

COVERSTORY



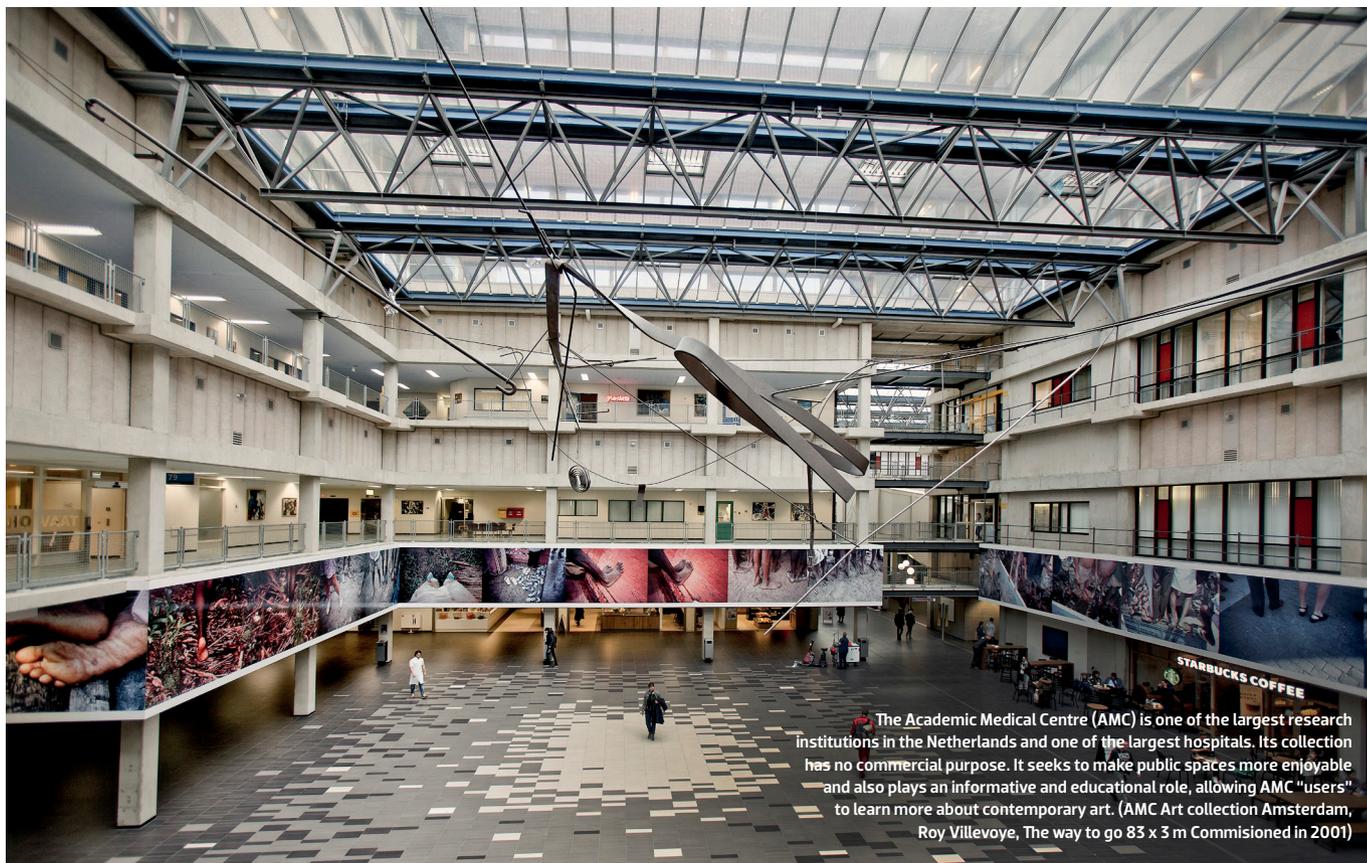


Photo: Hans van den Bogaard

The Academic Medical Centre (AMC) is one of the largest research institutions in the Netherlands and one of the largest hospitals. Its collection has no commercial purpose. It seeks to make public spaces more enjoyable and also plays an informative and educational role, allowing AMC "users" to learn more about contemporary art. (AMC Art collection Amsterdam, Roy Villovoe, The way to go 83 x 3 m Commissioned in 2001)

ART AND BUSINESS

HAPPY LIAISONS?

The worlds of art and business have always had a close relationship – more or less. In recent years, these links have strengthened and today it is common for customers or visitors to companies to see works of art in corridors and meeting rooms or a sculpture erected in the middle of a lobby ... But, how close is art to business? Has art, because of globalisation, just become another investment? Is art a product, just like any other, for business? Possible answers...

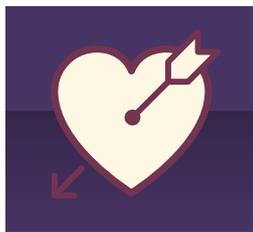
Text: Corinne Briault

With a 2017 balance sheet of \$14.9 billion for global fine art auctions – according to the Artprice database – it seems that the art market is on top form. Prices paid at auction in 2017 can give you vertigo: 450 million dollars (365.5 million euros) for the *Salvato Mundi* attributed to Leonardo da Vinci, a Basquiat canvas

reached 90 million euros and 138 million euros for a Modigliani painting...

When the Louis Vuitton Foundation was inaugurated in Paris, writers, philosophers and artists wrote on a Mediapart web forum calling into question the notion that art had become a luxury product in which only “noble patrons” could speculate, and denouncing a belief that art (especially contemporary art) had been reduced to following trends dictated by large financial groups who increasingly intervene in artistic production ... So much for “patrons” ...

Current artists are not excused from the scandal and indignation either. There is no separation between artistic creation and the capitalist market because the artists themselves have become businessmen: the likes of Damien Hirst and Jeff Koons multi-millionaires, with fortunes comparable in size only to the polemics they trigger. The work of Damien Hirst is indeed a vast hoax orchestrated by the financial community: “*Damien Hirst uses the art market as a simple stock market indicator, maintaining the myth by secretly selling his works to mysterious holdings*” (ArtJuice). ▶



Operation seduction

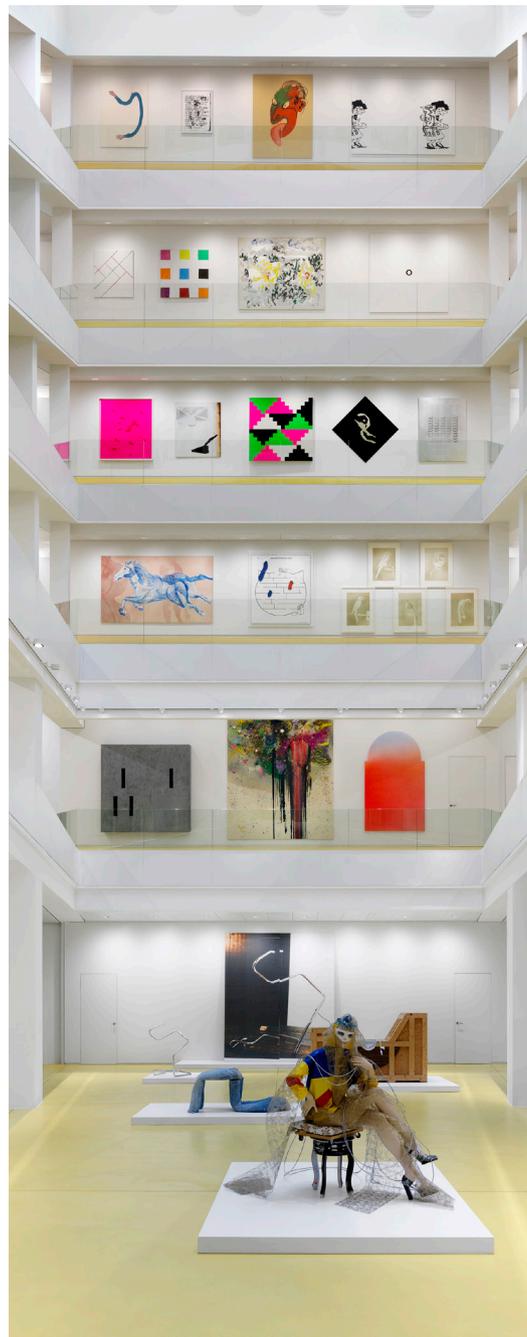
Office layouts today have little to do with those of fifty years ago. Today, employees' expectations about the quality of life in the company are changing and increasing. The presence of cultural material can become a decisive seductive factor. Art has become an indispensable tool for developing motivation, innovation, creativity and group-pride. Beyond its decorative aspect, art can take a dynamic and productive form in companies through the organisation of actions and cultural events, meetings with artists, conferences or creative team-building workshops.

“The two men, who employ more than a hundred people to produce works of art and derivative products (...) have conquered the ‘nouveaux riches’ of this planet, driving their works to prices that defy all competition to the point of making the rest of the art world appear like amiable craftsmen”...

“IT IS GOLD, SIR”

So, would we be moving a little too quickly to believe that all artists must be “*curse*”, that the real romantic “*starving artist*” is a myth and that they have all sold their souls to the devil – “*big, bad capitalism*”? Judith Benhamou-Huet, journalist for “*Le Point*” and a specialist in the art market, investigated the relationship artists have had with money throughout history. Her book “*Les artistes ont toujours aimé l’argent*” throttles many misconceptions. She points out that, on the contrary, artists have always rubbed shoulders with the rich and powerful. She looks at some of the great painters – Dürer, Rubens, Rembrandt, Monet, Van Gogh, Picasso, Magritte – and demonstrates that these renowned artists were not all “*pure*” beings who painted only for “*posterity*”, but that they were well in tune with the markets in which they operated and that they used various methods to sell the “*fruit of their labour*”.

We discover in her book that some painters specialised in specific themes because they knew they “*sold*”. Others developed marketing strategies or used advertising to advertise their exhibitions. And several had real “*canvas factories*” employing several assistants and pupils. For example, El Greco (1541-1614) was a “*marketing maestro*”: “*Privately commissioned paintings offered the option of including the sponsor’s coat of arms on the canvas.*” He painted copies of his “*best sellers*” and kept them in stock for later sales. Pierre Paul Rubens (1577-1640), had a small army of assistants and pupils working on his paintings. “*In the Netherlands [the South], artists are subject (...) to a corporation, the guild of Saint Luke. It imposes, among other things, a restriction on the number of apprentices who can do the dirty work and a limitation of the number of companions authorised to make copies. But Rubens frees himself from these unattractive standards. He has weighty support ... He sets up his “Factory”. Not only does it use many hands, but it organises their tasks precisely to maximise productivity (...). Rubens’ workshop in Antwerp pushes the division of labour to the extreme, with painters specialising in people, animals, landscapes, still life”...*” Gustave Courbet (1819-1877) author of the famous “*L’Origine du monde*”, developed “*An unprecedented production method that would make Damien Hirst envious. He opened, alone and for himself alone, the first major exhibition-sale ever organised by an artist outside his studio. The ‘Exposition Universelle’ (1855) devoted an area to painting at the*



01.

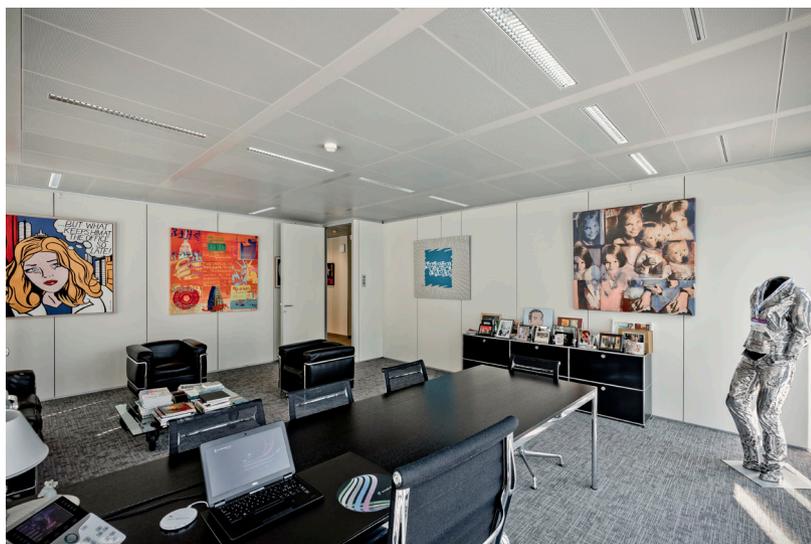
Palais des Beaux-Arts. The artist-entrepreneur simply decided to install himself right in front (...), to take advantage of the crowds generated by the World’s Fair”.

THE LONG DATE

It seems that the worlds of art and business have always been linked in one way or another and that collaborations between the two worlds have taken many forms throughout the ages. Thus, in the United States, from the end of the nineteenth century, the railway companies like Union Pacific, ordered works



02.



03.

to extol the pleasures of rail transport. At the end of the 1930s, IBM also became involved, and later, Pepsi, Philip Morris... The painter Toulouse-Lautrec made many advertising posters between 1891 and 1901. The first of them, for the Moulin-Rouge, showed the star "La Goulue" dancing the cancan surrounded by a seething crowd. This poster was ordered by Zidler, then owner and manager of the great Parisian cabaret. Gaining recognition, in part from this work, Toulouse-Lautrec would respond to such orders for posters throughout his life.

Little by little, business passed from artistic "advertising" to "collection". By the end of the 1990s, half of the 500 largest American companies had their own art collection. One such example, among many others, Donald and Doris Fisher, creators of Gap in 1969, started by buying engravings to decorate their headquarters, and ended up ►

01. If in many companies, collections start from the idea of "decorating" the premises, the passion for art quickly wins over the collectors. In its premises in Geneva, SYZ bank welcomes its clients to a six-storey space designed as a museum of contemporary art, where part of the Syz spouses' private art collection is on display. It gathers together nearly 300 works of different media such as painting, photography or drawing, which alternate abstraction and figuration.

02, 03. Like many companies, Kneip collection is rooted in the passion of its founder, Bob Kneip, who wanted to share it with his colleagues. His collection includes works by Hains, Lebeau, Huart, Lepetit, Opie, Olll, Döring, De Felipe, Orlinski, Warhol, Haring, Caesar...



INTERVIEW
BOB KNEIP
Chairman, Kneip

“ I work by falling in love! ”

What was the starting point for your collection?

When I started my business, I occupied magnificent Art Deco-style premises on rue Aldringen in Luxembourg City, which were totally satisfying. Then we moved into a very modern building – all glass, concrete and steel – on the Grand Rue which I found very impersonal. So, I decided to "decorate" the offices! I have always had a passion for Pop Art, which I had discovered in the United States, but as this artistic movement quickly attracted fans, its big names become inaccessible just as quickly. I became interested in contemporary artists, and I discovered, to name but a few, Lebeau, Huart, Lepetit, Opie, Olll or Döring, who do fantastic things! What was initially an element of decoration became a collection. And today, it's a real passion!

What guides your choices?

All the works are almost exclusively Pop Art. I would call it "art to live" and "art to share" to consume on a daily basis. I like to visit galleries, I have many contacts with other collectors and with artists, some of whom have become friends. I can be in the city, pass in front of a gallery by chance and go buy a work in two minutes because it attracted me, no questions asked! I can also commission an artist because I find their work very interesting. The Luxembourg scene is very rich and interesting. In fact, I work by falling in love!

Why do you think art has entered businesses? Does it have a role to play in the professional world?

Art humanises and makes a company's premises, where the employees still spend a big part of their day, more pleasant. It animates the life of this company, it provokes reflection. It can also spark discussion. Art in the professional world can be seen as a new way of communicating internally with employees and externally with customers. I am always fascinated to discover through the eyes of others how the works that I acquire are perceived. In my case, the works circulate between our various offices and sometimes between the offices and my house. This allows us to (re) discover some of them because they are assessed differently depending on where they are exposed. But my motivation is always the pleasure of sharing!



INTERVIEW
RAYMOND NIESEN
 Managing director, Burotrend

“ Promoting the Luxembourg art scene ”

When and how did you start your art collection?

Everything started around 1967-1970. I was then training as a decorator and I was constantly confronted with the world of forms, colours and design in its entirety. During these years of training, a meeting with Professor Joseph-Emile Muller was also decisive. He captivated me when he talked about art, and I learned a lot from him, about the power of colours or how to "read" a painting. He helped me appreciate the whole artistic dimension of the "Paris School". I bought my first works from the studio of my friend, the Portuguese painter Rico Sequeira, when I was 17. Since then, I have never lost sight of his work and I continue to follow his artistic evolution.

How would you define it?

My collection covers a wide spectrum of modern and contemporary creation and it is composed equally of paintings, sculptures, photos or designer furniture. But most of the pieces come from the Luxembourgish scene.

You explained to us, during a visit of your company, that you design your New Year's greetings cards together with artists? Why this idea? What is the intention of this approach?

Every year since 1990, I have asked an artist living in Luxembourg, either known or up-and-coming, to design our greetings cards. I try to have a gender parity between the artists. I buy six original works from the artist, from which I have silkscreen prints made, which will be hand printed and then signed and numbered by the artist. Simple greeting cards then acquire a custom work dimension. It is also a way for me to promote the local art scene, to contribute to the sustenance of this scene and to raise awareness of art. So, I have friends who started collections through this. Over the last 26 years, some 42,000 cards – artistic works have been sent out. I know these cards are still awaited with a lot of impatience! All the cards in this collection were also the subject of a retrospective exhibition "Our best greeting cards" at the 'Banque Internationale de Luxembourg' last year.



03.

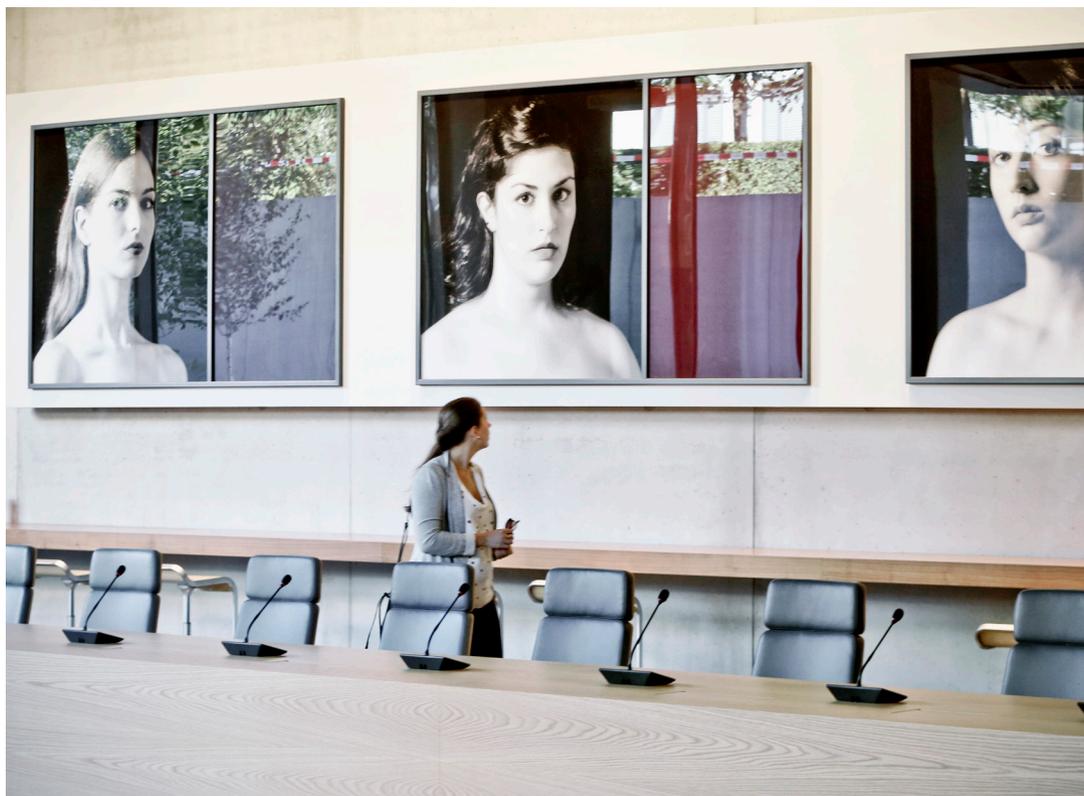
collecting, over the course of forty years, a collection 1,100 works by 185 leading American artists. Originally, their idea was to create a pleasant work environment and impress their visitors.

Then they became interested in the art world, frequented galleries, met artists and art critics, and their collection grew along with their business. Like many others, their collection was made possible by their company's profits, but each work was always acquired according to their own taste, which they always tried to satisfy freely, and they did not seek to speculate.

The French car manufacturer Renault was also, at one time, an innovative patron. Claude Renard, a senior executive who travelled extensively in Europe and the United States, proposed this operation to Pierre Dreyfus, president of the Renault factories in 1966. Passionate about contemporary art and a great visitor of museums and galleries, Renard wanted to establish a partnership between the car manufacturer and the artists. Dreyfus understood the advantage of this approach for Renault, and from 1967 to 1975, Renault's management provided artists with technical, logistical and human support. Arman was the first artist to accept the proposal. He brought into his sculptures everyday objects and looked for parts related to automobiles. At Billancourt (Renault's headquarters), he discovered forms and materials that interested him and tech-

03. Some companies use their collections to create limited series for special occasions or holidays, such as Christmas or Easter, or use them to personalise their products or to adorn their annual greetings card. The greeting cards of Raymond Niesen (Burotrend) were thus the object of an exhibition "Our best wishes" at the International Bank in Luxembourg. There were works by Sequeira, Vinck, Michels, Biver, Prum, Brandy, Kirps, Strainchamps ... (Here in 2017, Kinnekswiss, a limited edition of 300 copies, Joel Rollinger)

04. At the Arendt House in Kirchberg, the collection is meant to be seen, inside and out. It highlights various offerings from artists, some confirmed, some talents in the making. (Les Gardiennes du Regard, 2016 – Marie-Jo Lafontaine, permanent artwork in the Boardroom of Arendt House)



04.

nicians ready to help him. Caesar would also use parts from the automotive industry for his “expansions”. Vasarely and Dubuffet would find, with the help of Renault engineers, solutions to technical problems that they had trouble solving, Tinguely would use spare parts for his works Eventually, nearly forty artists would work with Renault teams over twenty-odd years. They would participate in meetings with designers, decorate the lobby, staff restaurant, cafeteria, reception rooms – those places frequented daily by employees ...

Today, in an ever more competitive marketplace, the survival of a business is linked to innovation, the ability to stand out from the competition, and to distinguish oneself permanently and, so, collaboration with artists has taken other forms. Companies have multiplied their partnerships with artists to create stories, make sense of, or highlight the values of their brands, build universes and create imagination and erase their image as “*machines to create consumption*”.

Artists are sometimes asked to rethink a product, modernise it or make it ‘cool’ and thus attractive again on the market. Recently, for example, Philippe Starck redesigned the “box” of a phone sign. Some brands of clothing now master the concept well and no longer hesitate to multiply partnerships to offer “*capsule*” collections that “*fashionistas*” gobble up, and which, of course,

generate significant additional income. For businesses, sponsorship can also become a strategic tool. A company or a brand can thus highlight actions which position it as a benefactor, with all the repercussions that this has for its reputation and the commercial logic of the operation. A study conducted by Rampal and Bawa (2008) shows, among other things, “*Even though consumers remain sceptical about the altruistic nature of the company, companies that carry out philanthropic operations are improving their reputation by appearing as part of civil society and more ethical.*”

In Luxembourg, FOCUNA, the National Cultural Fund, has a goal to “*receive, manage and use grants and donations from public and private sources to promote the arts and sciences; and conserve, restore and allocate appropriately the, fixed and movable, national and cultural heritage*”.

A steering committee meets once a month to deliberate, review applications and then fund applications from professional artists or project sponsors. It forges links between businesses (patrons) and the cultural world. The cultural development plan presented during the “*Assises culturelles 2018*” last June had, among other ambitions, to change the law on patronage in Luxembourg “*to further encourage the spirit of patronage to involve all actors in civil society in cultural life and to strengthen tax incentives*”. ▶



Lafa, art law and finance

Created in 2015, the Lafa – Luxembourg Art Law and Art & Finance Association wants to be the voice of professionals who revolve around art, both in finance and law. Lafa is aimed at anyone interested in the field of art, at artists, people who are active in art galleries, investment companies, lawyers or private banks and seeks to promote the Grand-Duchy as an international financial and artistic centre abroad, taking part in artistic events and/or organising events and conferences with big names in the art market.

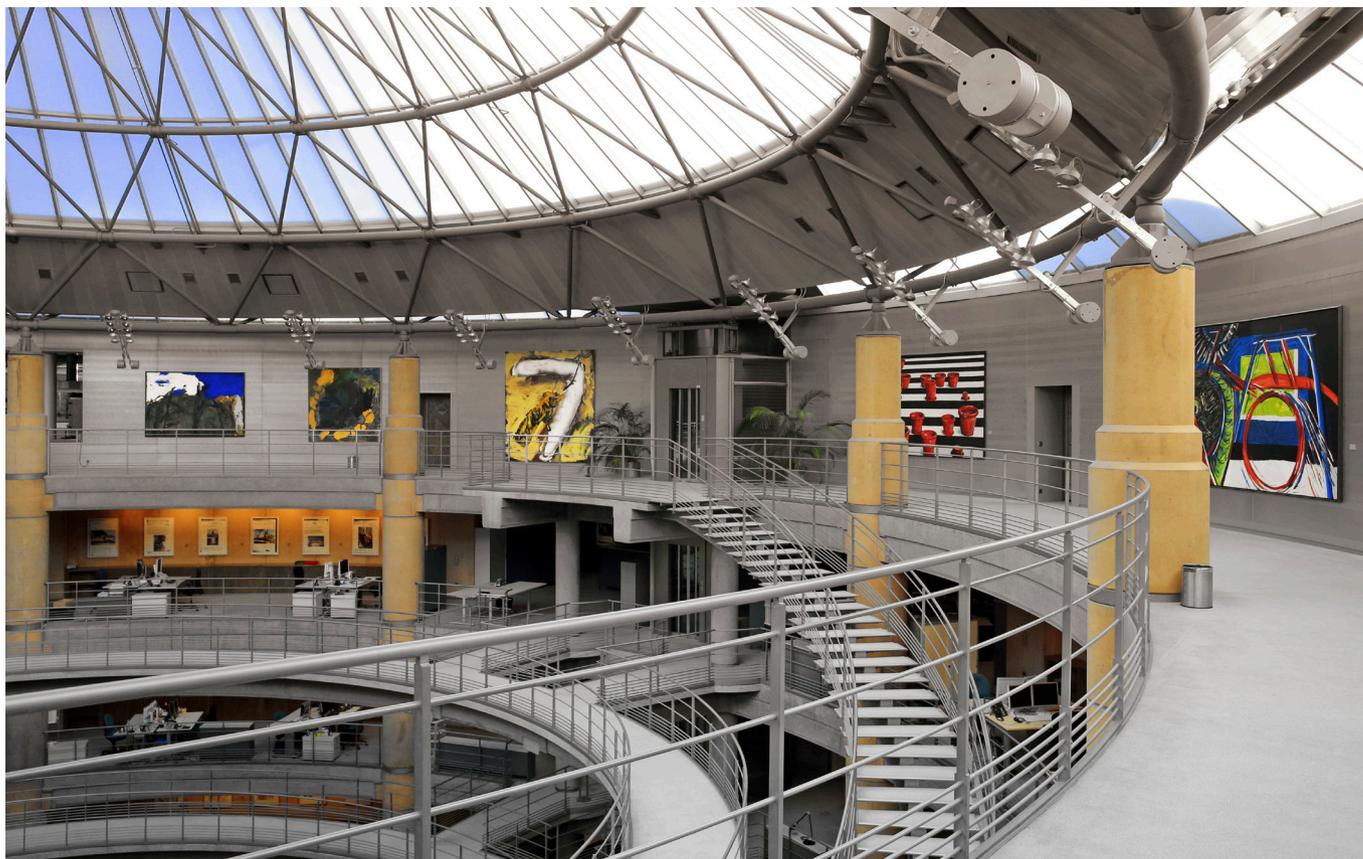


Photo: Robert Voigard for Private Art Kirchberg 2016

05.

05. Deutsche Bank has an impressive collection of some of the world's most important post-war paintings and photographs. In Luxembourg, the contemporary art collection was developed specifically for the building designed by German architect Gottfried Böhm and includes, among others, works by Georg Baselitz, Sylvie Fleury, Günther Förg, Imi Knoebel, Markus Lüpertz, AR Penck, Klaus Rinke, Fernand Roda, Cornelia Schleime, Emil Schumacher, Katharina Sieverding, Michael Wesely ...)

06. For Lalux, the constitution of its collection of contemporary art reflects first and foremost the desire to "create a stimulating, visually pleasing and pleasant workplace (...), and more substantially to encourage and maintain a dynamic interaction between the occupants of the premises". In the Leudelange building, the collection focuses more specifically on the theme of landscape. (Olafur Eliasson - Compass Rock Diptych - 2 grids of 8 photographs)

ART IN BUSINESS, WHAT FOR?

Very early on, art became part of the business world, but acquiring works of art is conceivable in just as many ways as the motives for starting a collection are diverse (read interviews with Bob Kneip (page 49), Raymond Niesen (page 50) and the Major Interview with Delphine Munro (page 80-83)). Even if many entrepreneurs are genuine art lovers, displaying works and collections in their business can also be a way to stand out. Investing in works of art allows a society to convey values and tell a story. Having or displaying a collection of art for a company is a very effective way of presenting a different image to that conveyed by its core business. In Luxembourg, the Private Art Kirchberg event, offers an excellent opportunity for participating institutions to open their doors to art lovers in order to present a different image to how they are normally perceived. Private art collections have developed very rapidly in recent years and the desire of companies to share them with the public naturally followed. "It's only natural that companies wanted to share their treasures with the public. Nowadays, "private" art - works acquired by institutions to which the public does not have access - has become an essential part of our cultural life. For a company, holding an art collection offers multiple opportunities:

it symbolises its commitment to its location and contributes to the development of the local community. It puts art within the reach of its employees, promotes the development of a corporate culture as well as creativity and supports artists. Public interest has also increased because these collections are the result of a systematic purchasing process dictated by a clear concept, which considers the future framework of the various works of art," the organisers explained on the event's dedicated website.

Published in 2011, by the asbl art contemporain. lu and initiated by Alex Reding, of the Nosbaum Reding Gallery, ART.INC. - "Collections d'entreprises au Luxembourg" offers a magnificent and impressive panorama of the private collections in the Grand Duchy and collectors' motives for buying works of art, some of whom have very ambitious acquisition policies. "We started work on this book in 2008, in the midst of the global crisis, when things moved considerably in the banking sector," explains Reding about the debut of this project. "It took us two years to complete the publication, but the fact of highlighting all these private collections, some of which are not known to the public, reflects the dynamism of the place and shows that Luxembourg has no need to envy others in the art market. Beyond this aspect, the book highlights the commitment and

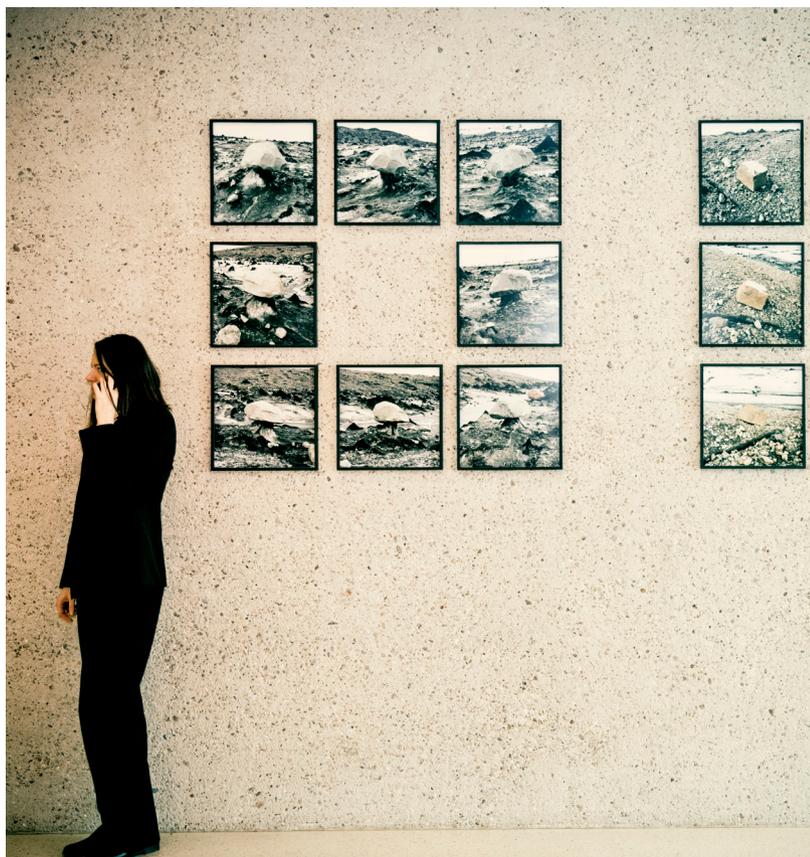


Photo: Pierre Guersing

06.

passion for art of certain collectors and the evolution of Luxembourgish artistic creation”.

The art world and the corporate world are getting closer and closer. Today, it is often “fashionable” to have furniture signed by famous designers or architects, paintings of contemporary art hanging in corridors or meeting rooms, or a sculpture – preferably monumental – taking centre stage in the lobby. So why would we acquire works of art? Alex Reding: “*In Luxembourg, there are true art enthusiasts who are driven by humanist values and a true openness to the world. These passionate people transmit their passion by bringing art into their companies because they want to share their unbridled passion. There is then a real collector’s approach. But there can be many reasons for buying art and we must be recognise that many “artists’ pieces” found in companies serve only to furnish the premises or the meeting rooms. ... and sadly, in these cases, the decision-makers’ choices are more often guided by personal reasons where closeness to the artist prevails over professional expertise*”.

Axa Art, the department specialising in the insurance company’s art collections, commissioned a study on the issues raised by these private collections. Who are the collectors? Why do they buy works of art? For what amount? Nathalie ►

**INTERVIEW**

DIDIER DAMIANI

Business development manager –
Art Work Circle

“ To make art more visible and more accessible



Where did the idea to create an online platform dedicated to artists, to art sales and the renting of works of art in Luxembourg come from?

The idea came from Guy Kerger, Founder and Managing Partner of Luxembourg-based MindForest, a specialist in Change Management, who is also an art lover. Many of his acquaintances and contacts, including artists, have regularly expressed their desire to make their art more visible and more accessible on the Luxembourg art market and internationally. The idea of creating a free and public online art sales platform started from there. Since the creation of the sales platform in December 2015, we have expanded our services to renting art.

How do you select artists? Do you have any feedback from artists on Art Work Circle?

The selection of artists is based on three main criteria: creativity, quality and experience. In addition, the artists must have a close link with Luxembourg or the Greater Region: place of birth, education, nationality ... No other criteria are required. However, the art we present on the platform must be sold. That’s why we reserve the right to select the works to put on offer. In general, artists are very satisfied with the services offered by Art Work Circle: they gain visibility, participate in exhibitions, photo shoots and videos, they become known in Luxembourg and around the world, in addition to selling their works of art.

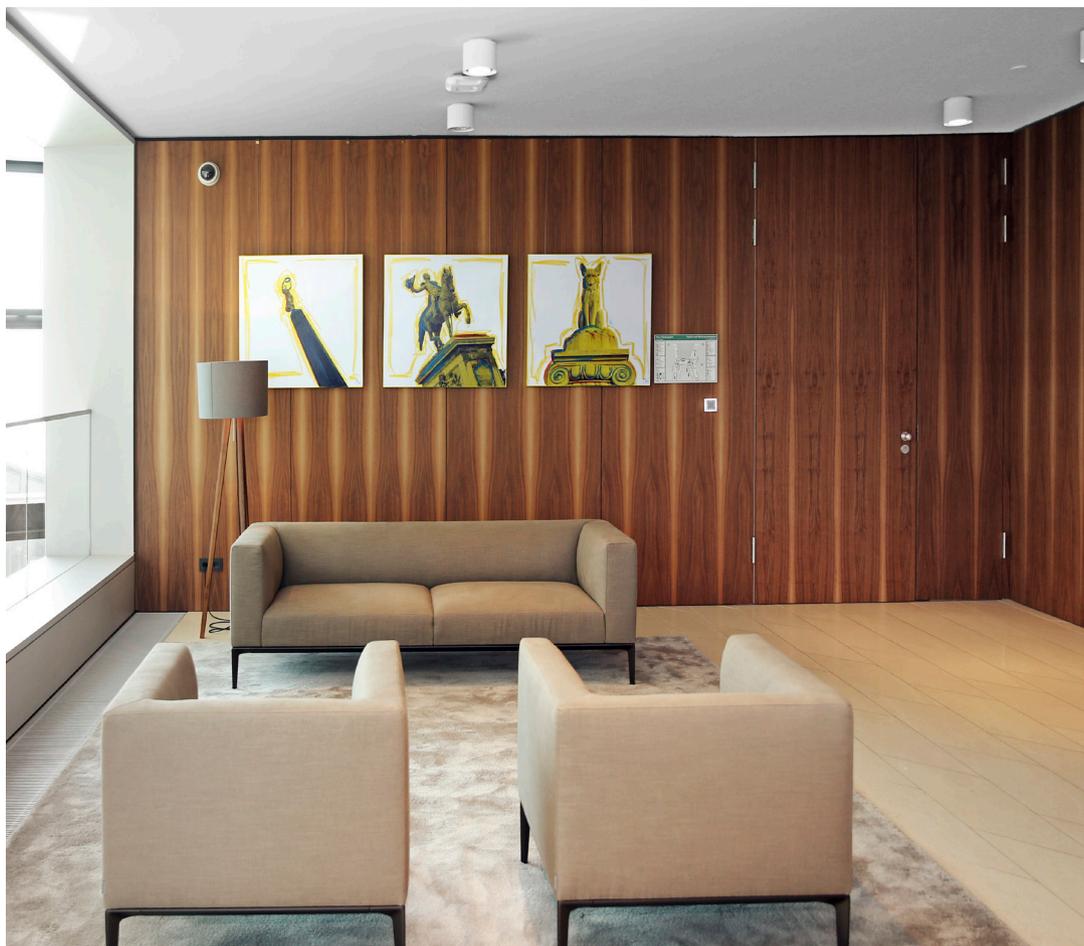
Can you tell us about the typical profile of people who buy or rent works of art?

We meet all types of profiles: individuals who are buying art for the first time, young men or women who discover art through our social networks, businesses and administrations of all sizes and from all sectors of business, ministries, more sophisticated collectors, liberal professions, and even artists. Our services are not limited to Luxembourg, we also export throughout Europe.



Rockefeller, “sale of the century”

The Peggy and David Rockefeller collection, sold as the sale of the century, smashed records in May 2018. Grandson of the oil magnate, David Rockefeller was a savvy businessman and a lover of impressionist and modern art. His last wish was that all his movable and immovable property be sold for the benefit of charitable organisations. Just the philanthropic banker's collection of works of art raised more than \$ 600 million, at the time of sale. The highlight of the collection, Picasso's "Young Girl with a Flower Basket" (1905) was judged to be worth 115 million dollars. It is said that businessmen from all over the world admired the collection and were inspired themselves to understand Rockefeller's "vision" and build their own art collections ...



07.

Moureau, economist and professor at Paul Valéry University, Montpellier, examined private collectors to try to determine their motives and distinguished two significant categories. Those businesses whose collections record the heritage attached to the history of the company and which comprises archives, old collections, and iconic products. This is the case with, for example, Peugeot and Citroën, both part of PSA, each of whom have kept a wide selection of their models. PSA has its own museum in Sochaux. The Lafayette Gallery also has an extensive collection including old minutes of general meetings, photos, catalogues, textiles and several objects. In addition to this heritage collection, the Gallery also inaugurated in March their corporate foundation – which is a “house for artists” – in a building designed by Dutch architect Rem Koolhaas in the heart of the Marais district of Paris. In Libération of March 9, 2018, Guillaume Houzé, heir to the department store company, director of image and communication and president of the foundation, explained: “Lafayette Gallery has been engaged for nearly a hundred and twenty years in a struggle to promote creation. With my family, we decided to develop a foundation

project. An idea guided us: how we could make ourselves most useful for artists”. This motivation is similar to the second category described by Nathalie Moureau, composed of companies supporting and buying works of art, often contemporary, and frequently under the impulse of directors who are themselves collectors. Nathalie Moreau underlines a common point shared by these companies: “These collections are fairly recent.” Her study reveals that 60% of heritage collections and 83.6% of artistic collections were created after 1990. Most of these works are directly owned by the company, rather than by foundations or endowments.

IS ART USEFUL FOR BUSINESSES?

If the reasons driving the business world to invest in art are a desire to stand out from other companies, or a director's passion, we can still wonder what exactly is the purpose of an art collection? Well, in the first place, to get people talking about you ... in other words, publicity in its broadest sense. “Collector” companies are often “sharers” and regularly organise events to present their collections or new acquisitions (see Private Art Kirchberg). Some com-

Photo: Pierre Guersing



Photo: Gaëll Lesuire

08.

panies use their collections or archives to recreate limited series for special occasions or holidays, such as Christmas or Easter, or use them to personalise their products or to adorn their annual greetings card (see interview Raymond Niesen). In a society of “communication”, companies have quickly realised that having a cultural “policy” magnifies their “brand image”.

Choosing to launch programmes or competitions for young artists, for example, will highlight the creative and innovative potential of the brand and therefore of the company. This practice is reaching a new target group of younger clients. This is done by, for example, the Luxembourgish winery Bernard Massard which now regularly launches open contests for artists (young or confirmed) to package their bottles of *crémant* (often sold in limited editions).

It is impossible, however, to draw the typical profile of the collector, because there isn't one! “We find collectors in all sizes of companies”, says Nathalie Moureau. “And there are a significant number of SMEs amongst them”. Some industries, however, are more likely to preserve their heritage than

others. Luxury-fashion-beauty represents 26% of heritage collectors, energy-industry 23% and agri-food 13%. For the art collections, the banking and insurance sector represents 21%, the real estate sector 18% and the consulting firms 15%. “These are often sectors that are looking for a wealthy clientele,” says Nathalie Moureau. In the Grand Duchy, if we refer to the book *ART.INC. - Collections d'entreprises au Luxembourg*, the profile of collectors can pretty much be based on this observation: banks and insurance, law and audit firms form the bulk of the contingent, followed by passionate bosses.

Generally, the works remain within the company. Nevertheless, one question remains taboo - that of the total value of these collections. Many of the respondents to these questions insist they are supporting the artistic scene (most often young artists) of the country, or following a passion, rather than making any calculation or hypothetical bet to speculate on the future value of their acquired works. Many companies studied by Nathalie Moureau expressed, she says, “a societal commitment to improve the working environment of their employees rather than seeking financial gain”. ▶

07. Sensitive to the importance of artistic expression, EY supports artists and creativity in Luxembourg. Its new building includes, among others, 24 works by the Luxembourg artist Jacques Schneider..

08. The EIB has a remarkable collection that began some 40 years ago, and now boasts some 700 works, mainly contemporary art, in accordance with a rigorous acquisition policy. Sean Scully, (*Santo Domingo / for Nené*), 1999, C-print - Series of 12 photographs - Stéphane Couturier, (*Seoul Yoïdo dong*), 1998, lilo-chrome on paper - Stéphane Couturier, (*Palais de Tokyo, Paris 16*), 1996, Cibachrome print on paper



INTERVIEW

CATHERINE CATHIARD
Director, Wildgen 4 Art team,
EMMANUELLE RAGOT
Partner, head of IP/TMT

“ Art has by definition a variable and estimable price ”

Wildgen 4 Art offers services to actors from the art world, from artists to experts to galleries. Has art become a business like any other?

This is a recurrent question related to the risks of investing in this sector, but it would be too simple to think in this way. Indeed, the workings of the market in contemporary art reflect at times a certain asymmetry of information: between the knowledgeable and the ignorant or between art dealers and neophytes. With overvaluations and speculative bubbles, art has, by definition, a variable and estimable price and therefore the specific question mark is: what price can we give to art? Art has not become a business like any other and it cannot be because it has always been specific and the rest. Pricing criteria are based on fundamentally aesthetic and totally subjective elements. We appreciate that the price corresponds to a fair remuneration for the work of the artist – and for their reputation. It is an equation of beauty, work and the artist that leads to the conclusion of a transaction between individuals or through a gallery owner, etc.

Does the dedicated team have specific training?

The small dedicated team has an appetite and culture related to this sector. Various aspects of experience coexist – professional and personal too. We are all lawyers or specialists able to

understand and explain the legal rules at play when it comes to structuring a fund related to investments in works of art, to constituting a company with a corporate purpose related to the creative industries etc... but also to protecting the rights arising from the creation of artistic works. Some of us (Catherine Cathiard, editor's note) – have attended evening classes at the Ecole du Louvre and have a degree in Art History or training in the art market within Drouot Formation. Others (Ms Emmanuelle Ragot, editor's note) were able to follow training courses here in Luxembourg or were involved in organising art exhibitions in Luxembourg because of their family's culture related to this sector. We also have among us knowledgeable or beginner collectors and, among our contacts, are various substantial players in the art market. Specific training is acquired by experience, by the training that we follow as part of our obligation of continuous training and also by our network.



09.

AND WHAT ABOUT TAXES?

Stimulated by favourable legislation in many countries, spending on art has increased significantly. “Art is very popular as a means of diversifying investment but it has the drawback of not being liquid and of course it is easier to be a buyer than a seller. It has become a global market, with China leading the way in sales of 5.1 billion followed by the United States; France is fourth. There is now a great diversity of buyers. One of the two giants of art sales achieved a 53% sales increase in 2017. The choice of the sales channel is therefore essential: either via auction or by mutual agreement. Every-

09. Magdalena Jetelová,
La Chaise.

thing depends on the type of object, its value and its quality. The market has been booming since 2017 with + 20% growth and is reaching new heights. More than ever, art is going beyond the work itself to become a marketing and networking support” explains Catherine Cathiard, Lawyer at the Bars of Paris and Luxembourg, Director of Wildgen 4 Art and Vice-President of Lafa - Luxembourg Art Law and Art & Finance Association (see also interview page 56).

In many countries patronage brings certain tax advantages. Does this also exist in Luxembourg? In what form? Maître Emmanuelle Ragot, Partner - Head of IP/TMT - Attorney at Law, Wildgen S.A.: “Luxembourg law provides any natural or legal person to deduct tax from financial aid or gifts as a “special expense” in their tax declaration, subject to certain conditions. As a rule, only cash donations are deductible, except for the National Cultural Fund for donations in kind can be made. However, donations in kind to, or through, the National Cultural Fund, as well as donations in kind to support audio-visual production are tax-deductible. Specifically, regarding the National Cultural Fund; donations must have been previously accepted by the National Cultural Fund’s Board of Directors and transited through the accounts of the National Cultural Fund, to be treated as tax-deductible donations. More generally and for all other types of case, if the beneficiary organisation is publicly useful, donations may be deductible under the conditions of Articles 109 and 112 LIR for at least 120 and at most 1,000,000 euros or 20% of total income. If these thresholds are exceeded, the balance can be carried forward to the following two fiscal years. Non-resident taxpayers who are assimilated to resident taxpayers for tax purposes may claim the deduction of donations as part of their tax assessment. The official list of structures that can receive tax-deductible donations from donors is updated regularly and is available on the website of the Administration des Contributions Directes”.

These tax advantages are thus sometimes criticised by some who argue that the boundaries between sponsorship and patronage no longer exist and that the great modern patrons, through their foundation, enrich themselves personally before thinking about promoting artists.

ART = BUSINESS

It is said that modern patronage cannot be devoid of commercial motives. According to this point of view, the art market has been perverted and everything has become a business strategy.

Money has become the yardstick for measuring works of art that light up the market, creating artists’ reputations and driving speculation in artworks. The perversion is making money

without making artistic richness. Can we really talk about investment and speculation when we talk about art. “It is true that this is an oft-made argument; some people speculate, there is no point denying it”, says Alex Reding. But you must be very fast and very knowledgeable to be able to speculate on the art market because you must know when to sell to make money. It is worth remembering how this market works and that there are creations of artificial bubbles, for example, by American artists. A micro-scene of people, very hype and very rich, create popular stars or galleries that everyone follows and then create supply and demand, but these cycles are very fast and do not reflect the global situation. Most buyers follow their heart and build their collections with passion. They are not all obsessed with money. They regularly visit galleries and fairs and have regular contact with art professionals and with other experienced collectors.” And in Luxembourg? “In Luxembourg, the market is very complex. The country has more municipal than private galleries but there is an impressive number of private events, often organised by the artists themselves, to exhibit themselves in institutions or companies. This creates a lot of confusion and removes many options for private gallery owners whose role therefore becomes minor for lack of means. It is important to remember that the fame of an artist is based on the accompaniments of the gallery which exhibits their work. Galleries have a structuring and a structural role, hence the importance of events such as Art Week that highlight the work of professional galleries in the art market”.

A FAIR PRICE?

“I read that in 1692 Abraham du Pradel said about the commission of works of art that it was ‘difficult to put the right price on works of sculpture and painting, especially pictures and statues; price must be regulated according to the Masters who are employed there because it is beauty which regulates the value’. Art can also be synonymous with national heritage with an inalienable character to be transmitted to future generations depending on the country, and thus be sheltered against the market of supply and demand,” explains Catherine Cathiard. (See interview page 56)

The fact remains that in most cases the “purchase” of works of art is first guided by emotion and is not perceived as just an investment. Art touches the heart of the buyer before becoming a way to reap profits. Buyers, collectors and gallery owners also agree that buying anything at any price is not a long-term “investment” for a person who sees art as a product. As François Pinault, a businessman passionate about contemporary art, points out in an interview he gave to the magazine M le Monde in June 2018 “Prices are sometimes for fools”... ●



PAK a must-see!

Private Art Kirchberg (PAK) is an open day where corporate art collections on the Kirchberg Plateau are made accessible to the public. This event offers visitors the opportunity to see collections of paintings, sculptures, video art works, photographs and architectural works from several companies and institutions; everyone can thus appreciate a neighbourhood more generally known as a business or shopping centre from an unfamiliar perspective. Launched in 2006, this biennial initiative emanated from Clearstream / Deutsche Börse Group and has since been a remarkable success. This year, the doors will be open to the public on Sunday, September 23, 2018. The participants are: Allen & Overly, Arendt, European Investment Bank (EIB), Clearstream, Deutsche Bank Luxembourg, EY, Fidelity, Kirchberg Fund, Pictet and UBS.



Art ?

What is art? For collectors? And for artists? Find some answers to these questions in the infographic poster inserted at the end of the magazine.