than 20 countries. They created their large firm networks essentially through the merger and acquisitions of key 'supra-local' law firms, as echoed in their new names, e.g. – after mergers with German law firms – *Clifford Chance Pünder and Freshfields Bruckhaus Deringer* (Taylor &



Derudder 2016). These new, globally operating company networks “employ more than half of their lawyers outside the UK, and more than 90% of their offices are located abroad” (Morgan & Quack 2005, p. 1778).

These law firms form a powerful group of economic actors able to redefine their organisational and institutional contexts within and across national contexts, a circumstance that also applies to Luxembourg. The following section introduces the method of the semi-structured interview, through which we gained information, data, and insights into the professional group of UK passport holders working as corporate lawyers in Luxembourg, and whose professional careers might be interrupted by Brexit. This is mainly due to its politically unsettling consequences on the free movement of people in the near future.

### 3. Methods

The report's results are based on an exploratory research design. Primary data was collected via semi-structured interviews. Data collection took place from November 2016 to January 2017 and employed techniques of random sampling and snowballing. The aim was to identify UK citizens who practice law in Luxembourg. The detection phase to gain contact information included search via online engines such as *Google*, as well as contacting the British Embassy and the British Chamber of Commerce in Luxembourg.

Initially, eight lawyers were identified and contacted, leading to five interviews that were successfully conducted. We applied a mix of both face-to-face and telephone interviews with five UK passport holders practicing law in Luxembourg. The semi-structured questionnaire (see annex) consisted of 13 questions, and the open-ended questions offered opportunities for additional information. On average, the interviews took no longer than 30 minutes. Interviews were recorded and subsequently transcribed. Participants were and are assured of full anonymity and data protection. The interviews covered two main parts (see interview guideline in the annex), i.e., questions regarding their professional life and an assessment of Brexit-related developments with respect to their personal/professional situation in Luxembourg, as well as questions regarding the interviewees' personal background.

The subsequent steps of information systemisation and data analysis followed key themes and surprising facts interviewees might have revealed. The systematised body of fine-grained data was then subjected to generalisation in order to gain a more holistic understanding of individual 'Brexit-strategies' of UK citizens in the light of looming Brexit.

There are, however, limitations to this study. Its sample size was very small, and the time to conduct a more comprehensive empirical analysis was scarce because of the constraints of the academic year. So far, there is only limited academic research on Brexit-related impacts on social groups affected by this event, so that there was not much literature to provide direction for our empirical study. However, despite this study's limitations, its results invite more comprehensive research to assess the situation of a wider range of professional groups that are integral to Luxembourg's thriving service economy.

## 4. Empirical results

The small interview sample comprised five UK lawyers working in Luxembourg. In order to protect their identities and retain their anonymity, the general data presented in these first sections does not correspond with the L1-L5 assignment of our interviewees in the tables below. Four of the five lawyers are corporate lawyers, and one works as general counsel and associate of one of the big five law firms.

The average age of the interviewees was 44, ranging from 31 to 64 years. The five interviewees consisted of four men and one woman, all of them married, some of them with children. All of them, however, live in Luxembourg. Besides their native English tongue, their portfolio of working languages include French, German and Luxembourgish, with varying degrees of proficiency.

Interviewees arrived in Luxembourg in 1994, 2002, 2008, 2009, and 2015, respectively. All of them enjoy living in Luxembourg, although for a range of different reasons. These reasons include the country's excellent welfare system and social infrastructure, good living conditions and their own housing situation, the country's highly international exposure and the rich cultural environment, as well as manifold professional opportunities, including quick decision-making by both the government and regulator in most cases.

Regardless of future Brexit terms, none of our respondents is currently keen on moving back to the UK. One respondent admitted, however, that there was a possibility of relocating to the UK in the future. All interviewees agreed that it would be very hard to cut cultural, social, and professional ties with Luxembourg, especially for those with families, after having lived in Luxembourg for many years. This demonstrates how closely these UK lawyers have become integrated in Luxembourgish society. If they were to leave Luxembourg, however, all of them suggested keeping their connections with Luxembourg as strong as possible.

In the following, we present selected results of some of the core questions we asked and offer a preview of the mood among UK lawyers working in Luxembourg's corporate sector.

Table 2: Is Brexit a good thing for you to happen? Why (not)?

Respondent	Examples of interview sequences (direct quotation)
L1	I would tend to say, no, but ... every ... time you have that important decision being made by one country and ... so many opportunities or consequences can happen ... with consequences being not necessarily positive, but some opportunities possibly being positive. ... is [Brexit] a good thing? I would say no; however, I cannot exclude positives for Luxembourg down the line as a result of Brexit.
L2	With legal uncertainty, which there is in terms of job security, that is not a bad thing. There will be definitely ... more law and more legal assistance that will be required by UK companies and non-UK companies ... dealing with the UK. So, as a pure amount of work ... I think, and I mean in other ways I don't think, it is going to be a good thing. But, for example, for me coming here to do this role will be much more difficult. I ... don't know ... how difficult it might be ... going to the local council and showing my passport then registering to be able to practice here as a lawyer.
L3	No. It will cause complications to me personally and professionally. Personally, because ... obviously I am British, I am living in the EU, which at the moment I can do freely and after Brexit obviously I need to make sure I can continue living in the EU. I had always planned to take Luxembourg nationality anyway because I ... do not lose anything. Yes, it was something that was planned anyway, but I now kind of need to plan to do it within a fixed time scale and obviously I travel back to the UK regularly to see my family and visit them so that might become more complicated. ... Professionally, I am able to call myself a Luxembourg advocate because of the EU freedom of the provision of services directive and, of course, it will not stop me continuing to work as a lawyer in Luxembourg and there are things I can do to become a sort of formal Luxembourg lawyer. Again, those are the things I planned to do anyway, but now I need to pay attention to how quickly I do that.
L4	Absolutely not! I don't think many people in Luxembourg think it is a good thing. I have not met a single English person here who thinks it is a good thing.
L5	It is very bad. I think this is a decision that has been made for all the wrong reasons and people are losing sight of what is important.

Despite the respondents' general wish to stay in post-Brexit Luxembourg, it becomes clear that Brexit uncertainty puts stress on their professional and daily activities. One of our respondents' strategies is to register for Luxembourgish nationality, and the majority of the five lawyers favours dual citizenship. Whilst one respondent already obtained double nationality, others are now in the process of obtaining a Luxembourgish passport in preference to that of any other EU country.

“When I heard about Brexit the one thing I did was to prepare all the documents to move to list 1 and be a local lawyer and I already did it in summer. So, I am a local lawyer, so it is not a problem. The other thing I did was, just in case of Brexit, I became a Luxembourg national so I am holding double nationality” (L4, December 2016).

“No, not for convenience reasons! ... If I was going to apply for the citizenship of any other country it would be because I had a connection to the country and I wanted to be a citizen of that country. I wouldn't do it just because it was easier” (L2, December 2016).

Table 3: What are your first associations with the word 'Brexit' with respect to your professional career?

Respondent	Examples of interview sequences (direct quotation)
L1	EU single market. Immigration.
L2	I think that you might get a different kind of answer from a private practice lawyer. ... The impact might be more significant for law firms. Because particularly the British law firms have actually done very, very well at expanding across Europe. ... the top 10 law firms in the world, the ... list is dominated by American and British. ... Today they are present in every country of the EU. I think that might affect their professional career, because it might get more difficult for those people to move around. ... There's always going to be a need for lawyers, there will be more regulations and legal interpretation. ... the concepts of the European contract law ... there is English law and Dutch law and French law and German law. And that has been the case for quite some time, and we have been having a European contract. And one of the biggest opponents to that is the UK. For lots of reasons English contract law is probably still considered the most convenient law. For loads of reasons, we voted against it. Being the strong voice in the EU, we kept that interest. Once we leave the EU, maybe it will make it much more likely that there will be a European contract law. Then maybe people won't choose English law in English courts as their jurisdiction for their contracts so much. ... English law could be called out and ... that ... might be a negative impact on English lawyers.
L3	Well, it won't make a big difference to me professionally because I can continue to work as a lawyer and because I can take the additional steps to become a full Luxembourg lawyer if you like. ... But I am sure there are other people and to them it might make a big difference.
L4	If England were not a part of the European Union then I would have had no right to practice, I would have to stop to work immediately. So all English lawyers here they cannot practice the law here if England is not a part of European Union. So I had to ... become a local lawyer. ... It might be more complicated to move to Luxembourg and there might be fewer English lawyers here. When I first came here, there were very few English lawyers, which was positive for me as I got more work.
L5	There are some potentially difficult questions arising from that of course. ... There are a lot of people in my position in both directions, Europeans, people from other states of the European Union ... working in the UK, and their status will be immediately put into question. Not only as a lawyer, but any people from the UK who have the right to work here under the terms of free movement of workers, citizens. It is ... still a question mark.

Among the biggest obstacles our interviewees face in case of Brexit are administrative issues and the technicalities involved in continuing to practicing law. The threat from Brexit to interviewees freely exercising their jobs in Luxembourg has become immediate, and to register as a Luxembourg lawyer is a fairly common strategy for Luxembourg-based UK lawyers.

“UK-based law firms shifting operations to countries such as but not limited to Luxembourg could result, to answer your questions, to me having more work.” (L1, December 2016)

Successful registration includes, however, familiarity with the official languages spoken in Luxembourg, an asset not everybody has acquired yet. At the same time, the majority were referring to the uncertainty induced by Brexit as a negative element that affects all aspects of their life.

“However, does it make a difference between having the right to do that as a citizen of the EU and then relying upon either some particular treaty that still has to be negotiated or/and the treaty that can easily be changed at any time?” (L5, December 2016).

Table 4: To what extent will Brexit influence your future job opportunities in Luxembourg?

Respondent	Examples of interview sequences (direct quotation)
L1	I would answer that as a result of the Brexit vote some UK-based law firms may consider shifting operations from the UK to the continent. This may impact Luxembourg as a destination for increased activities or UK-based law firms. So, therefore, perhaps, the increase of UK-based law firms shifting operations to countries such as but not limited to Luxembourg could result in me having more work.
L2	I don't think too much. ... Because I mean I'm an in-house lawyer, I think it's a different answer because ... an international or a global company ... doesn't employ necessarily a general counsel in Luxembourg who specialises in the Luxembourg law. They want someone who worked in another global company or a global law firm. I still think the likes of the big companies who have headquarters here for looking for a general counsel, they would still consider a British lawyer. ... And I think, or I rather suspect that there is a good ... balancing of interests. It'll be in the absolute interests of all of the European countries that French lawyers and Luxembourg lawyers have registration rights in the UK. Because there's still a lot of them in the UK. The UK is still an important legal market. So, I suspect that there will be a good reason to come up with a sensible deal.
L3	In terms of future job opportunities, it might make a difference because it might mean that there is less British-related legal work here in Luxembourg and that might mean less demand for British-trained lawyers.

Assessments of the respondents' future job opportunities in Luxembourg tie in well with the main obstacles they identified to pursuing their legal careers in Luxembourg in a potential post-Brexit future.

Table 5: What is the biggest obstacle that you think you will face after Brexit?

Respondent	Examples of interview sequences (direct quotation)
L1	... regardless of the conditions ... the biggest obstacle would be if the UK left the single market.
L2	Administration. Because it won't be as easy, there will be an extra level of administration to actually be here and practice. ... It will mean I have to start learning, too, lots of regulations ... that do affect the business [and is] a bit more country-specific .... there will be a divergence of the regulations I guess.
L3	Well, I suppose the biggest one could be travelling to and from the UK. Depending on how that is worked out between the UK and Luxembourg. So that could be a potential biggest inconvenience.
L4	For me the biggest obstacle in my professional career will be just making the choice whether I still want to be an English lawyer or I do ... stop to be an English lawyer... I think this is one step away from being English. I always liked to say that I am British and I live here, people always find that very funny and nice. ... Now I think it is an embarrassment. Before people liked that we have English tea and English cake and everything and now this is the subject of jokes. So, I feel less proud about being British and also I think there is a fear of racism. I always say I am a citizen of the world and now more people are becoming ... nationalist and I hate nationalism. And all this is becoming very nationalistic ... even in a professional sense.

Answering the question about the themes and the underlying tenor when discussing Brexit and its impacts with other British expats in Luxembourg and/or Europe, topics are reasonably straightforward:

“The first topic is the reasons that got us where we are. Ok, so why was there Brexit? Why did YES-Brexit win? That is the first topic of the discussions that I primarily discuss with my friends and separately with some other UK lawyers that I work with. The second topic of Brexit is what will Brexit actually mean? Because the current stance of the UK government is ‘Brexit means Brexit’, but quite frankly that means nothing to me. ... So the whole situation just makes me think and I am more and more convinced that the government, UK government, simply does not know where is this going” (L1, December 2016).

In this respect, one interviewee provided an interesting reflection on the general perception of the current situation among many British lawyers:

“Do you know there is this sociological thing about the five stages of grief. There is an anger, denial, acceptance... So, immediately, everybody was very angry... Then it was kind of like denial... and I think that people are at the acceptance stage now... If you look at countries like Norway and Switzerland, it is not as simple as this, but you know, these countries ... are not in the EU, they have other arrangements, and you know they are all successful countries... Since June, we’ve obviously had the American election of Trump and we’ve got the French presidential election candidates, who are starting to look interesting, you’ve got the position of Merkel... on the back of the financial crisis... I don’t think the UK is so far off the scale in terms of... issues with the EU... You’ve asked this question whether I would apply for citizenship... You know, No. Because at the end of the day, we are on the continent of Europe, but the UK has always been... different. We are seeing Europe as different... we call it the continent... We’ve always been slightly removed” (L2, December 2016).

## 5. Summary and Conclusions

This research paper started from the assumption that Brexit negotiations may result in a restricted movement of people between the then former EU member state of the UK and the remaining EU 27 member states. Such an outcome would possibly affect not only the individual professional careers of British citizens working in the EU27, but also – at least to a certain degree – some of the labour markets with a high demand for high-skilled workers across the EU. Luxembourg's services economy would be affected. It offers huge employment opportunities for lawyers as the Grand Duchy's economy is tightly embedded within the larger EU single market. With its specialisation on financial and corporate services, lawyers are in high demand in Luxembourg. English contract law has been playing an increasing role in the EU economy and attracted a large number of UK lawyers to the Luxembourg economy over the past years. Now, a looming Brexit threatens these developments.

In this exploratory study, we therefore aim to investigate how British lawyers working in the Luxembourgish economy cope with a looming Brexit and a potentially changing institutional order with respect to both their personal and professional strategies. The primary empirical data on which our small study is built, suggests that the majority of British lawyers seek to consolidate their private and professional situations in Luxembourg. Against the background of immense personal uncertainty, their strategies comprise – perhaps unsurprisingly –, among other things, their application for Luxembourg citizenship and a re-orientation in their professional activities, i.e., their withdrawal from the English legal system and a re-registration with the Luxembourgish legal system. It remains to be seen, how and to what extent the Luxembourg state will support the wishes of a range of professional UK passport holders working and living in Luxembourg, to stay in the Grand Duchy.

The spirit, however, is there, as one of interviewee points out: “Brexit has happened, and we will have to make a success of it.” This student research report intends to be a first attempt to test the waters and to provide a flavour of the sensitivities of British lawyers working in Luxembourg's financial and corporate services economy.

However, this study was conducted with very few resources and in a restricted timeframe as part of a project seminar at the University of Luxembourg. Building on these first results, we encourage policy-makers to engage in further studies to gain more in-depth insights and thus better address the complex individual situations of high-skilled workers in Luxembourg against the background of a situation of uncertainty induced by Brexit.



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# Appendix: Questionnaire for semi-structured interviews

## Part I: Brexit-related business environment, personal assessment

1. When did you move to Luxembourg?
2. Are you happy here in Luxembourg? (Why (not))?
3. Do you live in Luxembourg, or do you live in a neighbouring country? Reason/s?
4. Which languages do you speak? / How comfortable are you to speak other languages than English?
5. In which field do you work? (Trade, regulation, finance, transactional, other)
6. Is Brexit a good thing for you to happen? Why? (If this answer is negative, go to Q9)
7. What are your first associations with the word Brexit in terms of your professional career?
8. To what extent will Brexit influence your current/future job opportunities in Luxembourg?
9. What is the biggest impediment you will face after a potential Brexit?
10. Have you (your family) considered moving back to the UK because of Brexit? (YES/NO)
11. If you were to return to the UK, would you keep up your links with Luxembourg? (Professional, private, leisure/events, etc.)?
12. Do you consider applying for the Luxembourgish citizenship or the citizenship of another EU country?
13. When you discuss Brexit with your colleagues' and/or other British expats here in Luxembourg and/or Europe, what are the most common subjects/themes of the discussion?

## Part II: Assessment of personal situation

Age?

Highest completed level of education?

Marital status / children?

Political positioning?

