

Lessons from other small hubs

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Other small jurisdictions that have become international business hubs offer lessons for Zug. Luxembourg, a country of about 690,000 inhabitants, built a financial centre on investment funds, banking and holding companies. Having faced similar challenges from the international tax reforms, it has responded by developing new specialities, such as sustainable finance and space resources, as well as by investing in the education these specialities require.¹ Singapore, where the author lived and worked for many years, combines a state that plans for the long term with openness to international business and talent. Its sovereign wealth funds invest the proceeds of its prosperity for future generations. The Channel Islands, where the author has set up investment funds, show the limits of a model built on financial services alone. Jersey and Guernsey have prospered as offshore financial centres, but they have faced repeated pressure from the European Union, the OECD and the United Kingdom to adopt international standards. Their economies depend heavily on a single sector.² Delaware, the small American state in which more than two-thirds of the Fortune 500 companies are incorporated, shows the value of a specialised legal infrastructure, particularly its Court of Chancery. It has recently faced competition from other states, notably Texas, which have sought to attract companies with more management-friendly laws.³

These examples suggest three lessons for Zug. The first is the value of diversification, which protects a small hub against the decline of any single sector. The second is the value of long-term planning and investment, which Singapore and Luxembourg have shown. The third is the value of specialised legal infrastructure, which Delaware demonstrates and which Zug could develop through English-language commercial courts and an efficient administration.

1 Notes

1. STATEC, "Lower migration, low fertility: the demographic slowdown continues", 6 May 2026, statistiques.public.lu: population of 690,959 on 1 January 2026. Pensions & Investments, "Luxembourg Stock Exchange launches first green securities platform", 27 September 2016, pionline.com: launch of the Luxembourg Green Exchange (LGX). Luxembourg Government, press release on the University of Luxembourg's Interdisciplinary Space Master, 15 February 2019, gouvernement.lu: the Grand Duchy launched SpaceResources.lu in 2016 to establish the country as a centre for the exploration and utilisation of space resources; the master's programme starts in autumn 2019. ↩
2. Carey Olsen, "Guernsey's economic substance requirements", 11 September 2020 (updated 28 March 2024), careyolsen.com: economic substance requirements in force since 1 January 2019 to meet a commitment to the EU Code of Conduct Group on Business Taxation, after which the EU Council on 12 March 2019 removed Guernsey from its list of jurisdictions requiring further changes; Taxation (Companies – Economic Substance) (Jersey) Law 2019, jerseylaw.je; Wikipedia, "Economy of Jersey", en.wikipedia.org: financial and legal services 39.5 per cent of Jersey's total gross value added in 2019. ↩
3. Delaware Division of Corporations, Annual Report 2025 (statistics.corp.delaware.gov/stats): over two-thirds of the Fortune 500 are incorporated in Delaware, as are nearly 70 per cent of US-based IPOs in 2025. Dallas Innovates, "SMU Expert Tracks Growing Texas Reincorporation Wave", 22 September 2026, dallasinnovates.com: Tesla's 2024 vote to move from Delaware to Texas started a wave of Texas reincorporations. CLS Blue Sky Blog, 6 March 2025, disputes that any real "DExit" has occurred. ↩

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