



CAMBRA DE COMERÇ
INDÚSTRIA I SERVEIS D'ANDORRA

economic report 2010

number

16

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PRELIMINARY NOTE

In accordance with Article 16 of the Law for the creation of the Andorran Chamber of Commerce, Industry and Services, on 3 September 1993, the Chamber is obliged to prepare, publish and transmit annually to the Andorran government an economic report that describes the development in and prospects for economic activities inside Andorran territory.

The preparation and collection of the data that appear in this report has involved contributions from companies, which collaborate with the Chamber by answering the periodical overall surveys, and also from the central government, Comu governments and other institutions and business associations which, through their provision of information, make our work possible and simpler. To all these, we would express our thanks, in the confidence that our work will be of use for understanding the economic reality of our country.

INTRODUCTION

The 2009 report began by saying that that year would “pass into history as the year with the worst results, on every scale, since the Second World War”. In contrast, in 2010, the world economy recovered strong growth, enabling the year to end at a higher level of activity than before the global crisis, which was triggered when the US housing market shattered at the end of July 2007, resulting in financial turbulence that spread throughout the world, especially among the most advanced economies. It should be said, however, that this recovery in the world economy in 2010, which was very important globally, was notably uneven – not all economies progressed well – and was marked by the appearance of further financial turbulence, especially in certain significant economic areas of the world.

The world economic recovery was consolidated as the year progressed, but unevenly. The year ended with GDP growth of 5.1%, compared with the global reduction of 0.5% in 2009. Emerging and developing economies played the main role in dynamizing the global economic system with vigorous growth, low unemployment rates and rising inflationary pressures. Asian countries are at the forefront of growth, headed by China, with a rise in GDP of 10.3%, enabling it to displace Japan to become the second world economic power. India also had strong growth, at 10.4%. The Asian countries were followed by those of Latin America and Sub-Saharan Africa.

The advanced economies, on the other hand, saw weak growth and high unemployment, and serious financial tensions recurred in the eurozone. Those that recover the slowest – and some are still declining – are those that have suffered the deepest financial problems during the crisis, linked either to previous property booms or major external debt accumulated since the boom years, or even related to both factors at once. On the other hand, countries that are more oriented towards exports, such as Germany and Japan, recorded stronger recovery. It should be noted that world trade grew 12.4% after the decline recorded in 2009 (-10.9%). The US economy grew 2.9% in 2010 and recovered pre-crisis levels of activity, this being possible thanks to the recovery in private demand, especially consumption.

The recovery in Europe also gained impetus, despite the financial turbulence that affected the peripheral countries of the eurozone, but the differences between growth rates in countries in this area are substantial. Thus, countries such as Germany, Luxembourg, Finland, Slovakia, Malta and Estonia recorded growth rates of over 3.0%, while Greece, Ireland and Spain still have

negative rates. The other member countries grew at rates of between 1% and 2%.

To better understand what happened in the world economy in 2010, especially in the eurozone, it should be remembered that the forceful joint response of the G-20 enabled financial markets to be stabilised in 2008, then reduced the steep decline in activity in 2009, but in contrast, a steep rise in public debt led to doubts about the capacity of states to bring public accounts back to acceptable levels. These doubts were centred on European sovereign debt markets, especially in the peripheral countries. The first tensions appeared in the middle of 2009, but exploded in spring of 2010, especially in relation to Greece. In November 2010, a new episode began with Ireland and then Portugal, and then intensified with Spain and Italy in 2011. Both the European Union, through its institutions, and the IMF, fought and are fighting to regain the equilibrium in these serious situations but although various difficulties have been overcome, the problem has not been resolved. Efforts to right the situation involved the imposition of commitments to public spending adjustment plans, first in Greece, Ireland, Portugal, Spain and Italy, but then also in countries in a much better position such as the United Kingdom or Germany. These undoubtedly necessary policies mean that those countries that have still not recovered will emerge from the economic crisis more slowly and that the recovery in other countries may also slow down.

The French and Spanish economies, which are the ones most linked to the Andorran economy, have performed quite differently. This already happened in 2009: although both ended the year with the worst results since the Second World War, Spain came out worse. In 2010, the same happened. The French economy did not appear very dynamic but emerged from the recession before most developed economies. According to the French National Institute of Statistics (INSEE), French GDP grew an annual 1.5%, with quite stable quarterly growth throughout the year. Although the French economy has not grown as much as the European average this year, French per capita GDP maintained purchasing power parity at the same level as 2009, 107%. It was internal demand, especially private consumption, which drove the recovery, as foreign demand is not as important there as in other countries. In Spain, the process of recovery was much slower – it was also one of the last countries to enter the recession. In 2010, Spanish GDP fell 0.1% while in 2009 this was -3.7%. This meant that the process of convergence with Europe – in terms of per capita GDP at purchasing power parity – which had reached 105%, fell to 101% of the European average. >

Internal demand contributed to these negative results; also public consumption and both public and private construction had a negative effect, with major falls. Only foreign demand, exports and sales of services, helped to moderate the fall in activity. These bad results for the two years, 2009 and 2010, pushed up unemployment figures in an extraordinary manner, to 4.7 million, bringing the unemployment rate to 20.1%, the highest since 1997, also affecting immigrants and young people in particular. The Spanish government had to take measures to stop its growing public deficit, such as non-execution of budget entries, lowering public wages, freezing pensions, etc. The result was positive, subsequently checking the deficit, but public debt continued to grow to 60.1% of GDP, an important figure but still one of the most moderate in the EMU. Pressures on the sovereign debt continue to affect Spain.

This is the fourth consecutive year in which the annual report indicates that the Andorran economy is in full recession. It already ended 2007 with a negative variation in GDP (between -1.5% and -2.0%), after two years of progressively slowing expansion, and results were even worse in the following two years, 2008 and 2009: between -2.5% and -3.0% in 2008 and around -6.0% in 2009. The financial year concerned, 2010, was also strongly negative. According to estimates from the Government's Department of Statistics, the variation in Andorran GDP in 2010 was -3.4% in real terms. GDP estimates calculated by the Chamber of Commerce put rates slightly lower but agree with the implication that the rate of fall in activity will soften compared with last year. The importance of this figure becomes more apparent if compared with those above that present the results of the world economies: just about everywhere, there has been a more or less strong economic recovery, with a few exceptions; on the other hand, Andorra's economy is still in serious recession. This leads us to repeat what has been said in previous reports: Andorra's economy is strongly affected by the world crisis but there are factors of its own at the root of its problems.

Practically all productive and service sectors have contributed to this steep fall in GDP, although in some cases the fall has been checked. This is the case of hotels and catering, for which the occupancy rate improved slightly, at the cost of major price adjustments in the provision of services. The financial system also reflects that the problems indicated in 2009 were checked. On the other hand, activity in the construction sector continued to fall steeply, as did industrial activity. The results in commerce are also still negative but the persistent decline has slowed a little. The public sector also showed contraction, especially in relation to investment spending.

As for internal demand, it does not appear that private consumption has improved, considering falling employment and the loss of purchasing power in real wages. Investment fell strongly, reflected in the data for activity in the construction sector and imports of capital goods. The demand generated by the public sector also contracted, especially real investment, as that of the Government fell 41.9% and that of the Communes 41.8%. In parallel, foreign demand diminished due to the falling numbers of visitors and also the fall in exports, although this was less intense than in the previous year.

As with other areas, the Andorran financial system was affected by the overall crisis, especially by falling activity in the national productive and service sectors and by the overall fall in demand, both in consumption and investment; the former due to the serious decrease in the number of employees (-4.0%) and the slight reduction in real wages (-0.2%), and the latter due to diminishing private and public activity. Banks saw a reduction in "cash and banks" (-25.9%), on the other hand "net credit investment to customers" recovered a little (+3.5%) as did the chapter "reserves and results" (+8.5%), while profits fell overall by 0.5%. In contrast, deposits fell 7.1%. The number of employees fell (-1.5%), but the average wage in this sector rose (+3.9%). As for the number of bank branches, one more was opened in comparison with 2009.

Equally, public sector results were affected by this crisis situation. In relation to the Government, non-financial revenue grew 12.1% and non-financial costs fell 8.0%, which caused a non-financial cash deficit for the thirteenth consecutive year, of 52.9 million euros this year. The increase in revenue was influenced greatly by regularisations relating to previous years, by revenue from imports confiscated on behalf of the Andorran state, which were paid into the Government for the first time, and by the spectacular rise in revenue from court fees. As for expenditure, capital expenditure fell 23.9%, in which real investment fell -41.9%, after the already steep fall seen in 2009; current expenditure grew 3.5%, basically the result of increases in personnel costs (+4.5%) and current transfers (+12.3%). Altogether, this has meant that the total overall government debt rose to a historic high of 713.3 million euros, 14.7% more than in the previous financial year and almost double what it was only three years ago. On the other hand, it should be noted that the short-term debt ended up representing 63.5% of the total, a trend that does not help public finance to be sustainable. All the Communes continued their efforts to reduce their deficits. Thus, together, the Communes achieved a surplus of 4.45 million euros, the result, on the one hand, of their reduction in expenditure of 24.8%

– current expenditure fell 7.1% and capital expenditure 44.2%, of which real investment fell 41.8% – and, on the other hand, falling revenue, also for all the Communes, which was altogether -26.8%.

Previous reports already highlighted the major crisis in which the construction sector has been immersed since 2007 and which has become more accentuated with time. The sudden fall in demand, the lack of liquidity in financial institutions, credit and mortgage restrictions, lack of attractiveness in investment, etc. have led this activity into a state of general paralysis, especially in relation to the property sector. The forced cut in investment in public works in 2009 and 2010 by the Government and Communes also helped to aggravate the situation. All indicators for the sector reflect that in 2010, the recession did not just continue but also intensified. Possibly the indicator that most clearly shows its progress and intensity is the number of workers employed that year. So, in 2010 an average of 4,657 employees worked over the year, meaning a reduction of 13.9%, a higher rate of fall than the -11.2% in 2009, -8.8% in 2008 or -3.3% in 2007. Over the last four years since 2006, the number of workers has fallen by 2,251, representing a reduction of 32.6% or one third of the number who worked then. Electricity consumption by businesses in this sector fell 10.1% in 2010 and imports of building materials fell -17.4%. The public sector – Government and Communes – cut real investment – not all but most relate to public works – to almost half of that carried out in 2009. The Chamber of Commerce's surveys on the economic situation also reflect this serious crisis, in a context in which businesses must deal with a heavy fall in demand as a result of the factors indicated at the beginning of this paragraph, bringing expectations of price falls and a necessary rebalancing of family finance.

The trend in tourist movements in Andorra began to change in 2003. It was at this time, in fact, that commerce began to note the negative effects; first, growth began to gradually slow down and then entered negative figures, which became progressively worse until they reached their lowest point in 2009. The results in 2010 were also bad, although these were checked in some branches. This is clear in the results of the Chamber's surveys and the behaviour of the various quantitative indicators. Employment for the whole of commerce fell 3.7% on average, after the fall of 4.7% in 2009 and 3.9% in 2008; over four years, 1,477 jobs were lost. The best indicator is, undoubtedly, the behaviour of imports. The figure for imports remained at practically the same level as 2009, but if you eliminate imports of building materials (-17.4%), fuel (+21.3%) – greatly influenced by the steep growth in oil prices – and tobacco (+15.1%), imports, which are

basically sold retail, fell 1.3%. Very few branches could be considered to have seen positive figures. Among those that improved are notably clocks and watches (+21.4%), paper and printing (+20.7%), vegetables (+9.1%), fruit (+18.0%), coffee (+22.8%), footwear (+9.1%), alcoholic and non-alcoholic beverages (+8.4%), vehicles (+7.1%) and toys, games and sport (+5.6%). A few branches saw similar figures to those of the previous year: meat and edible meat offal, rubber articles and knitted and non-knitted apparel. In contrast, the list of branches that shrank significantly is very long: starting with food products such as fats and oils (-5.8%), dairy produce (-14.8%), sugar (-16%), then perfumery (-0.8%), pharmaceutical products (-7.4%), plastics (-9.6%), furs (-13.6%), jewellery (-5.0%), articles of wood (-13.3%), furniture and lighting (-9.1%), optical and photographic apparatus (-2.7%), photographic and cinematographic products (-41.1%), and ending with electrical and electronic apparatus (-19.8%). The conclusion is clear: 2010 was still bad for most branches of commerce, although with certain exceptions and possibly less intensely than in 2009.

Andorra's modern economic structure has been organised for many years with the objective of serving foreign demand, which comes from visitors. The influx of tourists reached a high point in 2001 and then began to fall constantly, becoming more intense as the world crisis took off. In 2010, the number of visitors again fell at a major rate, -5.4%, although this was especially due to falling numbers of day-trippers – those who do not stay overnight (-6.7%) – as the numbers of tourists only fell 0.3%. It should be highlighted that since 2002, the numbers of visitors fell 25.7% – tourists -46.6% and day-trippers -17.0%. This directly explains the serious problems that the hotel sector has been experiencing, since overnight stays fell 44.0%. The almost unchanged number of tourists in 2010, together with the good ski seasons in 2009-2010 and 2010-2011, explains why the global rate of hotel occupancy saw a slight improvement in 2010, as it went from 41.6% in 2009 to 44.6% in 2010, higher in city hotels than in mountain hotels and also in those of a higher standing. Note again the persistently growing trend for tourists to Andorra to come from one country, Spain. For years, the numbers of visitors from France and other countries have been falling, more notably than those from Spain and despite efforts to diversify. The world crisis brought a reduction in the purchasing power of potential Andorran customers but this does not wholly explain this behaviour since 2003. Internal factors have lowered the attractiveness of the Principality.

Since the General Council approved the Law on the exchange of information on tax matters upon request, in >

September 2009, such agreements have been signed with various countries throughout 2010, some of which have already been ratified by the pertinent legislative bodies, so that in some cases they already came into force in the first half of 2011. On the other hand, no double taxation agreements have been signed – an essential step towards maintaining normal economic relations – as the necessary fiscal legislation has still not been completed. Under the previous legislature, the Company Tax Law, the Law on the taxation of income from economic activities and the Law on the taxation of fiscal non-residents' income were passed, although only the latter Law has been implemented so far.

Data available on the world economy and the International Monetary Fund (IMF) Report indicate that the economic recovery may continue, but that this will remain uneven, as in 2010, and everything indicates that this may persist. The IMF predicts world economic growth of about 4.3% in 2011, thanks to the dynamism of emerging countries (6.6%), with a weaker recovery in the advanced economies (2.2%). In the first half of this year, major events have occurred that introduced three new risk factors to economic development. The first is on a world scale and is related to oil prices, food prices and the geopolitical tension in countries in the Middle East and North Africa, which are interrelated. The second is related to the economic effects of the nuclear crisis in Japan, the third world power. Thirdly, within Europe, it is the rise in the interest rate made by the ECB, which everything indicates could recur; the financial aid that had to be granted to Portugal, and finally, the persistent and deepening financial turbulence over sovereign debt that has spread to Spain and Italy. In fact, the cyclical situation continued to improve during the early months of 2011, but this scenario is not free from the risks of a downturn, linked to the instability of sovereign debt markets and their potential effect on the cost of financing businesses and families, to the same internal problems in the USA and to the upward pressures of energy prices. On the other hand, the progress of the economy that is most linked to Andorra's economic activity, i.e. Spain, is still obscure. Stiff restrictions in fiscal policy, which have an effect on consumption and public investment stand out, as do other factors such as rising consumer prices or interest rates. The main international organizations reckon that the Spanish economy will see GDP growth of around 0.8%, one of the slowest among the advanced countries.

As for the Andorran economy, the prospects still do not indicate the beginning of a possible road to recovery. The results of the Chamber's surveys indicate that businesses in all sectors of activity still have very negative levels of

confidence and maintain the pessimistic climate about the continued decline in activity. All available quantitative indicators for the first half confirm these business opinions. So, imports varied +1.8%, the number of employees dropped again, by 3.1%, electricity consumption was down 3.7%, the number of visitors shrank 4.6% and car registrations fell again, 13.5%. All in all, this would indicate that the recession continues but that it may slow down a little.

As in every year, when it comes to closing the introduction to the annual Report, I have the pleasure of thanking, in the name of the Chamber and myself, all those who make it possible. Firstly, the businesses who collaborate regularly and periodically, providing invaluable information about the business climate and the progress of business. Secondly, the Government and Communes, for their continuous supply of information, especially statistics, and also the institutions and associations for the same reasons. Equally, the internal and external experts who collect and interpret all the information and put together the final Report. Finally, I would like to thank all the communications media that publish the content of this document.

Marc Pantebre Palmitjavila
President

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THE EXTERNAL ENVIRONMENT OF THE ANDORRAN ECONOMY

1. THE INTERNATIONAL ECONOMY

1.1. The main features of economic development in 2010

In 2010, world economic growth picked up, enabling it to close the year at a higher level of activity than before the global crisis. World GDP recorded growth of 5.1% in 2010, according to the IMF, after a fall of 0.5% in 2009, a year in which the world economy saw a deep recession, ending more than half a century of continued growth.

This situation contrasts with the effect of the Great Depression. After the financial crash in 1929, it took the world economy close to a decade to return to its previous levels of activity and, in the case of international trade, the recovery took even longer due to the effect of the Second World War. In 2010, however, world trade in goods and services grew 12.4%.

It should be pointed out that the world economic recovery gained strength throughout 2010, but in an irregular manner. Emerging and developing countries had a dynamic role in the global economy, with an increase of 7.4% in 2010, while growth in developed countries was 3%, a rate that can be considered moderate, if you take into account that we are emerging from a deep recession, which substantially lowered levels of activity.

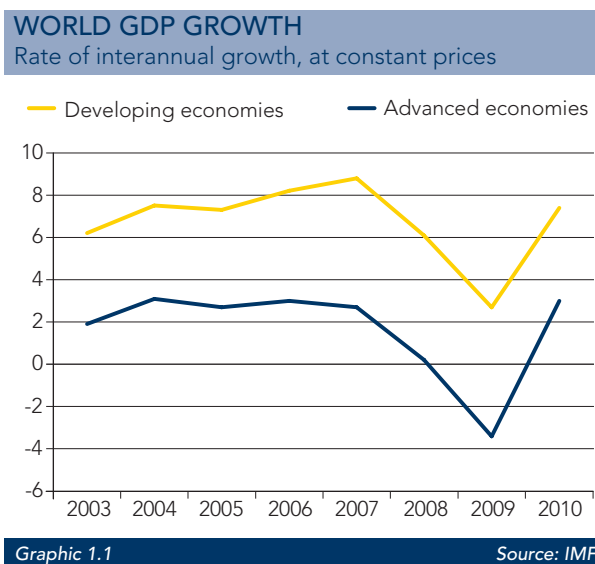
In 2010, emerging and developing countries featured vigorous growth, lower unemployment rates and growing inflationary pressures. Among these, those in Asia are at the forefront of growth, followed by those in Latin America and sub-Saharan Africa; on the other hand, those in Eastern Europe are emerging more slowly from the crisis. The case of China stands out in particular, displacing Japan to become the second world economic power after growing 9.2% in 2009 and 10.3% in 2010.

On the other hand, the advanced economies were marked by weak growth, high unemployment and strong financial tensions in the eurozone. Among this group of countries, the ones that are recovering more slowly are generally those that have suffered deeper financial shocks during the crisis, often related to previous property booms and high levels of foreign

debt accumulated during the boom years. On the other hand, those countries that are more oriented towards exports, such as Germany and Japan, recorded stronger economic recovery. It should be pointed out that world trade was the economic safety valve in 2010, in the face of lethargic internal demand in most advanced countries.

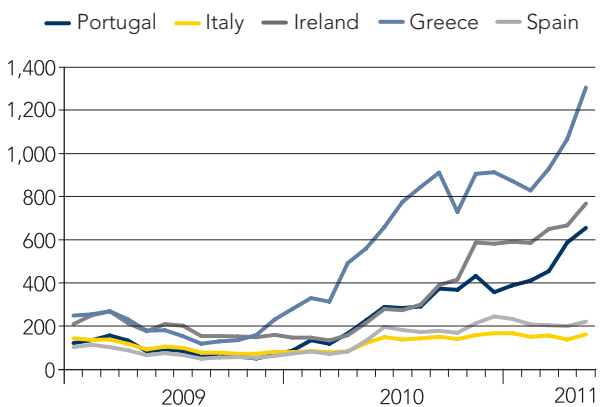
When analysing economic performance in 2010, we should remember that the crisis has progressed through various stages. The forceful joint response from G-20 countries enabled financial markets to be stabilised in 2008 and the steep downturn in activity in 2009 to be checked. However, in contrast, public debt grew close to 20 GDP points in the eurozone and almost 30 points in the USA between 2007 and 2010, so raising doubts about the capacity of some states to repay their debt.

The financial tensions that started in 2009 intensified in April 2010, when doubts arose about the capacity of Greece to repay its public debt. To deal with this situation, the main European economic institutions took concerted action to restore confidence in the Euro, which also involved a significant advance in the process of European integration. In May, two temporary financial stability instruments were approved: the European Stability Mechanism and the European Financial Stability Facility, capable of mobilising up to 750,000 million Euros to defend



RISK PREMIUMS OF PERIPHERAL COUNTRIES IN THE EUROZONE

Differential compared with German bonds, in basis points



Graphic 1.2

Source: Ecowin

the Monetary Union (500,000 contributed by EMU countries and the rest by the IMF). This agreement came after the bailout that was agreed specifically for Greece, to which 110,000 million Euros were allocated (30,000 from the IMF) for the period 2010-2012. At the same time, the ECB began to buy public debt to provide liquidity to the secondary market and announced that it would maintain its extraordinary measures for providing liquidity. Contagion from the Greek crisis to public debt markets in other EMU countries and fear of the effect that the austerity measures could have on growth in 2010 and 2011, brought down the exchange rate of the Euro – reaching the lowest value of the last four years on 8 June (1.194 \$/Euro) – and also causing European stock markets to fall.

The second episode of financial tensions in the European sovereign debt markets occurred in November 2010 and had its epicentre in Ireland, although the other peripheral economies were also affected, with risk premiums rising to historic highs. The aid approved to bail out Ireland came to 85,000 million Euros.

In response, the governments of eurozone countries undertook to speed up the reduction in public deficit, which took the shape of multiple adjustment plans in public spending. The first countries to approve these plans were Greece, Portugal, Ireland, Spain and Italy, but then other less indebted countries joined in, such as the United Kingdom and Germany.

The quarterly trend in world GDP shows that recovery was intense during the first half of 2010, and slower

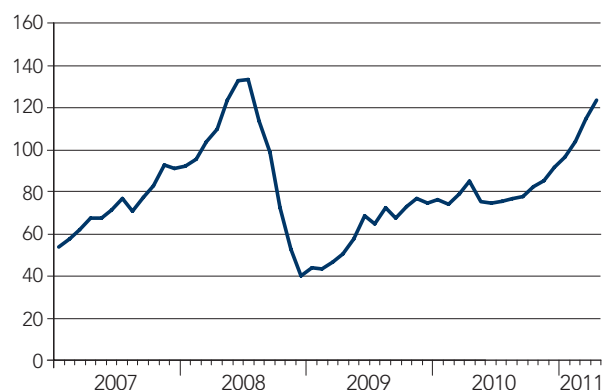
throughout the second. This trend is the reflection of a normal cycle of stocks. As the fear of world depression eased in 2009, companies first reduced their volume of stocks and then began to rebuild depleted stocks. This caused rapid growth in trade and industrial production, especially in the first half of 2010.

On the other hand, the market price of the main reference currencies was also affected by the change in economic prospects in all economic areas. Specifically, the Euro depreciated 5% against the dollar and closed at \$1.322 in December. In the first part of 2010, the Euro depreciated against the dollar due to the prospects of an uncertain, fragile recovery in Europe and the long-term implications of the financial situation in Greece. Between July and October, it recovered a little, encouraged by unfavourable trends in the economic indicators published in the United States and by the lower risk perception associated with the peripheral countries of the EMU, although the value of the European currency fell again in November and December, due to the emergence of new financial tensions, this time centred on Ireland.

The central banks, on the other hand, kept their interest rates at the lowest levels achieved in the previous year (1% in the eurozone and 0.25% in the United States), and after the latest financial tensions in the eurozone, the ECB halted its initiative to gradually withdraw some of the special liquidity measures introduced during the most critical stage of the financial crisis.

In 2010, oil prices showed a rising trend, linked to dynamic demand, encouraged by the recovery in >

OIL PRICES - \$ per barrel of Brent



Graphic 1.3

Source: Energy Information Administration, of the US Government

THE IMF's ECONOMIC PROSPECTS FOR THE WORLD ECONOMY

	2009	2010	2011f	2012f
World GDP	-0.5	5.1	4.3	4.5
Advanced economies	-3.4	3.0	2.2	2.6
USA	-2.6	2.9	2.5	2.7
Eurozone ⁽¹⁾	-4.1	1.8	2.0	1.7
Germany	-4.7	3.5	3.2	2.0
France	-2.6	1.4	2.1	1.9
Italy	-5.2	1.3	1.0	1.3
Spain	-3.7	-0.1	0.8	1.6
Japan	-6.3	4.0	-0.7	2.9
United Kingdom	-4.9	1.3	1.5	2.3
Canada	-2.8	3.2	2.9	2.6
Newly industrialised Asian countries	-0.7	8.4	5.1	4.5
Emerging and developing countries	2.8	7.4	6.6	6.4
Sub-Saharan Africa	2.8	5.1	5.5	5.9
Central and Eastern Europe	-3.6	4.5	5.3	3.2
Commonwealth countries	-6.4	4.6	5.1	4.7
Russia	-7.8	4.0	4.8	4.5
Developing Asia	7.2	9.6	8.4	8.4
China	9.2	10.3	9.6	9.5
India	6.8	10.4	8.2	7.8
Middle East	2.5	4.4	4.2	4.4
Latin America & Caribbean	-1.7	6.1	4.6	4.1
World trade	-10.9	12.4	8.2	6.7

f: forecast (1) EMU-16 (not including Estonia)

Chart 1.1

Source: IMF, June 2011

the world economy. After the fall recorded in 2009, world oil consumption rose 2.8%, with emerging countries as the main driving force behind demand. The fastest acceleration occurred in the second half, a period which featured constant upward revisions of forecasts of demand for the whole of 2010 and 2011. Specifically, the price of a barrel of crude oil ended the year at \$91.6, 23% higher than the recorded price in December 2009.

The prices of commodities and food also climbed during the second half of 2010. Firstly, due to a higher than expected increase in world demand, which reduced stocks and provoked a generalised price rise, and secondly, due to the supply shocks caused by weather conditions. All this resulted in rising rates of inflation in the majority of countries after verging on deflation in 2009. In 2010 overall, the advanced economies recorded a rise of 1.6% in consumer prices, while prices shot up an average of 6.2% in developing and emerging countries.

Despite the world economic recovery, most of the world stock markets closed with losses in 2010, compared with levels in December of the previous year. The IBEX-35 fell an annual 17.4%, the Euro STOXX 5.8% and the Nikkei 2%. On the other hand, the Dow Jones gained 11% in 2010.

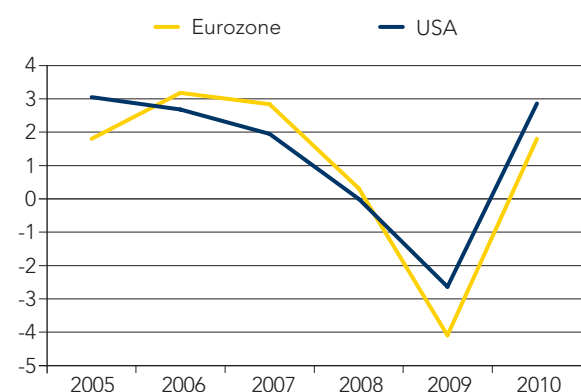
1.2. Evolution of the principal advanced countries

It was the advanced countries that most suffered the consequences of the recession, considering that the financial crisis originated in the United States and quickly spread among its main economic partners, although it ended up having a greater impact on the eurozone than on the US economy. On the other hand, it was not the advanced countries that led the recovery, as can be seen in the fact that they recorded growth of 3% in 2010, less than half the increase seen in emerging countries.

Now, all the advanced countries, except Spain, Greece and Ireland, recorded positive rates of growth in 2010.

GDP GROWTH IN THE USA AND EUROZONE

Rate of interannual variation, at constant prices



Graphic 1.4

Source: IMF

In fact, most G-20 countries left negative quarterly rates behind by the end of 2009 and a recovery in growth was seen in 2010.

1.2.1. USA

The US economy grew 2.9% in 2010 – after shrinking 2.6% in 2009, and recovered the level of activity prior to the crisis. Financial conditions in general also improved, although global growth in credit remained weak and deleveraging of housing continued.

In quarterly terms, at the end of 2009 and early 2010, the US economy experienced a period of strong growth driven by the rebuilding of stocks. Then GDP slowed, to regain impetus in the second half of the year. Growth was possible due to the positive contribution of the final private demand, which grew at the strongest rate for the last five years, especially private consumption, which represents 71% of US GDP.

In contrast, the positive effect of public spending on growth decreased due to the gradual elimination of fiscal stimuli, although it continued to grow and explains the increase in the US public deficit in 2010. For its part, investment was the component that recorded the strongest recovery, as it went from falling 23% in 2009 to rising 17% in 2010. This growth is due to the recovery in investment in capital goods while housing investment continued to fall for the fourth consecutive year, although the rate of fall slowed (-3% compared with -22% annual average in the three previous years).

On the other hand, the contribution of foreign demand to growth was negative, contrary to what

occurred during the two years of crisis, as the increase in imports was higher than that of exports (13% against 12%). Behind the behaviour of imports lies the strong recovery in private internal demand, while the growth in world trade explains the rise in exports. Dollar appreciation damaged US foreign competitiveness and helped to increase its current account deficit, reaching 3.2% of GDP in 2010.

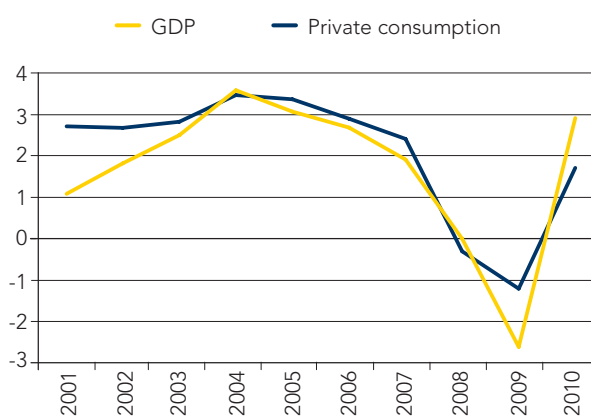
Despite the economic recovery, the effects on the labour market were slight. The US economy was only able to recover one million jobs from the 8 million it lost in 2008 and 2009, and the unemployment rate fell hardly half a point to reach 9.4% in December 2010.

Consumer prices recorded growth of 1.6% annual average in 2010, the same rate as the eurozone. The absence of inflationary pressures enabled the Federal Reserve to hold the nominal interest rate at 0.25% throughout the year, a historic low. For its part, real estate prices continued to fall for the third consecutive year, but at a slower rate. It should be pointed out that the end of fiscal incentives lowered the demand for property during the second half of the year.

Finally, the US economy reached the highest level of fiscal deficit among the advanced economies – 10.6% of GDP in 2010 – while the gross public debt exceeded 91% of GDP.

GDP AND PRIVATE CONSUMPTION IN THE USA

Rate of interannual variation



Graphic 1.5

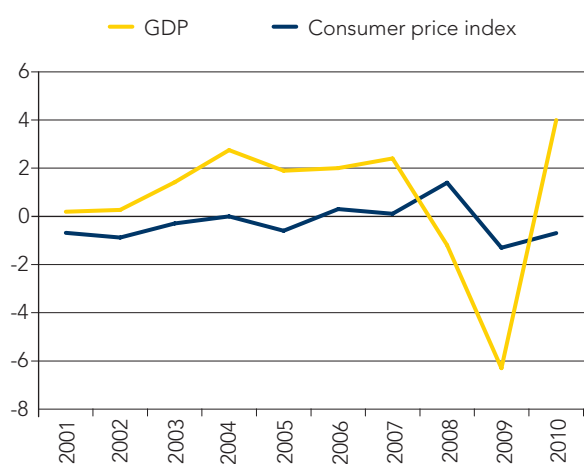
Source: OECD

1.2.2. Japan

The developed economy that emerged most strongly from the recession was Japan. The Japanese economy grew 4% in 2010 after the major downturn seen in >

GDP AND INFLATION IN JAPAN

Rate of interannual variation



Graphic 1.6

Source: OECD

2009 (-6.3%). The factors behind the recovery were the continuation of the fiscal stimulus programmes and export competitiveness, as can be seen in the fact that they grew 24% in 2010 despite the Japanese currency appreciating against the dollar and the Euro, at about 10%.

Consumer prices fell an average of 0.7% in 2010, leading the Bank of Japan to set the official interest rate at a new historic low, between 0 and 0.1%, with the objective of avoiding the risk of deflation and also to fight financial instability and the national economic crisis.

As for the labour market, the unemployment rate remained stable at 5.1% annual average, a still low level. In the fiscal field, the public deficit reached one of the highest levels for advanced countries, at 8.1% of GDP, although it fell slightly in relation to the previous financial year as a result of the gradual withdrawal of the economic stimulus plans.

1.2.3. The eurozone

The eurozone's economy recovered in 2010 despite the financial tensions affecting the peripheral countries of the eurozone. Eurozone GDP grew 1.8%, after shrinking 4.1% in 2009, but the labour market has not yet benefited from the economic improvement. Employment fell 0.5% and the unemployment rate remained practically stable throughout the year at 10%.

The differences between the rates of growth among countries forming part of this area are substantial.

The economies that were most affected by the debt crisis had the worst levels. This is the case of Greece, Ireland and Spain, which continued to fall in 2010, but at very different rates. While Greece saw a decline in GDP of 4.5%, in Ireland it was 1% and in Spain only 0.1%. The other member economies grew at rates of between 1% and 2%. On the other hand, the countries that recorded greater increases were Germany (3.5%), Luxembourg (3.4%), Finland (3.1%) and some of the new member states such as Slovakia (4%), Malta (3.6%) and Estonia (3.1%).

In 2010, both internal and external demand contributed positively to GDP growth. The former was driven above all by private consumption, the latter by exports, which benefited from Euro depreciation and the strong recovery in world trade. In this respect, it should be pointed out that the current account balance for the whole of the eurozone shows a surplus of 0.2% of GDP in 2010, two tenths up on that of the previous financial year.

All components of GDP saw positive growth except for productive investment, which fell for the third consecutive year but at a very slow rate (-0.8%), dragged along by the accumulated fall in business profits, difficulties in getting credit and, above all, economic instability and uncertainty due to the Euro crisis. On the other hand, both public and private consumption grew an annual 0.75%, although the former slowed down in relation to the previous year due to the gradual withdrawal of the stimulus policies and the implementation of austerity measures, while private consumption went from falling 1% in 2009 to growing 0.75% in 2010.

As for prices, the recovery in consumption and increases in energy, commodities and unprocessed food prices caused inflation to follow a progressively upward trend throughout practically the whole of 2010. Prices started the year with an increase of 0.9% and ended at 2.2%. On the other hand, the underlying rate of inflation – excluding the most volatile components such as energy and unprocessed food – remained fairly stable at about 1%, in line with weak internal demand. Despite rising consumer prices, unit labour costs fell about 0.5% in 2010, as a result of a higher increase in productivity than in wages, indicating an improvement in competitiveness.

By country, the European economies recorded positive but contained rates of inflation in 2010, except for the two bailed-out countries: Greece (4.7%) and Ireland (-1.6%). Rates of inflation lay between the minimum

in Slovakia (0.7%) and the maximum in Estonia (2.9%). On annual average, prices in the eurozone rose 1.6%, below the inflation target set by the ECB (2%).

Fiscal policy was restrictive in 2010, the result of both reduced spending and rising income from increased taxation. Specifically, the public deficit for the whole of the eurozone reached 6% of GDP, three tenths below the 2009 level and in line with the forecast at the beginning of the year, leading to a rise in the level of debt of six points to 85.4% of GDP. Nevertheless, this aggregate behaviour hides discrepancies between countries. So, in the case of Greece, the deficit exceeded what had been agreed in the financial aid programme given the scarce growth in fiscal income in a context of economic recession. For its part, Ireland's deficit exceeded 30% of GDP, a percentage that reflects the losses associated with the bailout of some of its banks. Finally, Portugal also revised its deficit figures upwards, to 9.1% of GDP. On the other hand, in France and Germany the public accounts results were better than expected, thanks to the favourable economic context.

Finally, in the context of the process of integration in the European Economic and Monetary Union, it should be remembered that Estonia was brought in on 1 January 2011, so joining the latest additions (Slovenia

in 2007, Cyprus and Malta in 2008 and Slovakia in 2009) and increasing the number of member states to 17.

1.3. Evolution of the principal emerging and developing countries

The emerging economies were the driving force behind world economic recovery in 2010. Generally, rising commodity prices pushed up production and employment in exporting countries, but inflationary pressures fed the risk of overheating.

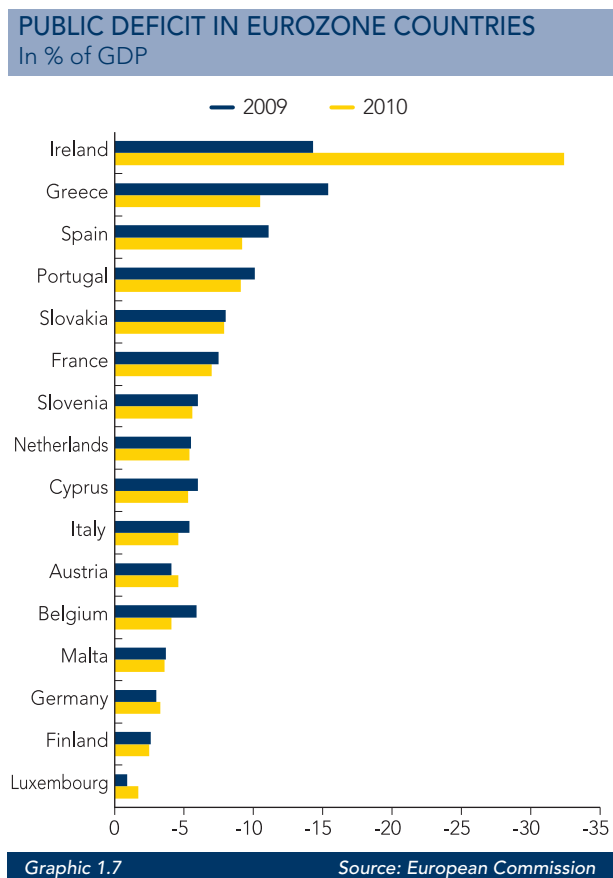
This was the case in the region of the Middle East and North Africa, which bore the world crisis relatively well, considering that it did not fall in 2009, and saw GDP growth of 4.4% in 2010, with the oil exporting countries playing a notable role, especially Qatar. However, political and social tensions later emerged due to the high level of unemployment and rising food prices, which culminated in revolts and armed conflict which will probably limit future growth.

Also notable is growth in China and India, over 10%. This dynamism is sustained by a solid increase in exports, rising internal demand and, in some cases, rapid credit growth; nonetheless, they run the risk of overheating due to the rapid growth and inflationary pressures.

Another zone at risk from overheating due to inflationary pressures and the influx of foreign capital is the group of countries of Latin America and the Caribbean, which recorded a rise in activity of around 6% in 2010. Argentina and the group of Financially Integrated Commodity Exporters (FICE) - Brazil, Chile, Colombia, Peru and Uruguay - were the most dynamic in the area, thanks to the demand from China and high commodity prices.

On the other hand, the economies of sub-Saharan Africa saw economic growth of 5.1% in 2010, but the behaviour of each country was very different. The most dynamic countries were, in general, those with the lowest income (Congo, Ethiopia, Niger, Zimbabwe, etc.). The factors that may make economic stability difficult in these countries are the current account imbalances and inflation.

Finally, the Community of Independent States (CIS), as a whole, saw GDP growth of 4.6%, after falling 6.4% in 2009. The improvement in the Russian economy benefited the whole area. Nevertheless, the strong >



dependence on foreign finance and persistent weaknesses in the banking sector are a risk for some economies in the region.

1.4. Prospects

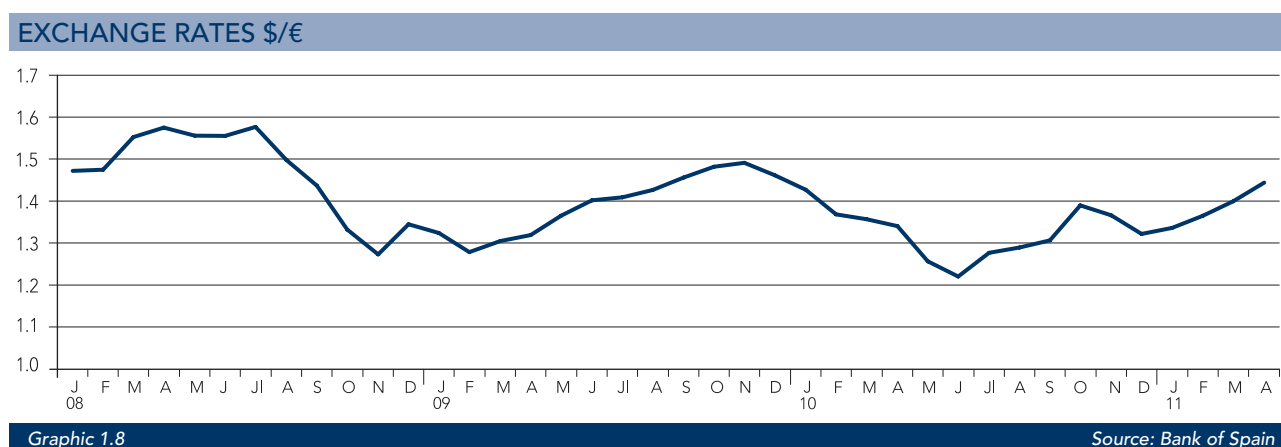
During the first quarter of 2011, the world economic recovery gained strength but remained imbalanced. In the advanced economies, growth remained fragile, unemployment high and the tensions in the peripheral countries of the eurozone have not disappeared. In the emerging economies, on the other hand, inflationary pressures are emerging, warning of the possible risk of overheating. According to the International Monetary Fund (IMF) report in June, the world economy will grow about 4.3% in 2011. This growth will be driven, for yet another year, by the dynamism of the emerging countries (6.6%) – with a relative share of 45% of world GDP – while the recovery in developed countries will be weaker, with an increase of 2.2%.

Nevertheless, important events occurred during the first months of 2011, introducing new risk factors in economic developments. The first is in a world context and is related to the impact which the geopolitical tensions in the Middle Eastern and North African countries have had on oil prices and food prices. The second is related to the economic effects of the nuclear crisis in Japan. The third, already within Europe, is the rise in interest rates made by the ECB and Portugal's plea for financial aid. The Portuguese economy followed the path of Greece and Ireland and asked for a European bailout. In this context, risk premiums for the public debt of peripheral European countries rose again to reach new highs.

In the United States, the recovery slowed in the first quarter of 2011. Growth in GDP slowed from the

interannual 3.1% in the fourth quarter to 2.3% in the first. This slowdown can be explained both by lower dynamism in household expenditure, depressed by the situation of the labour market and housing, and the fall in public sector investment and consumption in the context of fiscal restrictions. The housing market continues to show signs of weakness, while prices continue to fall. The labour market provides the most positive note for the first quarter of the year, since the rate of job creation rose to 159,000 jobs per month on average, while the unemployment rate fell from 9.4% in December 2010 to 8.8% in March 2011, which will help to sustain private consumption. Inflation, on the other hand, rose from 1.5% in December to 2.7% in March, still controlled levels. In this context, the Federal Reserve has maintained its expansive tone of policy, leaving the official rate of interest between 0% and 0.25% and confirming its commitment to finalize purchases of Treasury bonds. In the fiscal field, the budget proposal presented by the US Government includes an expansive packet of measures, although a proposal was announced in April to consolidate the public accounts in the medium term. In fact, the USA and Japan are the only large advanced economies in which the cyclically adjusted budget deficit is expected to increase in 2011, despite the economic recovery.

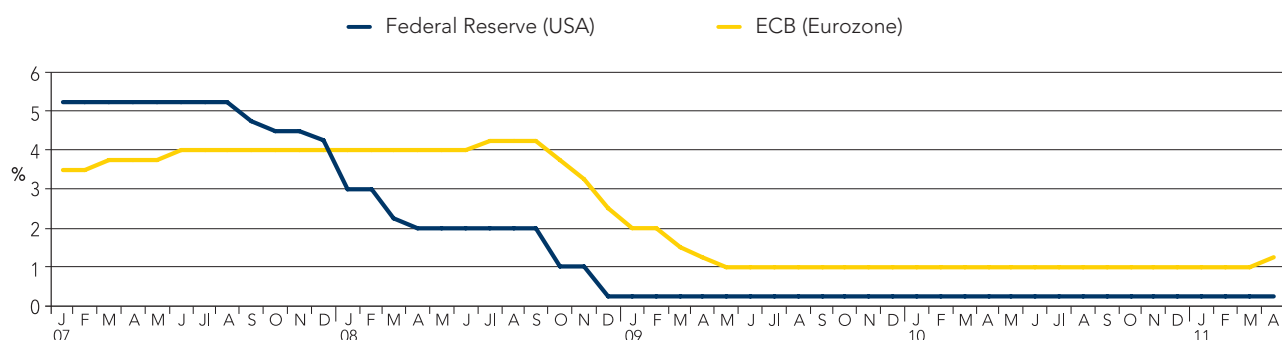
The IMF and the OECD foresee that the US economy will maintain growth at about 2.5% in 2011, considering that the gradual strengthening of private demand will help to compensate the fall in public demand. It is expected that the unemployment rate will fall close to a point and that the idle capacity of the economy will allow inflation to remain at about 2%-3%. The slow rate of economic recovery requires the implementation of macroeconomic support policies, but the fiscal margin to do this is ever more limited. In this context, the IMF recommends maintaining



Graphic 1.8

Source: Bank of Spain

OFFICIAL INTEREST RATES IN THE USA AND EUROZONE



Graphic 1.9

Source: Federal Reserve and ECB

flexible monetary measures, but likewise advises pursuing fiscal consolidation in 2011 and putting in place a credible strategy to stabilise the public debt in the medium term.

In Europe, the bailout of Portugal and the fear of the imminent restructuring of the Greek debt have revived tensions in the debt markets. On 6 April 2011, Portugal became the third country in the eurozone to ask for financial aid from the EU. This country will receive 78,000 million Euros in aid, in exchange for severe fiscal adjustments. Despite the fact that, initially, the risk premiums for peripheral economies relaxed, from the second half of April they picked up to reach new highs, faced with the possibility of a restructuring of the Greek debt. It should be pointed out that Spain has remained fairly detached from the other peripheral economies, with a slower rise in the risk premium (situated at 230 basis points at the beginning of June).

Nevertheless, growth in the eurozone has accelerated in the first few months of 2011, to 2.5% interannual, thanks to the strength of exports and the resurgence in investment. By countries, the gap between the economies in the most advanced phase of the cycle (Germany and France) and those furthest behind, which have still not begun their recovery (Portugal, Ireland and Greece), has widened again.

The inflationary trends resulting from oil prices and the price of other commodities and the revaluation of the Euro against the dollar, led the ECB to push up the official interest rate by 25 basis points in April, to reach 1.25%, after almost two years of stability at 1%. This seems to be the first step in a gradual hardening of monetary policy which could be repeated before the end of the year. A decision that would undoubtedly

harm less dynamic countries such as Ireland, Greece, Portugal and Spain, which have felt obliged to develop strict austerity programmes and are heavily in debt. Likewise, at the moment, inflationary pressures can be explained mainly by exogenous factors, such as rising energy costs and increased taxation in some countries, while underlying inflationary tensions have been contained, in a context of weak demand and wage containment. This explains why overall inflation in the eurozone was 2.8% in April, while underlying inflation stood at 1.8%.

The prospects indicate that during 2011, the gradual, uneven expansion in the eurozone countries will continue, depending especially on the balances of the public and private sectors and the orientation of fiscal policy. For the area as a whole, the IMF and OECD foresee real GDP growth of 2%, two tenths more than recorded in 2010. Germany – with a forecast GDP rise of 3.4% – the Netherlands, Austria and France will be the driving force. This slight improvement will come from the recovery in consumption and private investment, which will compensate the slowing growth in foreign demand and the restrictive fiscal policy which most European economies will put into place.

Finally, it should be pointed out that the good prospects for the Japanese economy were cut short by the effects of the tsunami and the subsequent nuclear crisis. Official estimates for capital damage stand between 3% and 5% of GDP, but this figure does not take into account the effects of the possible energy shortage and the continued risks around the crisis at the Fukushima nuclear power plant. Forecasts that were made by official bodies after the earthquake indicate that GDP could fall between 0.7% and 0.9% in 2011, while the Bank of Japan took one point off expected growth for the fiscal year in 2011, to -0.6%. >

OECD ECONOMIC PROSPECTS FOR THE PRINCIPAL DEVELOPED COUNTRIES

	GROSS DOMESTIC PRODUCT % annual variation			INFLATION % annual variation			UNEMPLOYMENT RATE % active population			C.A. BALANCE % of GDP			PUBLIC DEFICIT % of GDP		
	2010	2011f	2012f	2010	2011f	2012f	2010	2011f	2012f	2010	2011f	2012f	2010	2011f	2012f
	USA	2.9	2.6	3.1	1.6	2.6	1.5	9.6	8.8	7.9	-3.2	-3.7	-4.0	-10.6	-10.1
Japan	4.0	-0.9	2.2	-0.7	0.3	-0.2	5.1	4.8	4.6	3.6	2.6	2.5	-8.1	-8.9	-8.2
Eurozone ⁽¹⁾	1.7	2.0	2.0	1.6	2.6	1.6	9.9	9.7	9.3	0.2	0.3	0.8	-6.0	-4.2	-3.0
Germany	3.5	3.4	2.5	1.2	2.6	1.7	6.8	6.0	5.4	5.6	5.5	6.0	-3.3	-2.1	-1.2
France	1.4	2.2	2.1	1.7	2.4	1.6	9.3	9.0	8.7	-2.2	-2.6	-2.6	-7.0	-5.6	-4.6
Spain	-0.1	0.9	1.6	2.0	2.9	0.9	20.1	20.3	19.3	-4.5	-2.9	-2.3	-9.2	-6.3	-4.4
OECD ⁽²⁾	2.9	2.3	2.8	1.8	2.3	1.7	8.3	7.9	7.4	-0.6	-0.7	-0.7	-7.7	-6.7	-5.6

(1) Eurozone-16

(2) Private consumption deflator

f: forecast

Chart 1.2

Source: OECD, May 2011

In effect, the cyclical situation continues to improve globally in the first months of 2011 and the forecast is that this year will be one of consolidated recovery in developing countries. Now, this scenario is not free from the risk of a downturn, linked to the instability

in sovereign debt markets and its potential effect on the cost of financing businesses and families, to the upward pressures on energy prices and the effects that the natural and nuclear disaster in Japan might have on the chain of global distribution.

2. THE FRENCH ECONOMY

1. The main features of economic development in 2010

In 2010, the French economy did not appear very dynamic, despite emerging from the recession before most of the developed countries. According to INSEE, French GDP grew an annual 1.5%, with quite stable quarterly growth. It should be pointed out that the French economy is less open to the exterior and has more automatic stabilisers than other European economies such as Germany, so the crisis had a less negative impact. However, for the same reason, the foreign sector did not play a major role in its emergence from the crisis, but rather it was the slow but continuous recovery in private consumption from the beginning of the year. Consequently, the French economy went from having a positive growth differential with the eurozone of 1.6 points in 2009 to a negative differential of two tenths in 2010. Nevertheless, the per capita GDP at purchasing power parity in relation to the average for the EU-27 remained at 107%, the same level as 2009.

For the year as a whole, both internal and external demand made a renewed positive contribution to

GDP growth, which they had lost the year before. However, internal demand was the major driving force behind the recovery, contributing 1 percentage point, while the foreign sector contributed 0.4 points and inventories an extra tenth. The growth in internal demand was due to the notable acceleration in private consumption throughout the year, with solid bases due to a historically high savings rate and dynamic demography; on the other hand, investments continued to fall until the third quarter, dragged down by the downturn in investment in construction.

Specifically, private consumption grew 1.7% in 2010, double that of all the eurozone countries. The economic stimulus measures, such as vehicle scrapping incentives (which ended in December 2010) or the payment of 200 Euros to people on low incomes, helped to encourage consumption. Other contributory factors were the gradual reduction in the savings rate (at 12.2%) and low interest rates. In contrast, the rate of increase in public consumption, although continuing to grow more than in the eurozone, slowed in relation to 2009, to 1.4%, as a result of the gradual withdrawal of the economic

stimuli and the implementation of an austerity plan with the target of reducing the public deficit.

On the other hand, investment diminished slightly in 2010, by -1.6%, as a result of a downturn in investment in construction, while investment in capital goods recovered, with a rise of 4.1%, thanks to rising profits, recovered confidence and lower credit restrictions. The elimination of the tax on economic activities also favoured growth in private investment, above all in the second half of the year, while the delay in implementing the public investment plans that were passed in 2009 helped to sustain public investment during the early months of 2010.

For the first time in ten years, the contribution of the foreign sector to GDP growth was positive, as a result of higher growth in exports than in imports (10.1% and 7.8%, respectively). The explanation is that the recovery in world trade and above all the European economy – the destination of 70% of French exports – was stronger than in French internal demand, on which imports depend. Nevertheless, the deficit in the current account balance did not shrink in 2010 (-2.2% of GDP, according to the OECD).

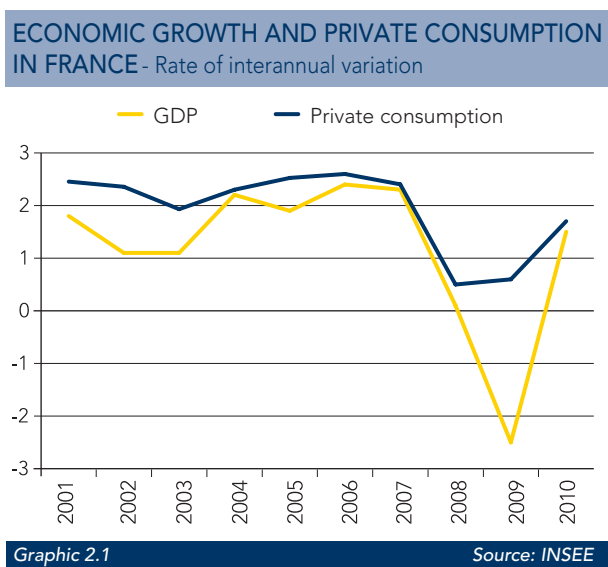
Analysis of the supply reflects that production only continued to fall in the case of construction and also, slightly, in the food sector. In 2010, all other sectors saw interannual increases, with the manufacturing sector playing a notable role (4.7%) due to the recovery in foreign markets, and also financial activities (3.9%), which began to recover after the world financial crisis in 2007 and 2008. After these came energy, transport, commerce and other market activities, with growth of

around 2%. Finally, non-market services (education, health and public administration) recorded the slowest increase, at 1.2%.

This recovery in activity enabled France to be one of six member economies of the eurozone capable of creating jobs, although at a very low rate (0.1%). In general, the impact of the crisis on the French labour market was much lower than in other large European countries, such as Italy or Spain. Falling employment in industry and construction only accounted for one third of the increase in jobs in services, although half of these were on temporary contracts. On the other hand, it should be pointed out that the general strike against pension reform in October had a marginal economic impact (less than 0.1% of GDP), basically through the reduction in energy production and exports.

Despite rising employment, the number of unemployed continued to rise by 200,000 in 2010, added to the increase of 1.7 million recorded in 2009. In total, unemployment figures reached 9.7 million in 2010 and the unemployment rate rose an annual average of two tenths to 9.3% – although still below the average of 9.9% in the eurozone – although the quarterly evolution clearly indicates a falling trend. Therefore, everything seems to indicate that the slump in the labour market has touched bottom and, in this context, wage rises accelerated again to 2.3%, and grew again by more than the annual average inflation (1.7%). This wage rise was aggravated by the fall in apparent work productivity, which shrank 1.5%. Consequently, the nominal unit labour costs (ULC) increased 0.8%, a much lower rate than that of the previous year, which was 3%, but which in any case did not help to improve the competitiveness of the French economy or slow down the constant erosion of its foreign market share.

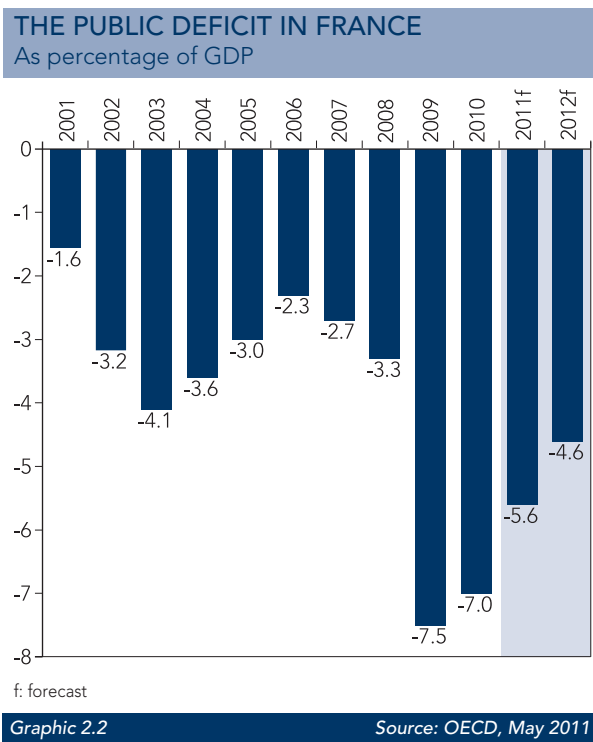
Inflationary pressures were largely controlled in 2010, thanks to the lower impact of energy on French inflation in comparison with other European economies. Consumer prices followed a gently rising trend during the first four months of the year, due to rising oil prices, but then remained practically stable until December, when they rose again. Likewise, inflation only went from 1.2% in January to 2% in December 2010. On annual average, harmonized prices in France rose 1.7%, practically the same as the eurozone. The underlying rate of inflation, which better reflects the evolution of the nucleus of prices because it >



excludes volatile components, ended the year the same as it started, at 0.9%. For this reason, a new framework was passed for revising the minimum wage, based on objective indexation and abandoning the discretionary increase model that existed until now, with the aim of anchoring expectations of downward inflation, given the large number of workers who receive the minimum wage.

The 2009 economic crisis notably accentuated the imbalance in the French public accounts, with a deficit that reached 7.5% of GDP, exceeding, for the second consecutive year, the limit allowed in the Stability and Growth Pact (SGP), which is 3% of GDP. Tensions in the sovereign debt markets of the peripheral economies and the attack on the euro forced governments in the eurozone to take extraordinary measures. In the case of France, the Government overhauled fiscal policy and undertook to implement austerity measures to reduce the deficit, aimed at defending its rating and distancing itself from those attacked in the financial markets in peripheral countries. The result was that the public deficit fell half a percentage point in 2010, to reach 7% of GDP, with a radical change in the orientation of fiscal policy. The main factors contributing to this fall are the gradual elimination of the economic stimulus plan, which easily compensates the new expansive measures adopted in the 2010 budget (such as reform of the tax on economic activities and the reduction in VAT in the catering sector), and the increase in revenue linked to the recovery in economic activity. Other exceptional factors, such as the dividends from state-owned businesses, also helped to reduce the deficit.

Moreover, the French authorities passed a fiscal consolidation plan with the aim of gradually reducing the public deficit to 3% in 2013. This plan was based on a reduction in public spending of 45,000 million until 2013 and a predicted increase in income of 50,000 million thanks to the economic recovery and 5,000 million from the elimination of certain tax exemptions. Among the austerity measures that were announced are notably those of a freeze on public spending until 2013 and, more specifically, a freeze on public officials' wages, only replacing 50% of vacant posts, and the 10% reduction in state operating costs over the next three years. France also set itself the target of stopping growth in spending at the level of regional government and reforming the health and pensions system.



As a result of this situation, public spending remained at 55.6% of French GDP for the second consecutive year, although this is still the highest percentage in this historical series. As for public revenue, the elimination of certain tax exemptions and the economic recovery increased tax revenue, resulting in the fiscal burden rising from 48.7% of GDP to 49.2%, the highest percentage in the eurozone after Finland.

Financing the deficit made public debt rise again, to reach 81.7% of GDP in 2010, but this increase was lower than in other eurozone countries, so France went from being the country in the area with the fourth highest ratio of debt to GDP in 2009 to seventh in 2010.

2.2. Prospects

In the first quarter of 2011, the rate of recovery of the French economy accelerated as a result of the gradual improvement in private consumption and private investment. According to the first estimates carried out by INSEE, French GDP grew 1% in quarterly terms, after a rate of 0.3% in the last quarter of 2010. At interannual rates, the French economy achieved growth of 2.2%, the best rate since 2007.

By components, family consumption grew an interannual 1.8% in the first quarter, although a serious slowdown

is expected from the second quarter, due to the impact of eliminating the incentives for buying cars. For the year as a whole, it is expected that the positive impact of growing employment will be counterbalanced by inflationary pressures and higher taxes due to the removal of the tax benefits implemented during the crisis. The forecast of growth in private consumption for 2011 is 1.5%.

Gross formation of fixed capital, on the other hand, has grown an interannual 3.6%, favoured by the reduction in tax on economic activities, by improved prospects in world trade and by lower credit restrictions. Moreover, use of productive capacity increased strongly but still lies below the long-term average. For the year as a whole, 4% growth in investment in capital goods has been estimated.

Within foreign demand, exports recorded 7% interannual growth in the first quarter of 2011, but strong internal demand pushed imports up 9.8%. As a result, the foreign sector went from having a positive effect on GDP growth in the fourth quarter of 2010 to being slightly negative in the first quarter of 2011.

In this context, the unemployment rate showed a downward trend throughout the first quarter of 2011, and the harmonized rate of inflation recorded a rise of 2.2% in April, driven by the recovery in energy prices, although the nucleus of inflation – so-called underlying – lies well below this (1.3%) and therefore wards off the danger of background inflationary pressures for the time being.

Prospects indicate that the modest recovery of the French economy will continue in 2011, on the basis of global growth in the world economy. French GDP could grow at about 2.1% - 2.2%, according to the IMF and OECD, while the European Commission forecasts a lower figure, of 1.8%. This recovery in activity could result in a rise in employment of 0.8% and a slight drop in the unemployment rate to 9% in 2011.

As for the public accounts, a reduction in the deficit to 5.6% of GDP is forecast in 2011, in line with the official prognosis appearing in the latest update of the French Stability Programme. This reduction would be based, as recorded in the public budget for 2011, on tax increases and lower spending due to the elimination of the latest fiscal stimulus measures (such as incentives to buy cars, which ended in December 2010) and also the implementation of the

general Review of public policies and the reform of the pensions system passed this year, with which the age of retirement is progressively raised from 60 to 62. These measures easily compensate the budget impact of the public investment programme “Investissements d’avenir”. Moreover, the French authorities have announced that they will take measures to improve controls on health spending and that they intend to link pluriannual budgeting constitutionally. This means that a minimum level of fiscal revenue and a maximum rate of growth in public spending would be set for every year (this reform would not affect local government). Finally, it should be pointed out that despite the reduction in the deficit, the European Commission forecasts that the ratio of debt to GDP will continue to rise and reach close to 85% of GDP in 2011.

FRANCE. PRINCIPAL MACROECONOMIC AGGREGATES Rates of interannual variation

	2008	2009	2010
Components of demand			
Private consumption	0.5	0.6	1.7
Public consumption	1.6	2.6	1.4
Gross formation of fixed capital	0.3	-7.0	-1.6
Stock variation (a)	-0.3	-1.8	0.1
Internal demand (a)	0.7	-0.5	1.0
Exports of goods & services	-0.8	-12.2	10.1
Imports of goods & services	0.3	-10.6	7.8
Components of supply			
Food	2.8	-0.6	-0.1
Manufacturing industry	-2.3	-11.8	4.7
Energy	-1.0	-7.6	2.1
Construction	0.1	-5.1	-5.0
Commerce	0.5	-2.8	1.7
Transport	0.2	-5.9	2.0
Financial activities	0.6	2.0	3.9
Other market activities	na	-1.9	2.3
Non-market activities	na	2.1	1.2
GDP at market prices	0.1	-2.5	1.5

na: not available

(a) Contribution to GDP growth at market prices

Chart 2.1

Source: INSEE

3. THE SPANISH ECONOMY

3.1. The main features of economic development in 2010

Spanish economic activity stagnated in 2010. GDP fell 0.1%, after undergoing the deepest recession in its history in 2009, when GDP shrank 3.7% and employment 6.6%. Nevertheless, quarterly data for trends in GDP indicate a slowdown in the rate of contraction as the year progressed. In fact, an emergence from the recession was confirmed in the third quarter, when the first positive interannual rate was achieved after seven quarterly falls. On the other hand, the most important quarterly growth of the year occurred in the second quarter, favoured by the effect of advance purchases before the end of incentives to buy cars in June and by the increase in VAT from 1 July.

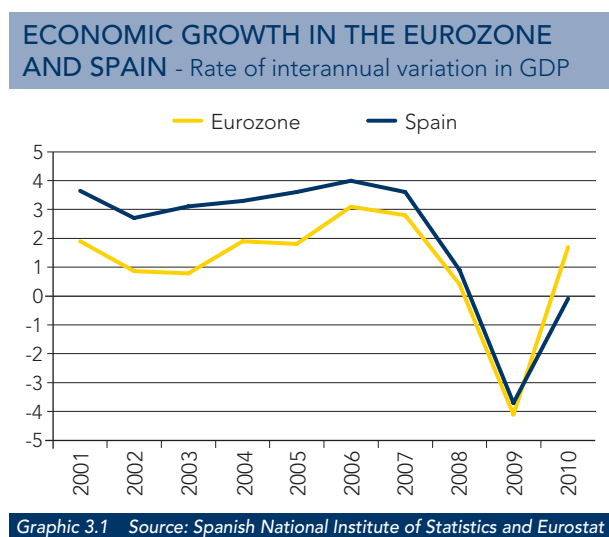
In Spain, the process of economic recovery is much slower than in the rest of the advanced economies. Proof of this is that it is the only G-20 economy that saw a decrease in activity in 2010 and one of three in the eurozone (along with Greece and Ireland). Consequently, the process of real convergence of Spain with the 27 European economies – in terms of per capita GDP at purchasing power parity – has halted and reversed since the beginning of the crisis, going from 105% of the EU-27 average in 2007 to 101% in 2010.

As has occurred since the beginning of the crisis, internal demand had a negative effect on GDP growth (1.2 percentage points) while foreign demand had a positive effect (1.1 points). Investment in capital goods and private consumption were the only aggregates of

internal demand that recorded a positive interannual rate, of 1.8% and 1.3% respectively. The increase in private consumption was made possible by a notable reduction in the savings rate, as household disposable income shrank due to falling employment, the elimination of fiscal stimuli and tax increases. On the other hand, the factors that explain the increase in productive investment were rising profits, low interest rates and good prospects in world trade. However, the conditions of access to credit in the private sector resident in Spain remained very restrictive and the default rate rose.

In contrast, public consumption and investment in construction shrank in 2010. On the one hand, public consumption recorded systematic falls throughout all four quarters, which had not occurred since 1994, a clear reflection of the fiscal consolidation policy adopted by the Spanish Government. On the other hand, investment in construction fell 11% and took 1.6 points off GDP growth, considering that paralysis in public works was added to the fall in residential construction this year.

As for foreign demand, its positive effect on GDP growth was due to an extraordinary increase in the exports of goods, favoured by the recovery in the European market and the dynamism of emerging economies. However, imports recorded slower growth, of 5.4%, in response to lethargic internal demand. It should be pointed out that in 2010, exports to the European Union – 68% of the total in 2010 – increased 15.4%, while those outside the Community increased 22%. By countries, the exports that grew most were those to China (33.1%), Japan (16.9%) and Brazil (59.6%).



This positive contribution from the foreign sector resulted in another improvement in the current account deficit, from 5.2% of GDP in 2009 to 4.5% in 2010. Moreover, it is important to point out that some of the traditionally loss-making balances, such as trade with European Union countries or non-tourism services, recorded surpluses for the first time.

From the point of view of supply, the slight contraction in GDP in 2010 can be explained by decreasing activity in the construction sector and, to a lesser extent, in agriculture, as both industry and services saw slight increases in activity. It should be noted that industry was the sector that played the leading

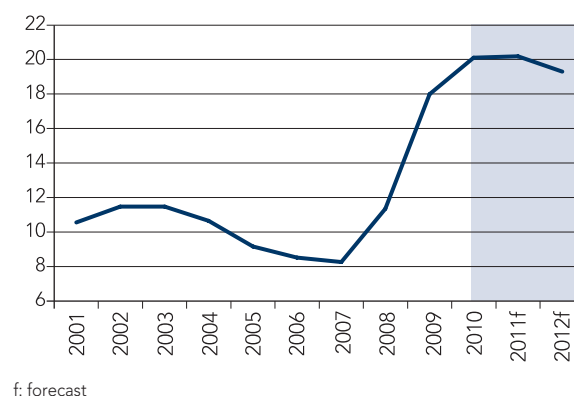
role in emerging from the recession, as it went from a decrease in activity of 13.6% in 2009 to growth of 0.9% in 2010, encouraged by the positive behaviour of foreign markets.

From another point of view, the fall in Spanish GDP was the result of a reduction in working hours of 1.7% and an increase in hourly productivity of 1.6%. The latter, combined with moderate growth in the hourly labour cost, resulted in unit labour costs (ULC) falling 1.4%, the first negative rate to be recorded since the series began. In the case of industry, this reduction in ULC was even greater, allowing this sector to recuperate part of the cost competitiveness it lost before the crisis.

The slow exit from the crisis did not bring an increase in the number of workers in the Spanish economy, although the rate of job destruction did slow significantly. According to the National Accounts, employment fell 2.4% in 2010, compared with 6.7% in the previous financial year. The effect on jobs was that 417,000 full-time jobs disappeared, more or less one third of those destroyed in 2009, at the critical point of the crisis. Now, unemployment is still the most dramatic element of the Spanish crisis: in annual terms, the number of unemployed rose 12% in 2010, accumulating the 60% and 41% increases recorded in 2009 and 2008, respectively. In total, the number of unemployed reached close to 4.7 million by the end of 2010, 370,000 more than the previous year and 2.8 million more than at the end of 2007, when the economic crisis began. The unemployment rate, on the other hand, reached an average of 20.1% in 2010, two points over that of 2009 and the highest figure since 1997. Unemployment continues to affect foreigners and young people especially. Specifically, the youth unemployment rate reached over 41% and that of foreign workers 30%, while that of native Spaniards was 18.2%.

It should be pointed out that, although job losses were 90% concentrated among workers on temporary contracts in 2009, in 2010 they affected workers on temporary and indefinite contracts more equally. Consequently, the rate of temporary work fell to 24.9% in 2010, the lowest since statistical data became available. Even so, it is still well above the EU average, reflecting the existence of structural problems in the operation of the Spanish labour market, and encouraging adjustments to deal with falling activity to be based fundamentally on job suppression.

UNEMPLOYMENT RATE IN SPAIN As a percentage of the active population



Graphic 3.2

Source: OECD, May 2011

To resolve this anomaly, labour reform was passed in 2010 with the basic aims of reducing temporary work. However, continued uncertainty about the Spanish economy discouraged the creation of indefinite contracts on the first signs of improvement in activity. Therefore, the few businesses that took on workers in 2010, after the reform came into force, did so on a temporary basis and also with shorter working days.

Inflation and the public deficit are the other two negative variables to be read in the balance in 2010. On the one hand, the annual average rate of harmonized inflation rose in 2010 to 2%, from -0.2% in 2009. The monthly trajectory was erratic but ended the financial year at a yearly high (2.9% in December). This rise is the response to the steep interannual rises in the prices of energy products that were recorded as a result of rising oil prices and euro depreciation against the dollar, and also rising prices of food products on international markets. The underlying rate of inflation – which excludes energy and unprocessed food – rose from May onwards, but always at lower values than overall (1.5% in December). The factors that influenced this increase were basically the increase in VAT in July and in the tax on tobacco in December 2010. Likewise, inflationary tensions generated by the conditions of supply and demand are still very moderate and it is the exogenous factors – basically energy – that explain the increase seen in the overall rate of inflation. The inflation differential in relation to the eurozone changed from favourable to Spain in 2009 to unfavourable by four tenths in 2010.

On the other hand, in 2010, the expansive orientation of fiscal policy that had been recorded since the beginning of the economic crisis was reversed and >

the Spanish public deficit, which reached historic highs in 2009, began to decrease. The Spanish economy fulfilled its aim of fiscal consolidation set by the Stability and Growth Pact and brought down its deficit from the high reached in 2009 (11.1% of GDP) to 9.2% in 2010. Financing this deficit caused a rapid increase in public debt, to 60.1% of GDP in 2010, so reaching the highest reference threshold set by the Stability and Growth Pact.

It should be pointed out that the reduction in the deficit in 2010 was centred exclusively on the central government, as regional governments continued to increase their deficits throughout 2010. The central government was able to reduce its imbalance by about half in just one year, from 9.4% of GDP achieved in 2009 to 5% GDP in 2010, below the initial target (5.9%). This reduction in the deficit was possible due to a 34% increase in revenue and a 6% reduction in spending.

As for income, one should mention the increase in taxation on income from savings and the elimination of the 400 Euros deduction from the IRPF (personal income tax) from January, plus the rise in VAT in July. In relation to spending, the austerity measures passed in January and May, such as non-execution of budget entries to the value of 7,400 million euros, suppression of the “baby cheque”, the 5% reduction in public wages and the pensions freeze, contributed to this reduction.

Finally, one should point out that the rapid increase in the fiscal deficit and public debt raised suspicions in the financial markets about the financial capacity of the Spanish economy. Throughout the year, the risk premium of Spanish bonds reached two monthly highs,

the first in June when it reached 200 basis points, and the second in December, when it rose to 247 basis points. Consequently, the rating agencies lowered the Spanish public debt rating from the highest credit rating (AAA) to AA, but with negative prospects, so that future devaluations cannot be ruled out.

The Spanish government responded to this strong pressure from the financial markets by pushing through three major structural reforms: financial system restructuring, labour reform and reform of the public pensions system.

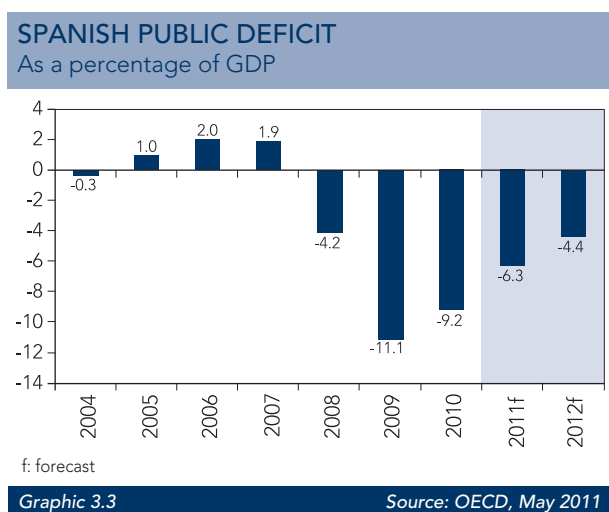
3.2. Prospects

The Spanish economy continued to grow very weakly during the early months of 2011, in the context of a progressive but still uncertain recovery in the world economy. According to the National Institute of Statistics, the rate of interannual growth in GDP accelerated two tenths, to 0.8% in the first quarter of 2011. This situation was the result of the still negative effect of national demand and an increase in the positive effect of net foreign demand, which continued to be the main source of GDP expansion.

Nevertheless, the situation in the labour market is still far from normal. A new interannual fall of 1.4% was recorded in employment, affecting all branches of activity on an aggregate scale, and the unemployment rate rose to 21.3% in the first quarter, in the context of a slight slowdown in the growth rate of the active population.

Despite the still evident weakness in the Spanish economy, inflation continued to rise, reaching 3.8% in April, driven mainly by transitory factors, among which higher energy prices stand out, amplified by euro depreciation, and the step effect of the increase in VAT in July of the previous financial year. However, as the year advances, the pressures on costs and prices intensifies, as can be seen in underlying inflation, which went from 1.7% in March to 2.1% in April.

It should be pointed out that, during the early months of 2011, the Spanish Government took new measures to try to distance itself from the group of countries most affected by sovereign debt market tensions. Among the most relevant measures are notably the financial sector strengthening plan, which



raises solvency requirements for credit entities, and the public pensions system reform, which gradually raises the age of retirement to 67. Nevertheless, since April, tensions over the Spanish public debt hardened as a consequence, primarily, of contagion from the Portuguese crisis and, later, of the possible restructuring of the Greek debt.

For the whole of 2011, prospects indicate that household consumption will continue to show signs of serious weakness, influenced by the difficulties in the labour market, the diminishing value of family assets and falling income, in a context in which family purchasing power is being undermined by rising inflation and falling wages. For its part, it is expected that the trend in residential investment will continue to improve but less strongly. The culmination of the pending adjustment will require housing transactions to regain a clearer path to recovery, hampered earlier this year by the effect of advance purchases in the previous year, before the elimination of the IRPF tax deduction on house purchases. Neither will rising interest rates help, beginning in April and probably extending throughout 2011. On the other hand, stronger investment in capital goods is expected, possibly linked to the industrial revival, and also stronger exports, while investment in non-residential construction will be affected by the public sector austerity plans, above all transport infrastructures.

As for foreign demand, it is expected that dynamic exports of goods and the notable recovery of tourism will continue, while foreign purchases will advance slowly, in line with internal weakness. Exports of tourism services, on the other hand, will benefit from the recovery in European countries supplying tourists to Catalonia, from euro depreciation against the dollar and also the political uprisings in North African destinations, which directly compete with Spanish tourism.

To summarise, the Spanish economic situation remains obscure. Added to the harsh fiscal restrictions which all public authorities must implement in 2011, which will affect consumption and public investment above all, are other elements that will discourage recovery, such as rising consumer prices or interest rates. The main international bodies estimate that the Spanish economy will see GDP grow at around 0.8% - 0.9% in 2011, after Greece, Portugal and Ireland, the slowest rate among the advanced countries.

SPAIN. PRINCIPAL MACROECONOMIC AGGREGATES

Rates of interannual variation

	2008	2009	2010
Components of demand			
Private consumption	-0.6	-4.3	1.3
Public consumption	5.8	3.2	-0.7
Gross formation of fixed capital	-4.3	-15.8	-7.6
National demand (a)	-0.6	-6.4	-1.2
Foreign sector (a)	1.5	2.7	1.1
Exports of goods & services	-1.1	-11.6	10.3
Imports of goods & services	-5.3	-17.8	5.4
Components of supply			
Agriculture, livestock & fishing	-2.1	-1.0	-1.3
Energy	5.8	-6.4	3.0
Industry	-2.7	-13.6	0.9
Construction	-1.6	-6.2	-6.3
Market services	1.7	-1.9	0.4
Non-market services	4.7	2.1	0.8
GDP at market prices	0.9	-3.7	-0.1

(a) Contribution to GDP growth at market prices

Chart 3.1

Source: National Institute of Statistics (INE)

THE ANDORRAN ECONOMY: OVERALL TRENDS

4. POPULATION, EMPLOYMENT AND EDUCATION

4.1. Population and migratory flows

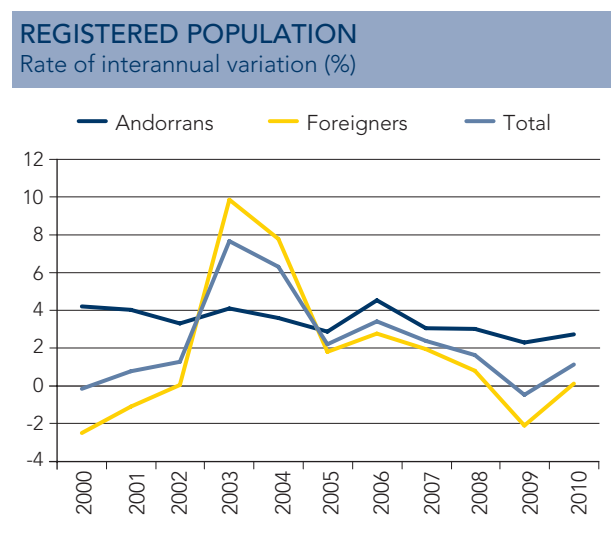
According to the official figures, in 2010 the Andorran population grew to 85,015, a figure that represents an increase of 1.1%. This increase means a renewal of the upward trend that was seen from 2001 but that was interrupted in 2009, falling 0.5% in relation to the previous year. In absolute terms, the population officially increased by 933, a trend that contrasts with the decrease of 402 in the last year. Nevertheless, discounting the fall in 2009, this increase is the smallest since 2001, when the population increased 0.7%. So, the average rate of population growth over the period 1996-2010 was 2.0%, a figure that is still quite significant.

Now, in the context of the serious economic crisis that Andorra is still suffering, and the lack of social security benefits for the unemployed, it has to be said that the rise in population in 2010 is incongruous. In fact, the Department of Statistics of the Government itself has acknowledged that the population figures provided by the communes do not reflect Andorran reality and reckon that there could be a major overestimation in the census, of between 12%-17%, as many citizens who leave the country do not de-register themselves from official bodies such as the communes. The fact is that a process has been started to revise the population data, which is expected to be available from the 2011

census, which could greatly change the panorama of the population described this year.

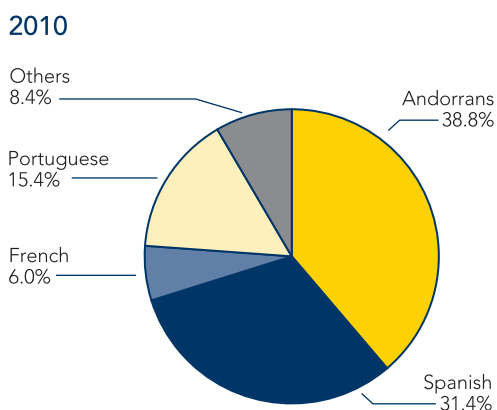
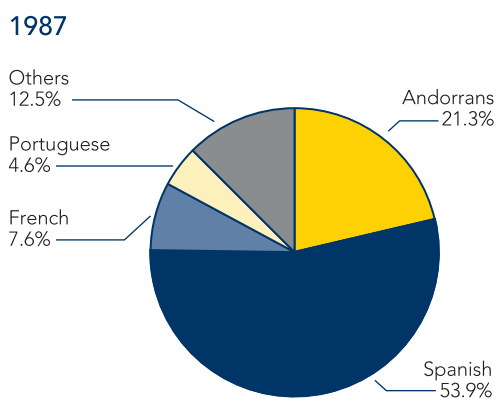
Likewise, the analysis for 2010 can only be based on the official information available now, from which it can be seen that, by nationalities, the total increase in the Andorran population can essentially be explained by growth in the indigenous population, while the foreign population grew minimally. Specifically, the Andorran population grew 2.7% in 2010, four tenths more than in the previous year, although this is still relatively moderate in historical terms as the annual average growth in the last thirty years was over 4% and in the last ten years was approximately 3.4%.

So, there is a chain of six consecutive financial years in which the indigenous population has grown more



Graphic 4.1 Source: Commune parish census / Department of Statistics. Government of Andorra

ANDORRAN POPULATION BY NATIONALITIES



Graphic 4.2 Source: Commune parish census / Department of Statistics. Government of Andorra

positively than the foreign. To be specific, there was only an increase of 0.1% in the number of foreigners, a trend that means an improvement in relation to the decrease recorded in the previous year (-2.1%), but contrasting with the dynamic phase experienced in the period 2003-2008. This near-stagnation in the foreign population can no doubt be attributed to the lack of attractiveness due to the economic crisis that Andorra is undergoing.

Among the group of foreigners, the slight increase in the total can be explained by growth in the group of Spanish, the most numerous group among the foreign population, which has grown a mere 0.1%, after five consecutive years of decline. In contrast, the group of French shrank, for the second consecutive year, by 0.2%. However, the steepest fall was in the Portuguese population (-2%), also for the second consecutive year, contrasting with the period of strong growth seen between 2002 and 2008, when the number of Portuguese registered in Andorra doubled. To complete the analysis, it was the group of residents of other nationalities that saw the most positive trend, as in the previous two years, with an increase of 4.4%, which brought it over the threshold of 7,000 for the first time in its history, being the only group whose growth does not appear to have been held back much by the crisis.

Due to the above, the foreign population's percentage of the total fell six tenths, to 61.2%, and continues to diverge from its highest value, achieved in 1987 (78.7%). In contrast, in 2010 the percentage of the group of Andorrans increased proportionately – it is now 38.8% – and so the rising trend seen since 1988 continues, having only been

interrupted by the process of regularization of foreigners in 2003 and 2004.

As for natural population growth, in 2010 this was 589, higher than in the previous year (4.1%), a figure that represents a rate of 6.9 per thousand, also higher than in 2009. This trend in the natural population growth is the result of the fall in the numbers of deaths (-12.1%), greater than in the numbers of births (-1.2%), accumulating two years of falls. As a result, the birth rate fell to 9.7 per thousand, a figure that sets a historic low in the series, available since 1979, beating the previous low in 2007, undoubtedly due, in part, to the constraints imposed by the crisis, when deciding whether to expand one's family. In parallel, the fall in the death rate was more significant, reaching 2.8 per thousand, contrasting with the steep increase seen in 2009. To these data should be added the positive balance in migratory movements, with 344 individuals, also representing a change in trend, when compared with the decrease recorded in 2009.

As for population distribution by parish, in 2011 the trend continued for the high, less-populated parishes to increase their percentage of the total, to the detriment of the low parishes, a persistent but slow trend since the beginning of the nineties. Specifically, the parishes in which the population grew most in 2010 were, as over the previous nine years, Ordino (5.0%), Canillo (4.9%) and La Massana (1.7%), although that of Ordino grew at a slower rate than recorded in 2009, while that of La Massana accelerated a little and that of Canillo remained stable. Encamp, Andorra la Vella and Escaldes-Engordany also saw population growth, but much slower, although in the first two cases the rate was better than in the previous

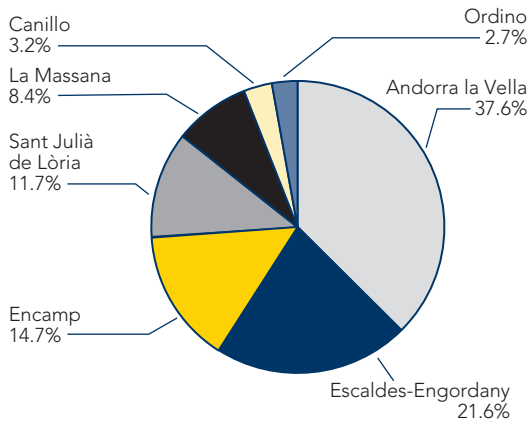
NATURAL POPULATION MOVEMENTS		
	2009	2010
Births	838	828
Deaths	272	239
Natural growth	566	589
Birth rate (per thousand)	9.966	9.739
Death rate (per thousand)	3.235	2.811
Rate of natural growth (per thousand)	6.732	6.928
Increase from migration or census regularization	-968	344
Total increase in population*	-402	933
Marriages	265	287

* Natural growth plus increase from migration.

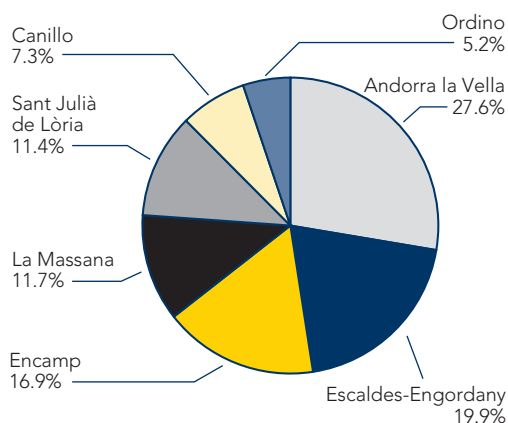
Chart 4.1 Source: Commune parish census / Department of Statistics. Government of Andorra

ANDORRAN POPULATION BY PARISH

1991



2010



Graphic 4.3 Source: Commune parish census / Department of Statistics. Government of Andorra

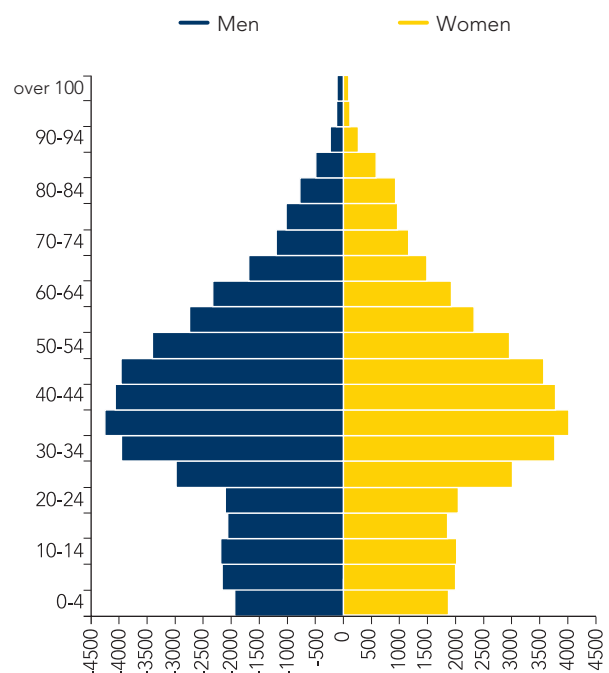
year. Finally, the only parish in which the population fell was Sant Julià de Lòria, although this was very slightly (-0.1%), and the first fall seen in this parish in nine years. Equally, Andorra la Vella remains by far the most populated parish, with 27.6% of the total Andorran population, and Ordino is the least populated parish (5.2% of the total). Moreover, the high parishes' percentage of the total population rose by four tenths to represent 41%, compared with 29.1% at the beginning of the nineties; in contrast, the low parishes lost points, but still concentrate 59% of the total population. Altogether, this means that Andorra is still heading slowly towards a more even distribution of its national population.

The structural analysis of the population by gender shows that the male population still predominates in all working age ranges, with the exception of the population over 80 and, for the first time, the population range from 25 to 29, though with little difference in the latter case. Thus, the male population outweighs the

female by 4 points, two tenths less than in 2009. The male presence is still more marked in the 45 to 69 age range, due to the higher proportion of foreign workers, which have traditionally been predominantly male. More specifically, 72.6% of the foreign population is concentrated in the 25 to 64 age range, while 47.2% of Andorrans are in this range. So, the foreign presence clearly outweighs that of Andorrans in all age ranges from the age of 25. It should be noted that, until last year, the threshold was 20. In contrast, Andorrans predominate in the ranges of 0-9 (84.1%) and 10-19 (70.4%). This year, the 20-24 age range was added for the first time, with 53.5% Andorrans; in contrast, the presence of Andorrans in the group of people over 65 is limited to 23.8%.

The population distribution by ages reflects the fact that in 2010, the Andorran population continued to age. So, the population range up to 14 saw an increase of 0.7% which, despite representing an improvement with respect to the decrease in the previous year, is less than that of the total population. As a result of this, its share of the total population fell one tenth to 14.4%. Moreover, the group of those at or above 65 continued to grow at a very significant rate, 4.7%, higher than that of the previous year and the fastest recorded since 1993, causing this group's percentage

STRUCTURE OF THE POPULATION BY GENDER AND AGE. 2010



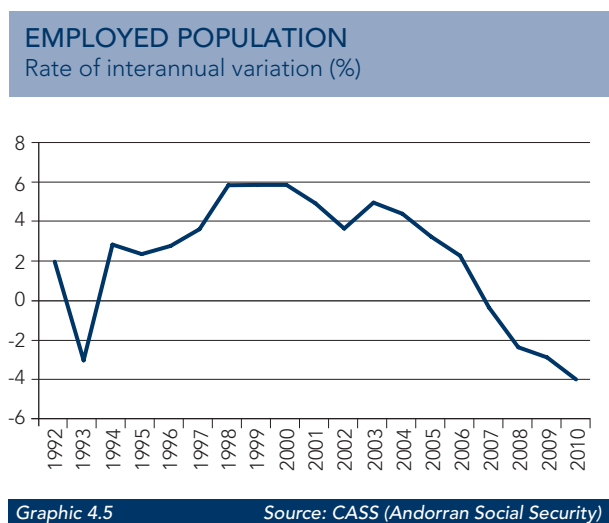
Graphic 4.4 Source: Commune parish census / Department of Statistics. Government of Andorra

of the total Andorran population to rise half a point to 13.3%, a historic high. In parallel, the population between 15 and 64 rose at a rate of 0.6%, reducing its percentage of the total population for the third consecutive year, by four tenths, to 72.3%.

4.2. Employment

Andorra has suffered a negative trend in its labour market in 2010, for the fourth consecutive year, in line with falling economic activity in Andorra. According to the data from CASS (Andorran Social Security), waged employment saw a very significant drop of 4%, reaching an annual average of 39,393 employees, a figure that represents a return to 2003 job levels. This drop represents the worst trend in the historical series and even exceeds the fall recorded in 1993, during the previous economic crisis. So, the downward trend that began in 2007, breaking a thirteen-year period of sustained job growth, continues and worsens.

Consequently, the employment rate – measured as the number of employees in relation to the population between 15 and 64 – has suffered a very marked fall (of 3 points), for the fifth consecutive year, to reach 64.1%, the lowest level in the last twelve years and below the average for the European Union (64.2%), for the first time since 1996. This very negative trend in the labour market led to the Government deciding to provide an impetus in its active job policies, approving two programmes at the end of the year: one, to promote employability and practical and theoretical training within companies, and another, to encourage the employment of workers from the building sector and related fields, although the effects of these cannot yet be seen in 2010.



Distribution among the main sectors shows that employment has fallen in all the major sectors, except agriculture. More specifically, construction is still the sector in which most jobs were destroyed in percentage terms (-13.9%), and at a faster rate than in the previous year. This continues and intensifies the downward trend begun three years earlier, after the long and intense period of expansion experienced between 1996 and 2006, and leaves the sectorial employment rate at levels not seen since 1996. Job destruction was also significant in industry (-3.7%), contrasting with the increases in the last two years. This trend can be explained by falling numbers in manufacturing industries (-4.4%), which was only partly offset by rising employment in the field of production and distribution of energy, gas and water. In contrast, the primary sector was the only one to see a rise in employment, for the second consecutive year, of 2.9%, despite the reduction in tobacco production. In any case, the trend in this sector has a much lower effect on the economy, as this activity has a very small percentage of the Andorran labour market, with only 152 employees.

The destruction of jobs, in absolute terms, occurred in services – the sector with the highest concentration of Andorran jobs – with 805 employees less than in 2009. This figure represents a fall, for the third consecutive year, of 2.4%, the steepest in the historical series available since 1991, although this was a lower percentage than that of the total. In all, this meant that its percentage of total employment increased 1.3 points, to 83.1% of employees, a historical high, while construction lost 1.4 points, to reach 11.8%, a historical low. For their part, industry and agriculture stabilised at 4.7% and 0.4%, respectively.

A more disaggregated analysis of the data for tertiary activities enables us to see that the sub-sector comprising commerce and motor vehicle repairs remains the most important sub-sector of services, with 25.3% of the total of Andorran workers, checking the falling trend seen in the last six years. In second place are hotels and catering, concentrating 12.6% of employees, a percentage that has risen for the second consecutive year, after five years of falls. Then comes public administration, defence and compulsory social security (11.4%), reducing its percentage for the first time, due to a reduction in employment of 4.5%, the first to be recorded since this historical series became available. Next are property sales, rentals and business services (10.5%); the section "other social activities and services >

NUMBER OF WORKERS

	2010	Var. 10/09	% total 2010
Agriculture, livestock, hunting and forestry	152	2.9	0.39
Industry	1,851	-3.7	4.70
Extraction industries	3	-25.5	0.01
Manufacturing industries	1,687	-4.4	4.28
Production and distribution of electricity, gas and water	161	4.6	0.41
Construction	4,657	-13.9	11.82
Services	32,733	-2.4	83.09
Commerce and motor vehicle repairs (etc.)	9,977	-3.7	25.33
Hotels and catering	4,956	-3.5	12.58
Financial system	1,671	-1.5	4.24
Public admin., defence and compulsory social security	4,487	-4.5	11.39
Others	11,642	0.0	29.55
Total	39,393	-4.0	100.00

Chart 4.2

Source: CASS (Andorran Social Security)

provided to the community; personal services" – not including health and education – (6.1%). Lastly come health and veterinary activities (4.5%), the financial sector (4.2%) – in which employment has not fallen since 2004 – households employing domestic staff (3.4%) and transport, storage and communications (3%). The other tertiary activities have an employment percentage below 3%.

4.3. Education

The population in education in Andorra for the year 2009-2010, including the school, university and non-university population abroad, was 12,432, 0.3% less than the figure for the previous year – which has been revised since it was initially published. This decline can be explained wholly by the fall in the university population (-5.8%), a group which notably also includes students in higher vocational education, while both the school and the non-university population abroad saw increases (0.4% and 1.5%, respectively). As a result, the presence of the non-university population abroad in the overall school age population rose six tenths to reach 2.1%.

The distribution of the population in education by country of study shows that the number of students studying in Andorra fell slightly (-0.1%), to reach 11,313. Nevertheless, this figure represents 91% of the Andorran population in education, two tenths more than in the year 2008-2009 and the highest level in the comparable historical series, thereby

continuing the trend towards the population in education being concentrated in Andorra, which was detected years ago. So, the population studying abroad has diminished faster (-2.4%), a trend that can be explained fundamentally by the falling number of university students abroad – the majority of those studying outside Andorra (64.1%).

Of the other 9% of Andorran students, who study in other countries, most are concentrated in Spain (7.7%), while only 1.2% of Andorran students are in France. So, the percentage of the two countries is lower than in the previous year, due to falling numbers of Andorran students studying there, being slower in Spain (-1.7%) than in France (-8.3%). The distribution by country of study is completed by 21 students spread around other countries (0.2% of the total), two more than in the previous year.

4.3.1. School population

The number of students at school level was 10,837 in the year 2009-2010, 0.4% more than in the previous year, close to the high reached in the year 2007-2008. This increase contrasts with the decrease registered in the previous year (-0.5%) and caused the school population's percentage of the total population in education to rise six tenths to 87.2%. Moreover, the rate of schooling – calculated as the percentage of the school population in the overall population at this stage – rose to 56.1%, against 44.7% in the previous school year, a factor that should be evaluated

STUDENT POPULATION BY LEVELS			
	2009-2010	% variation 09-10/08-09	% in 2009-2010
Kindergarten	2,411	0.1	22.2
Primary education	4,367	-2.4	40.3
Secondary education	2,838	2.2	26.2
Baccalaureate	854	3.4	7.9
Vocational training	367	17.6	3.4
Total	10,837	0.4	100.0

Chart 4.3

Source: Ministry of Education and Youth

positively because it helps to improve the supply of human resources to the country, fundamental to competitiveness in any economy.

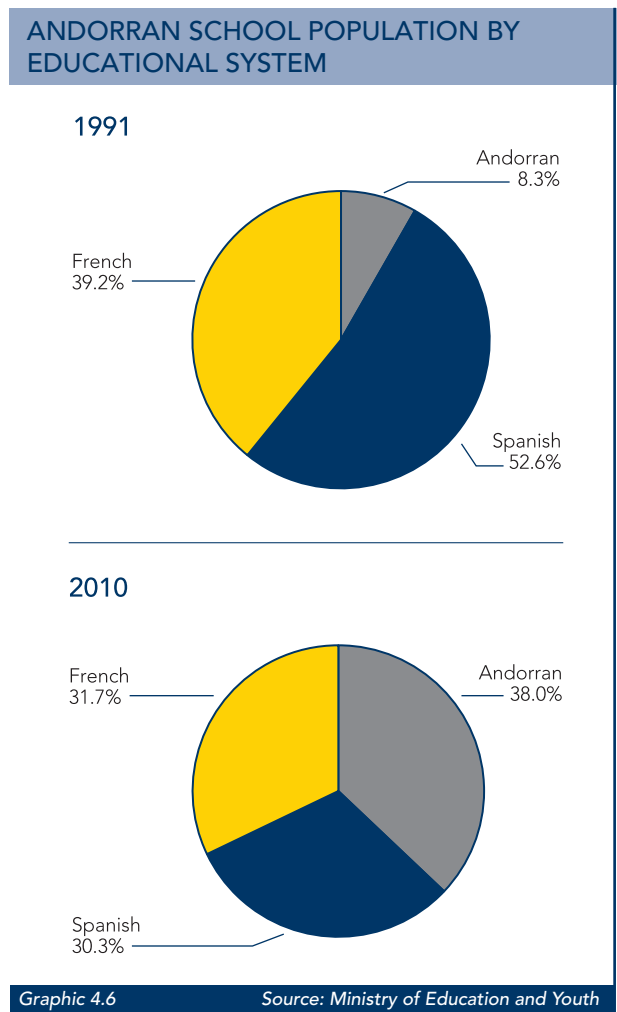
The levels with most students at this stage are kindergarten and primary and secondary education, concentrating 88.7% of the school population, seven tenths less than in 2009, so accumulating three years of falling percentages, in line with the ageing trend in the Andorran population. This fall can be explained wholly by the reduction, for the second consecutive year, in the number of students at primary school (-2.4%). In contrast, the other groups saw increases, which was very slow in the case of kindergarten (0.1%), but ended four years of decline in this group, and faster in secondary education (2.2%), also an improvement in comparison with the decline in the previous year.

For its part, the baccalaureate counts for 7.9% of students, two tenths more than in the previous year, thanks to an increase in students of 3.4%, higher than in the previous year and involving the accumulation of three consecutive years of growth. Finally, vocational training represents the remaining 3.4% of the school population, a percentage that also implies an improvement compared with the previous year, of half a point, thanks to the strong increase in student numbers, by 17.6%, added to the strong increases recorded in the previous two years.

As for the trend in the school population by educational system, it should be noted that during 2009-2010, the progressive implantation of the Andorran educational system continued, with an increase in students of 3%, much higher than the rise in the total population for this period (0.4%), raising its percentage by one point, to 38% of the overall school population. So, the number of students in the Andorran educational system grew without interruption from the beginning of the nineties, to reach a new historic high in 2010. It should be noted

that the increase in 2010 was motivated as much by the Andorran school (2.3%) as vocational training (27.2%), following the same pattern as the last two years, although the relatively small percentage of the latter greatly limits its contribution in real terms.

Unlike the trend seen in the Andorran educational system, the number of students in the Spanish system fell 1.2%, joining a chain of six falls over the last seven years. As a result, its overall percentage fell half a >



Graphic 4.6

Source: Ministry of Education and Youth

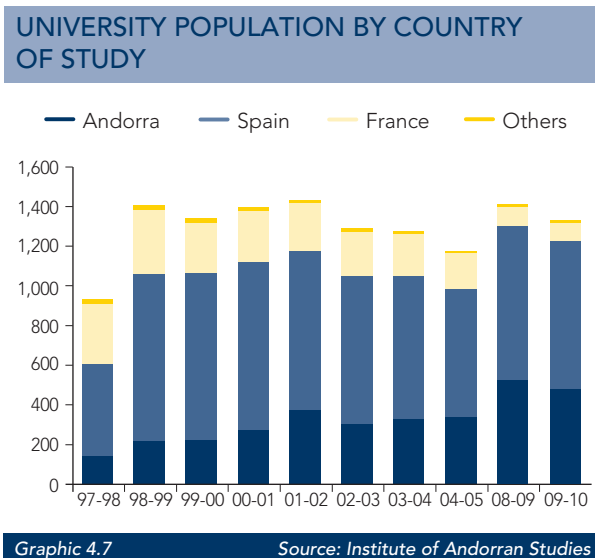
point to 30.3%, a figure that sets a new historic low. This trend can be explained by the decrease, for the seventh consecutive year, in students in Spanish schools (-3.2%), which was offset a little by the slight increases in congregational schools (0.2%), as occurred in the two previous years; there was also a fall of 5.3% in the numbers of students at the single private school, continuing the falling trend begun in 2006-2007.

As a result, the traditional Spanish schools saw their percentage shrink three tenths, to 9.2% of the total Andorran school population. In the case of congregational schools, their percentage remained practically stable, at 19.1% of students, while the private school lost only one tenth to hold 2% of the total. Finally, the French educational system saw a decrease in students for the fifth consecutive year, of 1.1%, lowering its percentage of the total by half a point to another historic low of 31.7%, although this remains higher than that of the Spanish educational system.

4.3.2. University population

During the school year, 2009-2010, the Andorran university population reached 1,326 students, 5.8% less than in the previous year. The distribution by gender reflects that women still predominate, representing 57.5% of the total. The analysis by countries of study shows that the falling number of students affected all of the main destinations and most notably the University of Andorra, where numbers fell 9.3%, so that its percentage fell 1.4 points to encompass 35.9% of the total of Andorran university students. This breaks with its sustained trend of gaining in percentage since it was created. Even so, Andorra remains in second place in the ranks, only behind Spain, which comes first with 56.3% of Andorran university students, after suffering a reduction of 3.4% in 2009-2010, lower than that of the total.

Far behind lies France, where the number of university students has also fallen significantly (-5.2%), so that its percentage stabilised at 6.9% of the total. Finally, 0.9% of the remaining students – 12 individuals, 1 less



than in the previous year – are spread among other countries (Great Britain, Portugal, United States, Belgium, Canada, Luxembourg and Uruguay).

As for the specific case of the Virtual Studies Centre, attached to the Open University of Catalonia (UOC), the number of students registered for diplomas and degrees was 183 in 2010-2011, 12.4% less than in the previous year. On the other hand, 35 students registered for the access course for those over 25 – 4 less than in 2009-2010 – to which should be added the 23 registered for the advanced professional diploma – 5 less than in the previous year – and the 490 taking further studies (postgraduate, refresher courses or seminars), compared with 621 in the previous year.

Finally, the analysis by areas of study shows that the department with most university students in Andorra is legal and economic science, making up 30.8% of the total university students. Then there are health sciences (18%) and technical science (17.8%) and, with a lower percentage, the departments of educational science (11.2%) and human and social science (10.2%). At the other extreme are the departments of tourism, communications and public relations and experimental science and maths, taken by only 39, 60 and 61 students, respectively.

5. ACTIVITY AND DEMAND

5.1. The evolution in economic activity in 2010

After a historic fall in activity in 2009, the rate of decline in the Andorran economy slowed down in

2010, although it still remained at quite negative levels. This was partly favoured by a more positive international context, characterised by strong recovery, after also suffering a deep recession in

2009. In relation to demand, the component that encouraged the slowdown in the rate of decline in Andorran activity was exports of tourism services. In contrast, consumption and investment maintained a rather negative trend, especially public investment, in line with what happened in 2009, when the central Government changed the orientation of its fiscal policy towards austerity, which continued in 2010. As for the supply, indicators show that in the major sectors, the situation was less unfavourable in services, particularly in tourism, commerce and the financial sector, and also in agriculture. In contrast, construction continued to fall strongly and, for its part, industry did not show clear signs of improvement.

The slowing rate of decline in Andorran economic activity in 2010 is evident in the changing trend seen in certain indicators of activity and demand, in relation to 2009. In particular, the small increase in total imports (0.4%) stands out, compared with the record fall recorded in the previous year (-13.4%), although this improvement is greatly influenced by fuel prices, so that if you discount fuels, the trend was still negative. Other indicators on the rise were

bank credit (3.5%), electricity consumption (1.2%) and vehicle registrations, both for cars (8.9%) and industrial vehicles (4.2%), contrasting with the falls seen in 2009. Another key indicator that improves the trend is the number of tourists, which fell only 0.3%, the smallest fall in the last nine years, although the more marked decline in the number of day-trippers (-6.7%) left the reduction in the total number of visitors at 5.4%, against -4.5% in 2009.

Other indicators that slowed the rate of fall are Government operating costs (-1.2%), numbers of companies (-1.4%) and imports of capital goods (-14.1%). In contrast, there is one outstanding indicator that worsened the trend, which is employment (-4.0%), which may be symptomatic of companies trying to improve productivity in a passive manner, i.e. trying to maintain production but using less contracted personnel. In effect, the overall balance indicates an economic situation that was still rather negative, with another fall in the rate of activity, if less intense than in the previous year.

This diagnosis is corroborated by the official GDP data that the Government published for the first time in >

SUMMARY OF INDICATORS OF ACTIVITY - Rates of interannual variation (%)

	2009	2010
Activity		
Companies	-3.0	-1.4
Employees	-2.8	-4.0
Industry	1.2	-3.7
Construction	-11.2	-13.9
Services	-1.6	-2.4
Number of visitors ⁽¹⁾	-4.5	-5.4
Electricity consumption ⁽²⁾	-2.0	1.2
Imports	-13.4	0.4
Demand		
Car registrations	-19.7	8.9
Industrial vehicle registrations	-28.2	4.2
Imports of capital goods ⁽³⁾	-17.8	-14.1
Imports of building materials ⁽⁴⁾	-23.6	-17.4
Credit from banking entities ⁽⁵⁾	-2.1	3.5
Operating costs of the Administration	-2.0	-1.2

(1) From May 2009 the methodology for calculating the number of visitors to the country was changed and therefore comparison of data from 2009 with that of 2010 is not homogeneous in absolute terms. The figures for variations appearing in the table have been estimated by the Department of Statistics of the Government from indexes it prepared to facilitate data comparison.

(2) Except domestic use, public lighting and other suppliers.

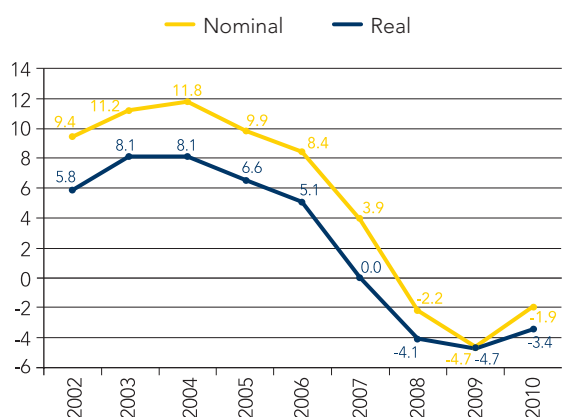
(3) Includes chapters 84 and 85, according to the Andorran Customs classification.

(4) Includes chapters 25, 68, 72 and 73, according to the Andorran Customs classification.

(5) Net credit investment to customers.

TREND IN ANDORRAN GDP

Rate of interannual variation (%)



Graphic 5.1 Source: Department of Statistics. Government of Andorra

July 2011, relating to the period 2001-2010. According to these data, Andorran GDP saw a decline for the third consecutive year, which was 3.4% in real terms, limited to 1.9% in nominal terms (by the effect of inflation), and which is more moderate than the record fall of 4.7% (both nominal and real), recorded in 2009. The estimate of GDP prepared by the Chamber lies at slightly less negative values, but agrees with the indication that the rate of fall in activity slowed in relation to the previous year. In any case, this decline is still rather intense and lies in the context of a tendency to lose dynamism that began in 2005, clearly exceeding the intensity of declining activity recorded during the crisis in the first half of the nineties. Moreover, the fall in Andorran GDP represents a clearly worse trend than that shown by European, French and Spanish GDP in 2010, so that, for one more year, Andorra lost relative positions in relation to neighbouring economies, in terms of wealth levels.

It should be specified, however, that the methodology used to make this estimate of GDP has certain important limitations, considering that it is based on a method of indirect estimation based on variables correlated to the trend in GDP, i.e., it is not the result of integrating all suitable data in the sense of national accounts, as the statistical information available to Andorra still does not allow this. So, for example, among other circumstances, application of this method implies the assumption that Andorran economic productivity is identical to that of the reference area, which in the case of this estimation is the eurozone, which is clearly very questionable. Nevertheless, leaving to one side the specific values obtained every year, if it is recognised that the data

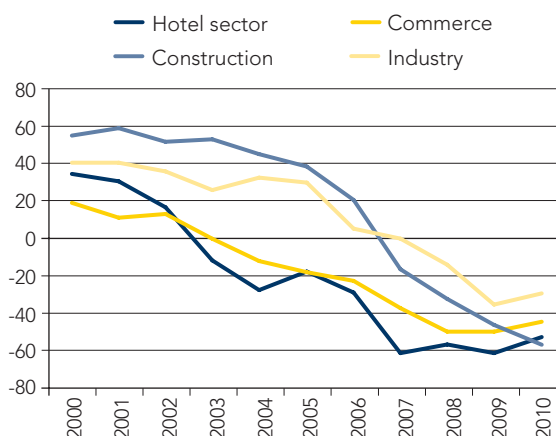
profile is fairly correlated to the GDP growth estimate that has been published until now by the Chamber of Commerce, and which in turn is closely correlated to the main indicators of economic activity in the country, it can be said that despite the limitations, this is a new significant statistical contribution and the analysis of economic trends in Andorra should be taken into account.

By sectors, the reduction in Andorran GDP in 2010 can be explained mainly by the steep decline in construction, linking four years of stagnation and decline, after the long cycle of expansion experienced between 1997 and 2006. So the available indicators of activity for the sector would indicate, with a reduction in the number of employees in the sector of 13.9%, greater than in the previous year, and major reductions in imports of building materials (-17.4%), energy consumption (-10.1%), numbers of companies (-9.3%) and the surface area authorised for building (-47.7%). Moreover, the results of the Chamber's surveys reflect further deterioration in business progress – lying at its lowest levels since the survey was begun in 1997 – a reduction in sales figures (-23.8%) and investment (-29.7%) and serious contraction in contracted and executed works, falls that are similar to or stronger than those recorded in 2009.

Another sector that helps to explain the drop in Andorran economic activity in 2010 is industry. Opinions gathered in the Chamber's surveys indicate a rather weak trend in business and a very negative climate of confidence, with values close to those of 2009. The surveys also show a major reduction in

TREND IN BUSINESS PROGRESS BY SECTOR

Balance between the percentage of positive and negative responses



Graphic 5.2 Source: Chamber of Commerce, Industry and Services of Andorra

turnover, investment and production for the year as a whole. Moreover, energy consumption in the sector was cut 5.9% and numbers of employees fell 3.7%, against the 1.2% rise seen in the previous year.

As for services, the trend in 2010 improved in relation to the last financial year, although it was still rather stagnated, mainly as a consequence of the behaviour of tourist, commercial and financial activities. Tourism and commerce continued to be affected by the negative trend in incoming visitors, due to the fall in both numbers of tourists (-0.3%), for the ninth consecutive year, and day-trippers (-6.7%), although the former did so at a much slower rate than in previous years and their average stay increased a little. The weakness in tourism and commercial activities was evident, according to the results of the Chamber's surveys, in a renewed fall in turnover in commerce (-11.6%) and hotels and catering (-7.6%), although these were slower than in 2009, and also in the still very negative evaluation of business progress made by both sectors, although this also improved a little in relation to the last financial year. Moreover, employment fell 3.7% in commerce, less than in the previous year, and 3.5% in the hotel sector, against the 2% decline in 2009. To finish, other indicators that show a lack of dynamism in activity are numbers of companies, which fell 3% in commerce and 4.1% in the hotel sector, or skiing days sold (-4.3%), while energy consumption saw a slight increase in both sectors.

In relation to the financial sub-sector, the trend appeared better than in 2009, favoured by the gradual recovery from the financial crisis on an international scale, so that the fall in the volume of deposits slowed considerably (-7.1%), while bank credit returned to positive levels (3.5%), although profits saw a small decline (-0.5%).

To finish the sectoral analysis, it should be indicated that it was the primary sector that showed relatively more favourable behaviour. Related indicators of activity show that tobacco production fell 7.2%, harmed by the bad weather conditions, but this was compensated by a strong increase in tobacco imports (15.1%). Moreover, stronger increases than the previous year were recorded in numbers of companies (11.2%), numbers of employees (2.9%) and livestock (2.8%). In any case, it should be recognised that the contribution from the primary sector to overall growth is minimal given its small percentage of the total GVA (gross value added).

BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2010

Results of the survey on the situation in industry

- 2010 compared with 2009 (as % of companies)

*Turnover	Higher	13
	Equal	25
	Lower	63
	Average variation (%)	-12.0

*Volume of investment	Higher	18
	Equal	57
	Lower	25
	Average variation (%)	-5.2

*Number of employees	More	3
	Equal	75
	Less	22

- Prospects for 2011 (as % of companies)

*Trend in turnover	Upward	5
	Stable	60
	Downward	35

*Trend in volume of investment	Upward	7
	Stable	63
	Downward	31

Results of the survey on the situation in construction

- 2010 compared with 2009 (as % of companies)

*Turnover	Higher	7
	Equal	9
	Lower	84
	Average variation (%)	-23.8

*Volume of investment	Higher	2
	Equal	41
	Lower	57
	Average variation (%)	-29.7

*Number of employees	More	0
	Equal	24
	Less	76

- Prospects for 2011 (as % of companies)

*Trend in turnover	Upward	4
	Stable	35
	Downward	61

*Trend in volume of investment	Upward	0
	Stable	50
	Downward	50

Chart 5.2 Source: Chamber of Commerce, Industry and Services of Andorra

By components of demand, the indicators of internal demand still show important deterioration, although the rate of decline has slowed a little in relation to the >

BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2010

Results of the survey on the situation in the retail trade

- 2010 compared with 2009 (in % of companies)

		Total retail trade	Food	Clothing & footwear	Household equipment	Health & hygiene	Electronics	Vehicles & accessories	Other trades	Superm. & dept. stores
*Sales figures	Greater	11	4	3	15	11	6	9	19	8
	Equal	25	29	16	15	26	19	32	27	42
	Lower	64	68	81	69	63	75	59	54	50
	Average variation (%)	-11.6	-14.2	-16.3	-11.5	-6.0	-17.4	-10.2	-9.6	-6.3
*Volume of investment	Greater	16	21	12	8	21	19	9	20	17
	Equal	60	52	53	69	63	56	86	57	50
	Lower	24	28	35	23	16	25	5	23	33
	Average variation (%)	-1.5	-4.9	-4.3	-5.3	2.5	0.3	5.7	0.1	-9.2
*Number of employees	More	4	3	0	0	5	0	9	8	0
	Equal	83	93	88	81	84	71	83	80	85
	Less	13	3	12	19	11	29	9	12	15

- Prospects for 2011 (as % of companies)

*Trend in sales figures	Upward	16	17	6	15	26	18	9	20	15
	Stable	46	35	53	33	47	41	52	47	77
	Downward	38	48	41	52	26	41	39	33	8
*Trend in volume of investment	Upward	11	20	3	4	5	12	4	12	31
	Stable	60	63	56	65	63	59	65	59	54
	Downward	29	17	41	31	32	29	30	29	15

Chart 5.3

Source: Chamber of Commerce, Industry and Services of Andorra

previous year. Private consumption was affected by a new contraction in disposable income, the result of a marked fall in employment and loss of purchasing power of wages, for the first time since the historical series became available. So, the differential between the growth in average nominal wages of employees (1.4%) and inflation went from being positive by 1.8 points to negative (-0.2 points), if inflation is measured in December (1.6%). Still, there are some indicators, such as the small increase in bank credit and rising numbers of car registrations, which indicate a slightly less negative situation than in 2009.

In relation to investment, the few available indicators also seem to point to a less unfavourable trend in investment in transport material, according to the increase in registrations of lorries and vans, by 4.2%, compared with the strong decline in the previous year, and a slowdown in the rate of fall in investment in capital goods, considering the smaller decrease in imports of these goods (-14.1%) in comparison with the previous year (-17.8%). It should be taken into account, however, that this smaller decrease is also much influenced by the increase in re-exports and the bad results in the consumer electronics trade. In any case, these levels still lie at quite negative values and we cannot see an appreciable improvement in

the situation. Moreover, investment in construction saw a more negative trend than in the previous year, from what can be gathered from the steep fall in employment in the sector (-13.9%) and authorised surface area (-47.7%), worse behaviour in both cases than in 2009, to which, moreover, are added very unfavourable results from the situation surveys and very marked declines in numbers of companies and electricity consumption in the sector.

In the public sector, the performance of the central government in 2010 was marked by an overall cut in spending, which particularly affected real investment (-41.9%), with a much steeper fall than in the previous year. In contrast, operating costs increased moderately (2.1%), contrasting with the cut in the previous year, although this did not prevent a reduction in the Government's public deficit, as public income recorded a very significant rise (12.1%). Moreover, the communes saw an overall surplus, although this was much lower than in 2009, due to stronger contraction in income than expenditure, as occurred in the previous financial year. Therefore, the overall behaviour of the public sector was that of contraction, for the second consecutive year, especially on the side of public investment, with a reduction in aggregated real investment of 41.9%, significantly stronger than

BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2010

Results of the survey on the situation in the hotel sector

- 2010 compared with 2009 (as % of companies)

*Turnover	Higher	13
	Equal	26
	Lower	62
	Average variation (%)	-7.6

*Volume of investment	Higher	26
	Equal	55
	Lower	19
	Average variation (%)	-2.8

*Number of employees	More	8
	Equal	56
	Less	35

*Origin of clients according to contract model (in %)	T.O. & travel agencies	44.0
	Individual clients	52.1
	Others	3.8

*Average stay of clients (nights)	2.7
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- Prospects for 2011 (as % of companies)

*Trend in turnover	Upward	6
	Stable	46
	Downward	48

*Trend in volume of investment	Upward	17
	Stable	50
	Downward	33

Chart 5.4 Source: Chamber of Commerce, Industry and Services of Andorra

in the previous year (-23.6%), while the reduction in public consumption was more moderate, with a cut in operating costs of 1.2%, compared with -2% in 2009. In conclusion, the performance of the overall public sector represented a brake on the rate of economic activity seen in 2010, and a repeat of what happened in the previous year, unlike in previous years when fiscal policy was traditionally quite expansive.

As for the foreign sector, in 2010 a small increase in the commercial deficit was recorded, of 0.8%, breaking with two years of reductions, so its traditionally negative contribution to national GDP worsened a little. This trend can be explained by the fall in exports (-10.2%), which was combined with a slight rise in imports (0.4%). Nevertheless, it should be noted that the Andorran economy is characterised by strong foreign dependence, linking it closely to economic development in neighbouring countries, especially Spain and France, its main customers and suppliers. So, the improvement in the international context was

the factor that acted in favour of Andorran economic development in 2010. This was clear in rate of entries of tourists from both countries – the main source of income to this country –for which the rate of fall slowed considerably in the case of France (-6.5%), and became positive in the case of Spain (1.4%), so that more favourable variations than at the beginning of the decade were obtained. Now, despite this slight improvement in the overall situation, it cannot be forgotten that there are major structural factors that have hindered the attractiveness of this country to tourists for years, such as growing competition from other winter destinations. The results of the Chamber of Commerce, Industry and Services' surveys on the hotel sector have indicated this for years, with most business responses pointing to growing competition, loss of attractiveness in the area and rising operating costs as among the main factors limiting business progress in the sector.

The slowing fall in the numbers of tourists (-0.3%), combined with the improvement in the average rate of occupancy and average stay, suggest a less unfavourable trend in income from tourist services and consequently, a less negative contribution to GDP growth from this component. Therefore, in global terms, it can be said that the contribution from the foreign sector to the variation in GDP was less unfavourable than in 2009.

In this context of continued recession, the Government promoted a new package of measures to reactivate the economy at the end of the financial year (Law 93/2010, of 16 December, on measures to promote economic and social activity, and for the rationalisation and optimisation of Government resources), which is added to the package adopted in 2009, for which the overall objective is to rationalise the operating costs of the Government and promote a new economic model that is more sustainable and based on human capital, competitiveness and knowledge. Among the measures passed were those to prevent and fight unauthorised practices; tax exemptions for creating new companies; suspension of the rent update on rental contracts; widening the margins for foreign investment in property; incentives for building renovations, the installation of renewable energy and company RDI; wage freezes for high government posts and measures to simplify administration.

To end the overall analysis of the economic situation, the business prospects for 2011 demonstrate that >

activity will continue to look negative, in line with a still weak trend in consumer and investment demand. By sectors, industry, hotels and above all, construction, will show a descending profile in activity, with a marked drop in turnover, while the deterioration in the retail trade will still be intense, but the situation would appear to tend to stabilise. In all sectors, companies suggest major cuts in the volume of investment, but again it is in construction where the reduction in the investment rate is expected to be most significant. Moreover, it cannot be presumed that the demand from neighbouring countries will significantly promote economic activity in Andorra, considering the slight progress predicted in Spanish GDP and the prospects of moderate growth in activity in France. So, it is expected that the Andorran economic situation will still be rather stagnated in 2011, although levels could improve in 2010, given the more positive foreign context.

The trend in the main indicators of activity available for the first months of 2011 seem to point in this direction, with a slowdown in the rate of fall of the number of employed and modest growth in total imports. In contrast, the rate of descent in the number of visitors was accentuated during the first five months of the year, to which is also added the reduction in electricity consumption and car registrations. In conclusion, the prospects for 2011 are that the slowing trend in the rate of fall in overall Andorran economic activity will continue, although one cannot yet speak of a recovery in growth.

5.2. Foreign trade flows

Andorra's imports of goods in 2010 amounted to 1,141.7 million euros, a figure that means a slight increase of 0.4% compared with the previous year, breaking the trend of four consecutive years of falls. By chapters, the most negative contribution was that of electrical machinery and equipment (-1.9 points) and that of articles of iron or steel (-0.5%), falls that reflect the deteriorating rate of investment in capital goods. The reductions in purchases of dairy produce and furniture and lighting also contributed significantly to declining imports.

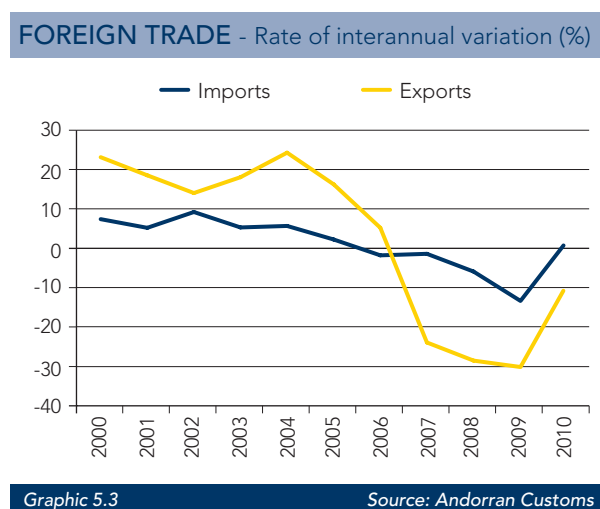
In contrast, tobacco imports recorded a very significant rise, helping to compensate the poor national harvest, much affected by bad weather, so that imports without tobacco show stagnation, instead of the small increase

in the total. Along the same lines, the contribution to growth is notable from imports in the chapters: fuel (1.8 points), driven by rising prices, and vehicles (0.5 points), due to its relatively high percentage of the total. Other chapters with a significant percentage, in which imports rose, are beverages, products of the printing industry and clocks and watches. Altogether, this has contributed to reducing the sectoral concentration of Andorran imports a little, so recovering the trend in recent years, which had been broken in 2009, so that the first three groups (food, electrical machinery and equipment and chemical products) represent 39% of the total, 1.7 points less than the previous year.

As for Andorran exports in 2010, the trend was marked by falls, for the fourth consecutive year, with a drop in the total of 10.2%, although this implies significant moderation compared with the previous year, when foreign sales saw the steepest fall in the available historical series (-30.1%). So, total exports remained at a figure of 40.9 million euros, the lowest since 1999.

The analysis by sectoral groups shows that major concentration in exports continued, so that the first three groups (transport material, electrical machinery and equipment and base metals and articles thereof) represented 51.7% of total sales, a similar level to 2009 but much lower than the historic high reached in 2005 (69.2%). It should be added that one of these three groups, electrical machinery and equipment, is also one of the top import groups, highlighting the fact that a significant part of Andorran purchases of these goods are intended for re-export.

The fall in exports, combined with a slight increase in imports, caused the coverage ratio to fall for the



fourth consecutive year, some four tenths, to reach 3.6%, the lowest level since 1991.

5.3. The geographical distribution of foreign trade

5.3.1. Imports

The European continent, the main source of Andorran imports, saw its percentage of the total fall a little in 2010. In this period, it had a concentration of 92.2% of purchases, half a point less than the historic level achieved in 2009. This gentle decrease in the geographical concentration is the result of an increase in imports from the European Union (0.1%) that is slightly less than that of the total, combined with a significant reduction in purchases from European countries outside it (-9.4%).

In the case of other continents, the only one that saw growth was Asia (11.2%), a trend that breaks with two consecutive years of falls, so that its percentage rose by six tenths, to 6.6%, and so strengthens its position as the second continent of origin of Andorran foreign purchases. In contrast, imports from America suffered a decline for the third consecutive year, of 10.8%,

although this was lower than in the previous year, reducing its percentage one tenth to 1%. The reduction was even greater in the case of the African continent (-34.5%), after four years of quite strong growth, putting its percentage of the total at 0.2%, one tenth less than in 2009. These falls were favoured by the tendency of the euro to depreciate in 2009 and 2010, making products from outside the monetary union more expensive.

In the context of the EU-27, Spain strengthened its role as the principal supplier to Andorra, with an increase in imports of 2%, higher than the average, which raised its percentage to 60.5% of Andorran foreign purchases, one point more than the previous year and the highest level in the available historical series. On the other hand, imports from France shrank for the seventh consecutive year at a rate of 7%, causing a reduction of 1.4 points in the French state's percentage of the total, to 17.7%. Nevertheless, France easily remains the second largest supplier to Andorra, although its percentage is far from what it had been in the nineties, above 30%.

As for the other EU-27 countries, Germany's share of total Andorran imports increased by two tenths, to 4.5%, the result of an increase of 3.5%, breaking with >

FOREIGN TRADE BY GEOGRAPHICAL AREAS						
	IMPORTS			EXPORTS		
	M euros 2010	% var. 2010/09	% total 2010	M euros 2010	% var. 2010/09	% total 2010
Spain	690.4	2.0	60.5	25.8	-19.4	63.0
France	202.2	-7.0	17.7	8.7	-5.4	21.1
Germany	51.0	3.5	4.5	0.3	-24.8	0.8
Italy	31.7	-10.9	2.8	0.4	-58.4	1.0
United Kingdom	15.6	8.4	1.4	0.2	135.5	0.5
Netherlands	11.4	-2.7	1.0	0.6	22.1	1.4
Portugal	10.7	15.1	0.9	0.4	6.4	1.1
Austria	4.8	22.8	0.4	0.0	-59.8	0.0
European Union-27	1,038.8	0.1	91.0	36.8	-16.7	89.8
Switzerland	11.5	-11.2	1.0	3.2	407.1	7.8
Europe	1,053.0	-0.1	92.2	39.9	-10.8	97.6
USA	6.6	-11.7	0.6	0.0	-96.0	0.0
America	11.3	-10.8	1.0	0.5	10.9	1.3
China	47.1	19.5	4.1	0.0	1,563.9	0.1
Japan	10.6	-6.1	0.9	0.0	-6.6	0.0
Vietnam	3.9	16.0	0.3	0.0	352,689.4	0.0
Asia	75.4	11.2	6.6	0.4	75.5	0.9
World total	1,141.7	0.4	100.0	40.9	-10.2	100.0

Chart 5.5

Source: Andorran Customs

two years of decline and maintaining it as the third country in the ranks of suppliers. Then come imports from Italy, although these fell significantly (-10.9%), so that its share was cut three tenths to 2.8%. After these are imports from the United Kingdom, which rose 8.4%, increasing their share to 1.4%, and the Netherlands, which showed a small decline of 2.7% and so maintained their 1% share of the total.

The trend was mostly positive in those other EU-27 countries with rather insignificant shares of Andorran imports, such as Portugal (15.1%), Austria (22.8%), Poland (26.3%) or Sweden (40.4%), in contrast with what happened in the previous year. Only Belgium stands out from this trend, with a drop of 17.4%. In the case of countries in the East, levels varied a lot between countries, but if overall purchases from the twelve new member states that joined the EU in 2004¹ and 2007² are considered, a strong increase of 19.7% can be seen, higher than that in 2009, raising their relative weight one tenth to 0.9%. Outside the European Union, imports from Switzerland resumed the falling trend seen since 2001, with the exception of 2009, with a fall of 11.2%, so that its share fell to 1% of the total. Equally notable is the fall in imports from Turkey (-15.6%), for the second consecutive year, with a limited share of 0.2%.

As for imports from countries in the rest of the world, it should be noted that only those from the USA and some Asian countries are of any relevance. In the first case, the trend was negative, with contraction of 11.7%, influenced by euro depreciation against the dollar in 2010, but was more moderate than that of the previous two years. As a result, its percentage of the total fell to 0.6% and so equalled the lowest level in the historical series.

In the case of imports from Asian countries, the increase in imports from China, by 19.5%, stands out in first place, indicating that the trend of strong growth seen during the period 2000-2008 resumed, having been broken in 2009. Consequently, its percentage of the total rose to a historic high of 4.1%, consolidating China as the first Asian supplier to Andorra and the fourth in the overall ranking, only behind Spain, France and Germany. In contrast, Japan continued to lose importance, the result of a drop in imports, for the third consecutive year, by 6.1%, reducing its

share of the total to a new historic low of 0.9%. On the other hand, other countries such as Vietnam, India or Thailand are gaining ground as suppliers to Andorra, with increases of 16%, 1.6% and 21.8%, percentages that bring their share to between 0.3% and 0.2%.

5.3.2. Exports

In 2010, Andorran exports saw a decline for the fourth consecutive year, of 10.2%, contrasting with the rising trend that characterised it in the period 2000-2006. If the distribution by geographical area is taken into account, this fall can be basically explained by the trend in sales to the EU-27 – the main destination of Andorran exports, which fell 16.7%, despite the better economic trend in this region in 2010. As a result, its percentage of the total fell seven points, to 89.8%, and so reached its lowest level in the last ten years.

By country, Spain is still the main consumer of Andorran products in 2010, despite the 19.4% contraction in exports, higher than the average. This reduced its percentage of the total by 7.2 points, to 63%, after reaching a historic high in 2009. So, the trend in sales to Spain easily explains the fall in total exports. Sales to the second largest Andorran market, France, also recorded a decline for the sixth consecutive year, although this was much more moderate than that of Spain and that of the previous year, 5.4%, a trend that increased its share of the total by 1.1 points, to 21.1%. Nevertheless, the balance between the two main Andorran partners clearly favours Spain, in contrast with the similar percentages that both countries had at the beginning of the nineties.

Among the other EU-27 countries, of note is firstly the increase in sales to the Netherlands (22.1%), so its percentage of the total rose three tenths to 1.4%, a trend that has pushed it up a step to third place in the ranks of markets for products from Andorra. Another country that has improved its position, from seventh to fourth, is Portugal, with an increase in exports of 6.4%, putting its percentage of the total at 1.1%. Behind these come Italy, which has lost importance as a market, with a fall in sales of 58.4% and a percentage of 1%, less than half what it had in 2009. The same has happened to Germany, with a reduction in Andorran exports, for the third consecutive year, of 24.8%, and a 0.8% share, so that in only two years, Germany has gone from being the third most important European

1. Slovakia, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Czech Republic and Cyprus.

2. Bulgaria and Romania.

market for Andorra to the sixth. In contrast, the United Kingdom gained position in Andorran exports, to reach 0.5%, the result of growth of 135.5% in 2010, unlike Belgium, which reduced it by half, to 0.4%, as a result of cuts in exports of 61.1%.

Unlike the EU-27, sales to the rest of Europe saw strong growth – specifically, multiplying by five – so that their percentage rose for the third consecutive year to reach 7.8%, a historic high. This trend can be explained basically by the strong rising trend in exports to Switzerland, which have multiplied by five, two years in a row, so going from representing 0.3% in 2008 to 1.4% in 2009 and 7.8% in 2010; the other countries in this group have very small percentages.

As for exports to the rest of the world, their percentage of the total increased six tenths, to 2.4%, a trend that was undoubtedly favoured by euro depreciation. The area that most contributed to this rising trend is Asia (75.5%), contrary to what occurred in 2009 (-88.8%). So, the percentage of

this continent rose from 0.4 % to 0.9%. By countries, this revival was driven, to a large extent, by the intense growth in sales to Hong Kong, by 356.1%, continuing the strong rising trend begun in 2008, which put its percentage at 0.2%. The increases in sales to Saudi Arabia and China also contributed, although these are still markets with much smaller percentages (0.2% and 0.1%, respectively).

Along the same line, Andorran exports to America saw a quite significant increase (10.9%), added to the rising trend in the last three years. Consequently, their percentage of the total rose to 1.3%, the highest level since 2001. This trend was mainly driven by rising sales to Argentina and Chile, which almost doubled, so that their percentage reached 0.5% and 0.4%, respectively. These are the only countries on that continent of any significance, together with Nicaragua, Guyana and Paraguay, which represent only 0.1% each. To complete the analysis of the continent, it should be said that sales to the USA fell almost totally (-96%) and no longer had any significance in 2010.

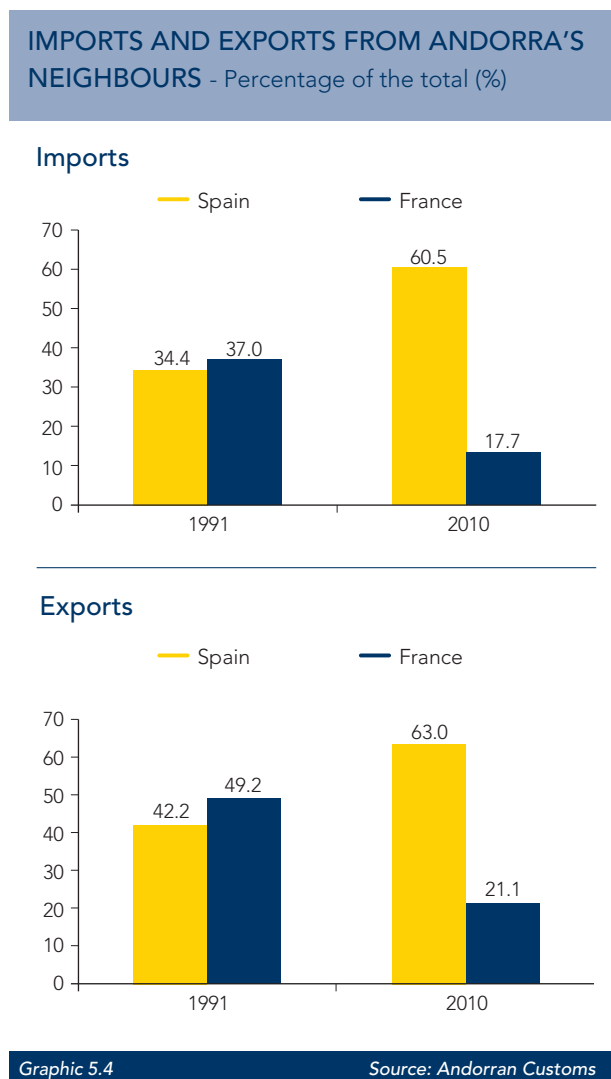
To finish, Andorran exports to Africa saw a reduction of 15.2%, after two years of quite appreciable increases, putting their percentage at 0.2%. By country, the only ones that individually represent 0.1% of the total in 2010 are Egypt and Equatorial Guinea, and these are not the same ones that stood out in previous years, as the overall trend in exports to African countries is quite erratic, in keeping with the low values they represent.

5.4. Sectoral composition of foreign trade

5.4.1. Imports

The slight increase in Andorran imports in 2010 (0.4%) was favoured, above all, by the positive contributions from mineral products, food products, beverages and tobacco, transport material and paper and graphic arts. There were other groups that also saw increases, of different intensities, although their contribution to the total was not as high as that of the four mentioned groups. In contrast, the groups that contributed less negatively to imports were machinery and electrical equipment, base metals and articles thereof.

In more detail, imports of “food, beverages and tobacco” saw an increase of 5%, contrasting with the >



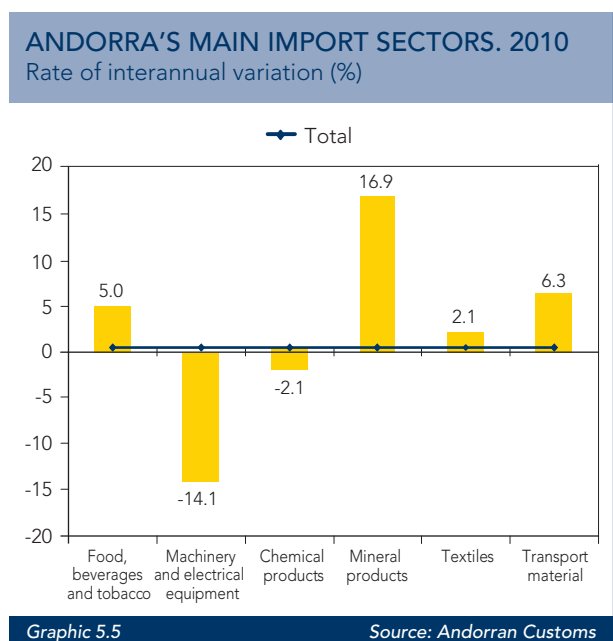
decline in 2009. As a result, their percentage of the total rose seven tenths, to 14.9%, a level that raises them from second to first place in the ranking of imported products in 2010. The chapter that contributed most to this progress is beverages, spirits and vinegars – the most important in the group, with a percentage of 5.2% of total Andorran imports – which saw an increase of 8.4%. The contribution from the chapter of tobacco was also very significant, with an increase in imports of 15.1%, raising its percentage of total imports by four tenths, to 2.8%, the highest level since 2002. In contrast, the chapter of dairy produce saw a fall of 14.8%, putting it among those that made the most negative contribution to growth in foreign purchases.

In contrast, imports of “machinery and electrical equipment” saw a reduction for the sixth consecutive year, of 14.1% in 2010, slightly less intense than that of the previous year (-17.8%), a trend that made it the group that subtracted most growth from Andorran foreign purchases (-2 points). Consequently, its percentage of the total fell 2.1 points, to 12.2%, the lowest level in the available historical series (since 1991), although it still remains, if not by much, the second most important group of Andorran imports. This negative trend was, above all, the result of the reduction in purchases of electrical machinery and equipment (-19.8%), which links three years of strong consecutive falls. Equally, the chapter of mechanical apparatus continued the falling trend begun in 2005, with a fall in imports of 2.8%. Among the reasons for this falling trend is notably the major crisis being suffered by the consumer electronics trade for years.

The third group in the ranking is still “chemical products”, although purchases fell for the third consecutive year, at a rate of 2.1%, putting its percentage of global imports at 12%, three tenths below that of 2009. This trend was much affected by the negative behaviour of pharmaceutical products – the second most important chapter in this group – which fell 7.4%, reducing their percentage by two tenths, to 2.4% of the total. It should be pointed out that this behaviour has undoubtedly been motivated, to a large extent, by the negative trend suffered by the trade in these products, as indicated by the Chamber’s situation surveys. The same could be said of perfumery – the most important chapter in the group, with 7.5% of total imports – which also saw a negative trend (-0.8%), for the third consecutive year, this being also related in part to the steep fall in re-exports of these products.

It was purchases of “mineral products” that made the most positive contribution to the variation in imports in 2010 (1.6 points), unlike in the previous year, with a very significant increase of 16.9%. Consequently, the group’s percentage of the total rose 1.6 points, to 11%, the highest level in the available historical series, so that it rose one place in the import ranking, to fourth position. This trend can be explained, basically, by the increase in imports of fuels, mineral oils and waxes (21.3%), the most important chapter in the group, with 10.3% of total imports, encouraged by rising fuel prices. So, imports of fuels measured in litres remained stable in relation to 2009, so that the whole increase in imports in this chapter must be attributed to rising prices. Therefore, if this chapter is removed from total imports, it can be seen that they still saw a reduction of 1.6% in 2010. Moreover, purchases of salt, sulphur, earth and stone, plastering materials, lime and cement recorded a new decrease of 22.1%, similar to that of 2009, due to continued deterioration in the rate of building activity.

For their part, purchases abroad of “textiles” saw moderate progress of 2.1% in 2010, breaking with two consecutive years of falls, so that their percentage rose two tenths, to 10.1%. Nevertheless, the group fell from fourth to fifth place in the imports ranking. Within this group, increases in imports were relatively modest in the case of the two most important chapters: non-knitted clothing and accessories (1.4%) and knitted clothing and accessories (1.9%), which have maintained their percentages at 6.3% and 2.9% of the total, respectively.



FOREIGN TRADE BY SECTORS

	IMPORTS			EXPORTS		
	M euros 2010	% var. 2010/09	% total 2010	M euros 2010	% var. 2010/09	% total 2010
Live animals & animal products	58.9	-5.4	5.2	0.4	20.8	1.0
Vegetable products	24.6	11.1	2.2	0.0	341.7	0.0
Fats & oils	4.4	-5.8	0.4	0.0	-18.7	0.1
Food products, beverages & tobacco	169.7	5.0	14.9	0.1	-98.3	0.3
Mineral products	125.8	16.9	11.0	0.3	-18.4	0.6
Products of the chemical industries	136.9	-2.1	12.0	2.0	-38.0	4.8
Plastics, rubber & articles thereof	24.1	-5.5	2.1	0.3	-27.6	0.8
Fur, leather & articles thereof	16.0	1.9	1.4	0.7	12.7	1.6
Wood, cork & articles thereof	8.7	-12.8	0.8	0.9	5.4	2.2
Paper & graphic arts	27.3	20.7	2.4	3.2	15.6	7.8
Textiles & articles thereof	115.1	2.1	10.1	3.3	-2.9	8.2
Footwear, headgear, umbrellas, etc.	37.3	7.6	3.3	1.6	9.0	3.9
Articles of stone, cement, ceramic products	16.8	-7.0	1.5	0.5	18.1	1.2
Pearls, precious stones & metals	10.3	-5.0	0.9	3.2	151.3	7.8
Base metals & articles thereof	38.5	-12.6	3.4	3.6	20.7	8.9
Machinery & electrical equipment	138.8	-14.1	12.2	8.2	13.5	20.0
Transport material	84.7	6.3	7.4	9.3	1.3	22.8
Optical, photographic, precision app.	42.8	7.1	3.7	1.3	-30.4	3.1
Arms & ammunition	1.0	-15.0	0.1	0.1	-43.2	0.2
Miscellaneous manufactured articles	59.3	-1.9	5.2	1.3	-31.0	3.3
Works of art, antiques	0.7	-67.7	0.1	0.5	3,188.0	1.3
Total	1,141.7	0.4	100.0	40.9	-10.2	100.0

Chart 5.6

Source: Andorran Customs

Behind these are imports of “transport material”, which remain in the same position as the previous year, despite increasing in percentage, from 7% to 7.4%, the result of a relatively moderate increase of 6.3%, leaving behind four consecutive years of decline. The explanation for this trend can be found basically in rising imports in the chapter “vehicles, tractors, motorbikes and bicycles (7.1%), the most important in the group, in line with the increase in registrations in the Andorran market and with a slight improvement in re-exports of vehicles, quite the opposite of what happened in the previous year.

In contrast, the group “miscellaneous manufactured articles” saw a fall in imports of 1.9%, continuing the falling trend begun two years ago. So, the group’s percentage of the total reached 5.2%, one tenth less than in 2009. This contraction can be explained basically by the decrease in purchases of furniture and lighting (-9.1%), in line with the serious crisis affecting the property sector, while toys and sports articles

grew gently (5.6%), being the two chapters with the most relevant percentages in this group.

Regarding imports of live animals and products of animal origin, in 2010 they suffered a fall, for the second consecutive year, of 5.4%. As a result, their percentage of the total fell three tenths, to 5.2%. Within this group stands out the fall in imports of dairy produce (-14.8%), the second most important chapter in the group, while imports of the first, meat and edible meat offal, remained stable in comparison with 2009.

To finish, in relation to the main groups of products with percentages of foreign purchases below 5%, quite divergent trends can be seen according to the case. On the one hand, there are notable increases in imports of paper and graphic arts (20.7%), one of the four chapters that contributed most to growth in 2010 (four tenths); vegetable products (11.1%); footwear, headgear, umbrellas, feathers, etc. (7.6%) and optical, photographic and precision apparatus >

(7.1%). The increase in purchases of furs, leather and articles thereof was more modest (1.9%) and the other groups saw falls of varying intensities. The most important decreases were recorded in works of art and antiques (-67.7%), the group with the steepest fall for the second consecutive year; arms and ammunition (-15%); wood and cork (-12.8%) and base metals (-12.6%). It should be pointed out that the latter is the group with the second most negative contribution to growth in imports (-0.5 points), only behind machinery and electrical equipment, due to the fall in imports in the chapter of articles of iron or steel (-23%). The other groups also recorded falls, which vary between -5% for pearls, precious stones and metals and -7% for articles of stone, cement and ceramic products.

5.4.2. Exports

The decline in Andorran exports, of 10.2%, recorded in 2010, can be explained basically by the major negative contribution from the group of products: food, beverages and tobacco, by 15.2 points, the result of a massive fall of 98.3%, reducing its percentage in one year from 15.5% to 0.3%. This trend must be attributed to the behaviour of the chapter of miscellaneous food preparations, which saw an export boom in 2008 that stopped completely between 2009 and 2010. The reason for this sudden halt is the elimination by the EU of the sugar exports compensation to various third countries, which the Principality benefited from in preparing and exporting the derivative products included in this food preparation entry. So, if you discount this chapter, Andorran exports recorded an increase of 5.3%. On the other hand, the group of food, beverages and tobacco made the second largest contribution to the rise in imports. Therefore, altogether, it would seem to indicate that in 2010, purchases of these products intended for re-export fell drastically. Quite differently, we should also indicate the negative contribution of the groups of products of the chemical industries, miscellaneous goods and products, and optical, photographic and precision apparatus (-2.7, -1.3 and -1.2 points, respectively). In contrast is the positive contribution from exports of pearls, precious stones and metals (4.2 points) and machinery and electrical equipment (2.1 points). More specifically, the trend in the main groups of exported products was as follows.

In 2010, the most important export group was again "transport material", with a 22.8% share, 2.6 points more than the previous financial year and higher than

it has been since 2004, thanks to growth in exports of 1.3%. This increase can be explained by the increases in the chapter vehicles (1.9%), which concentrates 99% of exports in this group, a trend that breaks with five consecutive years of decline.

In second place is the group "machinery and electrical equipment" – especially electronic material – which grew 13.5%, so that its percentage rose from 15.8% to 20%, although this is still far from the record level it reached in 2007 (38.1%). The chapter that explains this behaviour is that of electrical machinery and equipment, the most important in this group, with foreign sales that have risen sharply (23.6%). In contrast, sales of mechanical apparatus, the other chapter in this group, suffered a decline, for the third consecutive year, of 2.2%.

Along the same line, exports of "base metals" recorded very significant growth, of 20.7%, contrasting with the declines of the previous two years. As a result, their percentage of the total rose 2.3 points, to 8.9%. This progress is the result mainly of the improvement in sales in the chapters of articles of iron or steel (45.6%) and copper and articles thereof, which are the two most important chapters in this group.

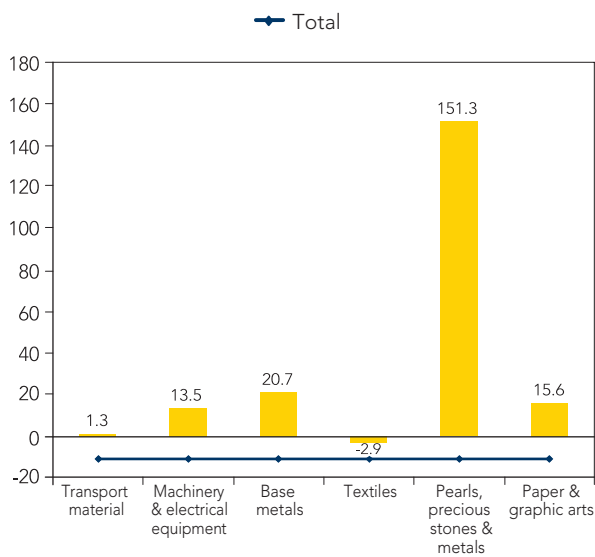
In contrast, the group "textiles" saw a drop in sales of 2.9%, compared with the increase recorded in 2009 (1.9%). Equally, the fall was lower than that of the total, so their percentage rose six tenths to 8.2%, the highest level since 1997. Within this group are notably the increase in foreign sales of knitted clothing and accessories (25%) – the second most important chapter in the group – while exports of non-knitted clothing and accessories – the most important chapter – fell 12.4%, reversing the behaviour of these two chapters in the previous year.

In fifth place in the export ranking in 2010 came the group "pearls, precious stones and metals", thanks to strong growth of 151.3%, increasing its percentage of the total by five points, to 7.8%, a level that it had never reached before. It should be noted that this behaviour has made it the group with the most positive contribution to the trend in exports in 2010, after two years in which it also showed a very dynamic trend.

Another group that saw a very positive trend was that of "paper and graphic arts", with growth of 15.6%, stronger than that of the previous year, raising its percentage of the total from 6% to 7.8%. The chapters that encouraged this growth were paper and

ANDORRA'S MAIN EXPORT SECTORS. 2010

Rate of interannual variation (%)



Graphic 5.6

Source: Andorran Customs

paperboard (97.6%), as it did in 2009, and wood pulp (83.1%). In contrast, the most important chapter in the group, that of products of the printing or graphical industries, saw a very appreciable fall (-28%).

Exports from the group "products of the chemical industries" showed a strong decline of 38%, accumulating with that of the three previous years,

making this the group with the second most negative contribution to the trend in Andorran exports in 2010 (-2.7 points), only behind food products, beverages and tobacco. So, its percentage of the total fell 2.2 points, to 4.8%, a value that brought it down two places in the Andorran exports ranking, to seventh place. This contraction can be explained basically by the fall in sales of perfumery and toilet preparations (-36.7%), the most important chapter in the group.

To finish, the trend in the remaining groups, with a percentage below 5% of total exports, varied substantially in 2010. On the positive side are notably increases in sales of works of art and antiques, adding 1.1 points to export growth; vegetable products; live animals and products of animal origin; stone, cement, ceramic products; fur, leather and articles thereof; footwear, headgear, umbrellas and feathers; wood, cork and articles thereof. The other groups with fairly significant percentages saw reductions, in some cases quite important. We have already mentioned the steep fall, of 98.3%, in food products, beverages and tobacco, which took 15.2 points off export growth and reduced the percentage of this group to only 0.3%. The other groups that made negative contributions are miscellaneous manufactured articles; optical, photographic and precision apparatus; arms and ammunition; plastics, rubber and articles thereof; mineral products and fats and oils.

6. PRICES AND COSTS

6.1. Consumer prices

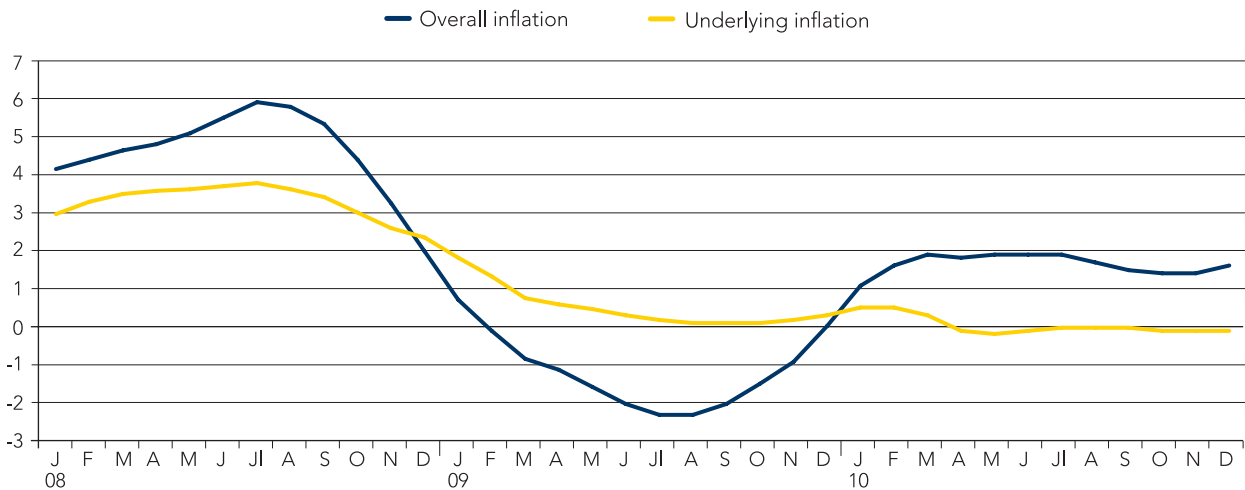
The behaviour of inflation in 2010 was strongly marked, first by the trend in oil prices, like other developed economies, and secondly, by weak demand, inherent in the recession which the Andorran economy is undergoing. Specifically, consumer prices showed an upward trend in the first quarter of the year, coinciding with rising oil prices, and later stabilised at levels slightly below 2%, then slowed again a little after the summer, in line with the trend in energy prices, although they picked up again in the last month, ending the year at 1.6%, a rate that although quite moderate, is much higher than the historic low of 0% at which it ended 2009. Nevertheless, for the second consecutive year, Andorran inflation was lower than that of Spain (2.9% harmonised inflation), from where most consumer goods come, France (2%) and the eurozone average for the same period (2.2%), which can be interpreted

as positive because it does not imply a loss of price competitiveness for Andorra, in contrast with what happened in the period of expansion, when it was closer to or higher than that of Spain.

By components, the trends varied greatly. In first place, the significant reduction in the prices of clothing and footwear (-4.7%) stands out, contrasting with 2009, when this was the most inflationary component. Others that recorded falling prices were the components: leisure, entertainment and culture (-2.4%) – continuing the falling trend that began two years ago – and furniture, domestic appliances and services (-1.1%) which, as in clothing and footwear, shows a change in trend since 2009. It should be pointed out that these reductions were undoubtedly motivated by very weak demand.

The other components showed price increases that were very modest in the case of miscellaneous goods >

CONSUMER PRICE INDEX FOR ANDORRA - Rate of interannual variation (%)



Graphic 6.1

Source: Department of Statistics. Government of Andorra

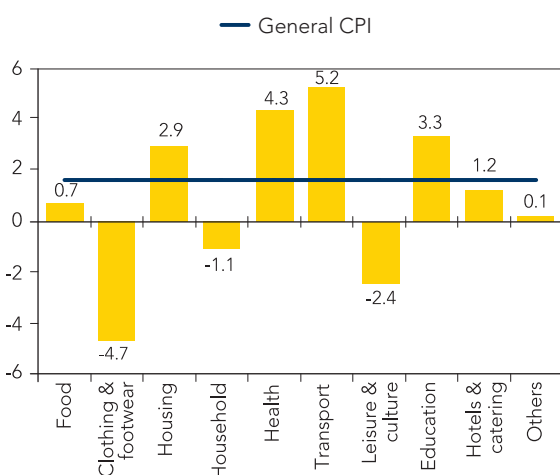
and services (0.1%) and food, drink and tobacco (0.7%), compared with the slight decreases that both components experienced in the previous year. In contrast, the increase in hotels, cafés and restaurants was stronger (1.2%) and also higher than that of 2009, although it is still quite modest, restrained by the context of falling numbers of visitors. The most important price rises, in all cases exceeding those of the previous year, occurred in the fields of housing (2.9%), education (3.3%), health (4.3%) and transport (5.2%). These services are basic, with an inflexible demand on prices, so the context of rising energy costs that marked 2010 had a swift effect, as usual, on the prices of components such as transport and housing.

When analysing the prices in special groups, it can be seen that the energy group saw a strong increase

of 13.4%, which contrasts with the decreases in the previous two years and can be explained by the rising oil prices seen in 2010. Prices also increased, although much more modestly, in the case of services without rentals (0.8%), which means an acceleration in relation to the previous financial year and can be explained principally by the above-mentioned rise in the prices of basic services. On the other hand, the trend in food prices was more stable, with a slight rise of 0.1%, contrasting with the fall of 1% recorded in 2009, a trend that is in line with the persistent context of weak demand.

So, if only the nucleus of inflation is considered, measured by underlying inflation, which excludes energy and food, a slowdown can be seen for the fourth consecutive year, going from being positive (0.3% in 2009) to reaching a negative level of -0.1%, for the first time since this historical series became available. This value, much lower than overall inflation, as the effect of energy is discounted, is also much lower than the rate of underlying inflation recorded in Spain (1.5%), a factor that has to be considered positive from the point of view of an improvement in the Andorran economy, although it is the result of contracting demand, a negative and therefore undesirable situation.

CONSUMER PRICE INDEX BY COMPONENTS. DECEMBER 2010 - Rate of interannual variation (%)



Graphic 6.2 Source: Department of Statistics. Government of Andorra

6.2. Wages

Data from the CASS (Andorran Social Security) show that the lack of significant inflationary pressures crossed over to the performance of wages, with the average wage growing 1.4%, data that implies a slowdown for

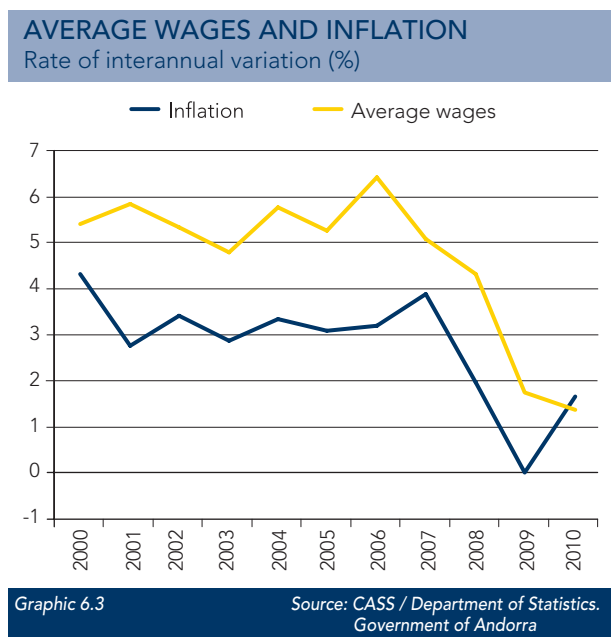
the fourth consecutive year and the slowest progress since this historical series became available (1992). Moreover, the wage increase was lower than the rise in inflation, so employees suffered a slight loss of purchasing power of 0.2 points, contrasting with the increase in 2009 (1.8 points) and the quite significant increases recorded in recent years.

So it breaks, for the first time, with a pattern of wage rises that were easily higher than inflation, recurring over the last few years in Andorra and representing a significant, continuous increase in costs for Andorran businesses, forcing them to lower their margins or pass the costs on in their prices, with the subsequent loss in competitiveness for the whole economy. Therefore, it could be said that in 2010, the Andorran economy saw the end of a dynamic that was harming its competitiveness, although one should wait to see if this change in trend is a one-off event or becomes consolidated over the next few years, before being able to talk of a sustainable recovery in its competitive position.

Another factor that helped to contain wages was the trend in the minimum interprofessional wage, which was characterised in 2010 by stability, considering that by law, it must be updated every year using the consumer price index from the previous year, which in 2009 was 0%. So, the minimum hourly wage remained at 5.28 euros per hour in 2010 (for workers at or over 18), the equivalent of 915.20 euros per month for a 40-hour working week.

Sector disaggregation shows that the behaviour of wages was quite different per sector, for yet another year. The most notable rise occurred in the field of extraction industries (28%), although this trend cannot really be considered significant because it is a sector in which only three people work. The same goes for the group of "voluntary declaration, no activity" and "extraterritorial bodies" – with a wage reduction of 23.1% and 4.5% in 2010, respectively – made up of a very small number of people, so these sectors cannot be considered in the analysis for reasons of statistical representation.

So, leaving these activities aside, it can be said that the sector in which wages grew most in 2010 in Andorra was public administration, with a 4.3% rise, much higher than the 1.2% in the previous year and the average for the economy as a whole. Then, following closely is the financial sector, with an increase of 3.9%, and



households employing domestic staff (3.8%), activities in which significant wage acceleration can be seen compared with 2009 (1.5% and 1.2%, respectively). Other sectors in which the wage rise was higher than average are agriculture, livestock, hunting and forestry (2.1%); transport, storage and communications (1.8%); education (1.8%) and domestic work for communities (1.5%), fields in which the trend slowed in comparison with 2009.

The remaining sectors lay below average growth and in some cases were even negative. Within this group, modest wage rises were recorded in the field of other social activities and services to the community (1.3%); production and distribution of electricity, gas and water (1.2%), and commerce and motor vehicle repairs (1%). The wage rise was much slighter in the case of hotels and catering and health and veterinary activities/ social services (only 0.3% in both cases). It is notable that hotels and catering and commerce, two of the most important sectors in the Andorran economy, so accumulate two years of very modest increases, explained by the context of weak demand that has affected them for several years. Certainly, the steep fall in activity also helps to explain the wage reductions recorded in construction (-0.6%), for the second consecutive year, and in property sales and rentals/ business services (-0.5%), fields which were joined by manufacturing industries (-0.6%).

Equally, the analysis of wage levels reflects fairly major differences between sectors, inequalities that have increased a little in 2010, with the difference >

AVERAGE WAGES - Euros			
	2010	Var. 2010/09	Average index in Andorra=100
Agriculture, livestock, hunting and forestry	1,461.48	2.1	75.0
Extraction industries	3,036.48	28.0	155.8
Manufacturing industries	1,985.78	-0.6	101.9
Production and distribution of electricity, gas and water	3,260.46	1.2	167.3
Construction	1,919.58	-0.6	98.5
Commerce and motor vehicle repairs (etc.)	1,687.64	1.0	86.6
Hotels and catering	1,472.57	0.3	75.5
Transport, storage and communications	2,181.08	1.8	111.9
Financial system	4,380.86	3.9	224.7
Real estate and rental activities; business services	1,838.15	-0.5	94.3
Public administration, defence & compulsory social security	2,417.51	4.3	124.0
Education	2,070.55	1.8	106.2
Health & veterinary activities, social services	2,306.96	0.3	118.3
Other social activities & community services; personal services	1,683.36	1.3	86.4
Households employing domestic staff	1,217.26	3.8	62.4
Extraterritorial bodies	2,407.69	-4.5	123.5
Domestic work for the community (communities of owners)	1,142.74	1.5	58.6
Voluntary declaration, no activity	1,182.19	-23.1	60.6
Average	1,949.35	1.4	100.0

Chart 6.1

Source: CASS (Andorran Social Security)

between the highest and lowest wage growing in comparison to the previous year. So, the highest wages belong to the financial sector, for yet another year, where salaries are well over double the average. As was said, this level contrasts with that of domestic work for communities which, with wages 41.4% below the average, is the lowest paid sector. The second sector in the wage ranks is that of production and distribution of electricity, gas and water, with wages 67.3% above the average. Well behind, but still above the average wage, are public administration – paying 24% more; extraterritorial bodies – with wages 23.5% above, and health and veterinary activities/ social services, transport, storage and communications, education and manufacturing industries – with wages between 18% and 2% above the average.

The other branches lie below the average wage, at percentages that vary between 2% below in construction, a sector that finds itself below the average for the first time, and 41% below, received by employees doing domestic work for communities. Among this group of sectors are notably the cases of commerce and hotels and catering, which employ a large share of the Andorran population (37.9% of total employees), with wages at 13.4% and 24.5% below the average, respectively. Moreover, it can also be seen that in 2010, both sectors continued to diverge from the average wage, which in the case of hotels and catering happened for the sixth consecutive year and in commerce, for the third. So, from 2004, both sectors have an accumulated loss of more than 4 points, in relation to the average.

7. THE PUBLIC SECTOR

7.1. Central government performance

The central Government's accounts for 2010 closed, according to the provisional settlement and for the

thirteenth consecutive year, with a non-financial cash deficit, of 52.9 million euros. This figure represents a major reduction of 54.6%, compared with the deficit settled in 2009, the first in three years, after

reaching a historically high deficit last year. This year, the analysis of the deviation in the settlement cannot be made in relation to the budget, because the projected budget for 2010 was not passed, due to the impossibility of achieving a sufficient majority of support in the General Council, making it necessary to extend the 2009 budget.

As for the final budget result, obtained by incorporating the movement of financial assets and liabilities during 2010 into the cash deficit, the settlement shows a positive balance of 38.7 million euros, much higher than what was recorded in the previous year, of 2.6 million euros. This trend is the result, mainly, of the increase in the total central government debt, through a new issue of one-year Treasury bonds with a face value of 100 million euros, and a short-term loan of 150 million euros. On the other hand, the balance available from credit policies between 31 December 2009 and 31 December 2010 was reduced by 154.9 million euros, after four years of strong growth, while the outstanding balance of long-term public debt remains at 260 million euros, since 31 December 2005. In effect, the total central Government debt rose to a historic high of 713.3 million euros, 14.7% more than in the previous year and almost twice that of only three years ago. It should also be noted that the percentage of short-term debt has risen 5.4 points to represent 63.5% of the total, a trend that does not help the sustainability of the public finances.

The reduction in the Andorran deficit in 2010 was made possible by the combination of an increase in revenue and a cut in expenditure, which fell for the second consecutive year. In turn, this contraction in spending can be wholly explained by a significant

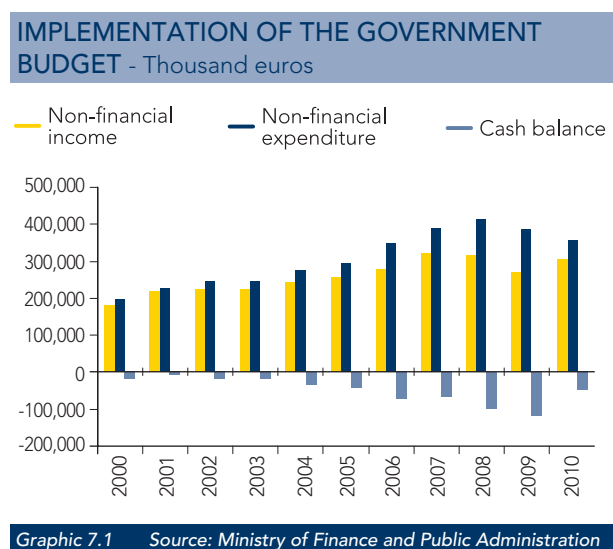
decrease in capital expenditure, of 23.9%, greater than in the previous year and continuing the downward trend started two years ago. In contrast, current expenditure recorded an increase of 3.5%, contrasting with the reduction applied in the previous year, for the first time in eleven years. In parallel, the rise in revenue was mainly driven by the strong increase in the chapter "other taxes and revenue" (77.6%) and, to a lesser extent, by indirect tax, for which revenue grew more slowly (7%), although they have a very significant impact due to their high percentage of the total (81.7%).

As for new fiscal developments, 2010 was a year in which very significant steps were made in relation to direct tax, with three laws being passed in December that involve a major reform of the Andorran fiscal system: the Law on the taxation of non-residents' income, the Company Tax Law and the Law on the taxation of income from economic activities. These laws will be imposed on economic income generated in the country, for the first time, with a single overall tax rate of 10%, which is among the lowest in comparative terms with EU countries. Nevertheless, it should be specified that the political agreement which allowed for these laws to be passed implies that company tax and income tax on economic activities will not be implemented until the law on VAT is passed. In contrast, the tax on non-residents' income has come into force and is applicable to income earned from 1 April 2011.

Another notable aspect of 2010 is that Andorra has continued to progress in its implementation of the Law for the exchange of information on tax matters with prior request, passed in 2009 according to the principles set out by the OECD, with the signing of agreements to exchange information with nine countries, including Spain, added to the nine that were signed last year, including another main neighbour, France. The result of this process was the progressive removal of Andorra from these countries' lists of tax havens, and also from the OECD's list, which has to be a historic event for the Principality.

7.1.1. Revenue

In 2010, non-financial settled income amounted to a total of 304 million euros, a figure that represents an execution rate of 85% in the entry relating to the extended budget and an interannual increase of 12.1%, >



which contrasts with the steep fall of 14.4% recorded in 2009. This can be explained by the increase in indirect tax, by 7%, and in other taxes and revenue, which saw a major increase (77.6%). It should be noted that this evolution involves a change in trend, when compared with the falls in these two entries recorded last year. The other chapters for revenue showed unfavourable behaviour in 2010, with falls of varying intensity.

More specifically, the revenue from direct tax that began to come in for the first time in 2007, as the capital gains tax on property transfers came into force, saw a reduction, for the third consecutive year, of 2.1%, although this fall was much gentler than those of the previous two years. The reason for this downward trend is still the major crisis suffered by the property sector. As a result, the rate of budget execution, calculated on the extended budget, was a mere 27.1%, while this chapter's percentage of total non-financial income remained at 0.6%.

In 2010, the progress of income from indirect tax was, as previously said, more positive, with a rise of 7%, leaving behind two financial years of quite significant falls. Consequently, the degree of execution of this entry stood at 79.5% of the budgeted figure, more than that of the previous year, although its percentage of total non-financial income fell 3.9 points in relation to the 2009 value, to reach 81.7%, as its growth was lower than that of total non-financial income.

This increase in indirect tax was encouraged by the upward trend in revenue from the main forms of tax. So, income from the indirect tax on the provision of services (ISI) – the first form of tax in Andorra –

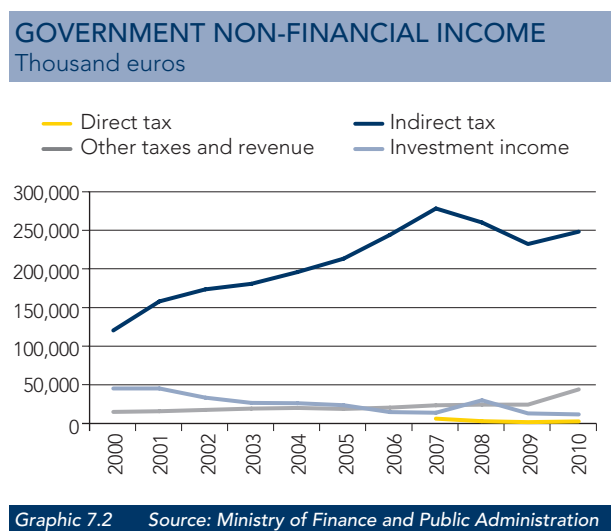
increased strongly, by 20.7%, breaking with the steep downward trend that marked the previous two years, and raising the rate of budget execution to 84.2%. In turn, this increase can be explained fundamentally by the improvement in income from banking and financial ISI (indirect tax on services), due to regularisation between the payment on account made according to the 2008 results and the banking entities' results in 2009.

Another component that has contributed to the improvement in revenue from indirect tax was special taxes, with growth of 15.5%, making it the second most important indirect tax entry, exceeding taxes on the consumption of goods (IMI and IAC). It should be remembered that these taxes were created recently and have been implemented since the Law 27/2008 on special taxes came into force at the beginning of 2009, whereas previously they were partially included in the reference IMI and IAC and also that of taxes on consumption (variable rate and foreign trade).

Taxes on foreign trade also showed a very positive trend, with a strong increase of 26%, which can be explained fundamentally by the contribution from the tax on consumption (charged on imports, chapters 1 to 24), the revenue from which was 26.3% higher than in 2009. Within this entry, the most important references relate to imports of beverages, which saw an increase of 7% against the previous year, and tobacco imports, which rose 35.3%, above all from the provision created by the increase in taxes on consumption. The analysis of growing entries is completed by the revenue from the tax on internal production (IPI), which saw very strong growth (44.6%), including the regularisation in 2009 and payment on account for the financial year 2010, with a level of budget execution of 107%.

In contrast, income from taxes on the consumption of goods (IMI, IAC and variable rate) recorded a fall of 7.6%, the result of the derogation of the variable rate on the basis of the new Law on special taxes, and falling revenue from the IMI (-1.5%). It should be noted that the most important chapter to which IMI is applied is 27, fuels, from which a slight increase in income of 0.1% was obtained.

Likewise, the trend in revenue from the tax on property transfers recorded a steep drop of 40.7%, contrasting with the major increase seen in the previous year. Now,



IMPLEMENTATION OF THE GOVERNMENT BUDGET⁽¹⁾ - Million euros

	Settlement 2010	Variation % 2010/2009	% execution 2010 ⁽²⁾
Direct taxes	1.70	-2.1	27
Indirect taxes	248.27	7.0	79
On property transfers & doc. legal acts	8.50	-40.7	68
On consumption of goods	53.21	-7.6	38
- Indirect tax on goods	43.54	-1.5	48
- Tax on commercial activity	9.66	0.3	66
- Variable rate	-	-100.0	-
On consumption of services	78.92	20.7	84
On production	3.89	44.6	107
Special taxes	64.42	15.5	-
On foreign trade	26.43	26.0	58
Levies	10.67	-18.7	82
On gambling	2.23	-1.8	76
Other taxes and revenues	43.12	77.6	174
Current transfers	0.02	-67.5	28
Investment income	10.89	-16.6	76
Non-financial revenue	303.99	12.1	85
Current expenditure	233.60	3.5	88
Personnel costs	93.37	4.5	99
Consumption of goods and services	41.56	-3.0	84
Financial expenditure	10.69	-30.0	78
Current transfers	87.98	12.3	82
Capital expenditure	123.34	-23.9	53
Real investments	57.72	-41.9	35
Capital transfers	65.62	4.6	94
Non-financial expenditure	356.93	-8.0	72

(1) Settlement of the budgets for 2009 and 2010 are provisional.

(2) Calculated from the extended budget for the previous financial year, as the General Council did not pass the projected Budget for 2010. In the case of expenditure, this is calculated from the final budget, which includes current spending credit in twelfths of the budget for the previous year in relation to its definitive credit, credit for transferring capital to the Communes, real investment credit of a pluriannual nature which the Government has put into place, commitments to credit taken out during the previous year relating to expenditure proposed for the following year, and the modifications and increases in budget credit. In total, during 2010, these modifications represented an increase of 112.1% of the extended 2009 initial spending budget.

Chart 7.1

Source: Ministry of Finance and Public Administration

the variations for these two years are distorted by one single property transfer, for which the State brought in 7.5 million euros in 2009. Discounting this special operation, to make an analysis of the trend in property transfers that better reflects reality, it can be seen that revenue in 2009 was 21.1% lower than in 2008, which reflects the climate of recession in the sector but, on the other hand, it rose 24.6% in 2010.

Revenue from levies from the semi-public bodies (FEDA and Andorra Telecom) also fell, compared with the previous year, 18.7%, a trend that has brought down the level of budget execution to 82%. This decrease is mostly due to the discounted levy on

electricity and telephone consumption, which came into force on 31 March 2010 and which involved a reduction in the applicable tax rate from 10% to 5.5%, a measure that was adopted with the aim of helping economic recovery. To end this summary of the trend in indirect taxes, it should be noted that revenue from the tax on the game of bingo fell 1.8%, much slower than in the previous year, so that the level of budget execution reached 76%.

As for other taxes and revenue, their progress in 2010 was very positive, with an increase of 77.6%, which contrasts with the fall of 0.5% in the previous year and brings up the level of budget execution to 174%. This >

progress was clearly more favourable than that of the total settled income (12.1%), which greatly increased its percentage, by 5.2 points, to 14.2%.

More detailed analysis by entries shows that the strong increase in 2010 was basically the result of income of 16.4 million euros collected in the “unplanned” section, relating to the sums confiscated on behalf of the Andorran State following Criminal Court orders and which in 2010 were paid into the Government for the first time. It should be clarified that these confiscations relate basically to operations relating to laundering money from illegal activities, although evidently not all were carried out in 2010 but some are very old money blocks. For this reason, the entry for other revenue, in which it is included, shows growth of 774.5% in relation to 2009, helped by sanctions (16.9%) and surcharges (10.9%). Likewise, to provide a less distorted view, you would have to take the “unplanned” section out of the analysis, so that growth in the total settled revenue in 2010 for other taxes and revenue comes to 11.8%.

As for the remaining entries, we must highlight, in first place, the steep rise in taxes (39%), caused by a spectacular rise in revenue for court fees – which multiplied by almost seven – and can be explained, in turn, by income obtained from fines. It should be clarified, however, that part of these fines were paid in for the same reason as the 16.4 million euros paid in as “unplanned”, as commented above. Therefore, if you also exclude court fees from the analysis, the result obtained is that revenue from other taxes and revenue saw, in reality, a drop of 6.6%, instead of the recorded growth of 77.6% which includes the two special entries.

In relation to other taxes, the fall in income from notarial tax (-14.8%) and the job applications tax (-1.4%) is notable – strongly linked to the economic cycle which is still in recession. In contrast, the trend was slightly positive in the case of the tax on economic activities (0.7%) and vehicle tax (0.3%) and more favourable in the case of the tax on trade marks (14.7%).

As for income from the provision of services, the trend in 2010 was clearly negative, with a drop of 17.2%, breaking the expansive trend of previous years. The most important income in this section refers to deductions from savings income, implementing Law 11/2005 of 13 June, which implements the Agreement

between the Principality of Andorra and the European Community relating to setting up equivalent measures to those provided in Directive 2003/48/CE of the Council, on matters of tax on income from savings in the form of interest payments. In this sense, the retained sum for 2009 was paid in, representing a reduction of 26% on the previous year, mainly due to the fall in interest rates seen in 2009.

Another component that recorded a significant fall in income was sales of goods (-17.5%), much more intense than in the last financial year, due mainly to the sections of miscellaneous documentation, other goods, health products and forms. In contrast, income from refunds showed major growth (65%) although their low overall percentage limits their impact in absolute terms.

To complete the analysis of income, it should be noted that current transfers saw a very notable fall of 67.5%, while that of investment income was gentler, although also significant, at 16.6%, so that these are the two entries for non-financial income that fell most in 2010. In the first case, the repercussion on total income is very small, due to its very small percentage (0.01%). On the other hand, the downturn in investment income for the second consecutive year is more relevant because this income represents a more notable percentage of the total, shrinking 1.2 points to 3.6%. The most important entry in investment income is the distribution of profits from the semi-public bodies (96.5% of the total in 2010), which recorded a reduction of 16.1%, to 10.5 million euros. Also reduced was income from interest on bank deposits and accounts (-45.2%), interest on late payments and advance payments and loans granted, due to falling market rates of interest, property income (-50%) and the income obtained from commercial operations (MOT levy and Bus Exprés canopies).

7.1.2. Expenditure

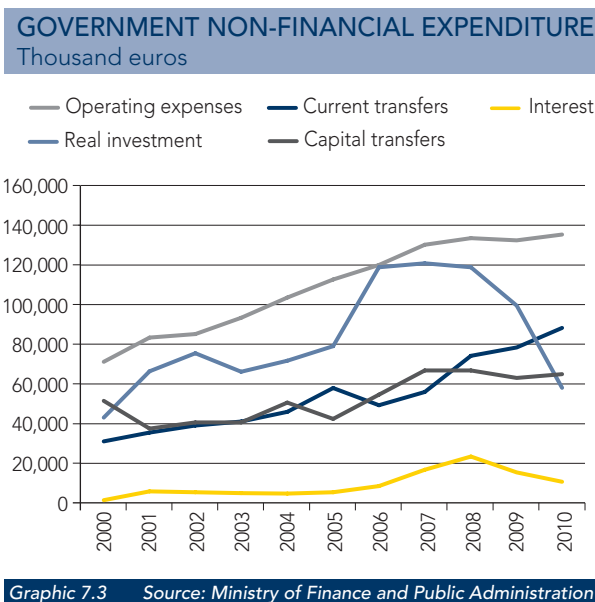
Settlement of the non-financial expenditure in 2010 was 356.9 million euros, a figure that implies a very significant drop of 8%, greater than that of the previous financial year (-6.8%), as the central government has already been implementing very austere fiscal policy for two years, after nine consecutive years of growth at an average rate of 9.9%. This figure represents a 71.8% level of execution of the expenditure provided

for in the final budget (extended budget plus the modifications and increases passed during the financial year), less than in the previous year and lower than the percentage of execution for income.

The contraction in expenditure in 2010 can be explained fundamentally by the strong reduction in capital expenditure (-23.9%), which fell for the third consecutive financial year, while current expenditure saw a relatively gentle increase (+3.5%), after the fall suffered in 2009. This trend in current expenditure is the result, firstly, of an appreciable increase in personnel costs (+4.5%) - the most important entry in current expenditure, with a percentage of 26.2% of the total non-financial expenditure - which have accelerated considerably in relation to the previous year (+1.4%), in line with the average wage rise (4.3% for the administrations as a whole), despite the cut in the number of employees. Also rising were current transfers (made to independent, administrative bodies, private and public companies, local corporations, families and non-profit making institutions and organizations abroad) with a significant increase of 12.3%, doubling that of the past financial year, raising its overall percentage to 24.6%, 4.5 points more than in 2009.

In contrast, financial expenditure showed a steep fall (-30%) for the second consecutive year, which can be explained in turn by the fall in interest rates, easily compensating the effect of the increased level of Government debt in expenditure. Consequently, the overall percentage of this entry fell nine tenths to 3%, the lowest level in the last four years. The other current expenditure entry that shrank, for the third consecutive financial year, is that of the consumption of goods and services (-3%), although less than the total non-financial expenditure, so that its overall percentage rose six tenths to 11.6%. Altogether, current expenditure represented 65.4% of Government non-financial expenditure, 7.2 points more than in the previous year, although its level of execution fell two tenths to 88.3%.

As for capital expenditure, its behaviour in 2010 was very negative, cut by 23.9%, the worst trend since 1999, when a similar fall was recorded. So, three years of decline accumulated, putting the total level of capital expenditure at only 123.3 million euros, the lowest in the last five years, with an overall percentage of 34.6%, 7.2 points less than in 2009, and a level of budget execution of only 53%, a much lower level



than for current expenditure. By chapters, the fall in capital expenditure is due, exclusively, to the major downturn in real investment (-41.9%), which continues and worsens the downward trend begun two years ago. This trend puts its total at the lowest level in the last ten years, with a level of budget execution of only 35.5% and its overall percentage of non-financial expenditure falling 9.4 points to 16.2%. In contrast, capital transfers recorded a moderate increase of 4.6%, contrasting with the fall recorded last year (-6%). In this way, the level of budget execution for capital transfers reached 93.6%, and their overall percentage of Government non-financial expenditure in 2010 reached 18.4%, 2.2 points more than in the previous year, a level that exceeds that of real investment, which had not occurred since 2000.

7.2. Communes (local government) performance

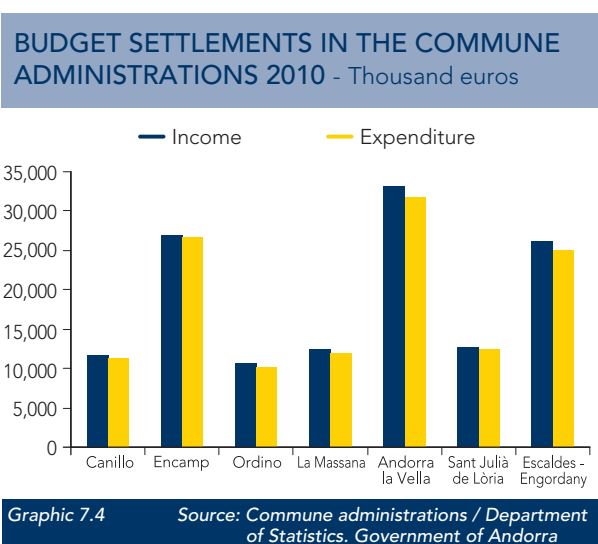
In 2010, the total commune revenue, according to the data on settlement of the budgets of the commune governments, treated by the Department of Statistics of the central Government, was 133.79 million euros, a higher figure than the 129.35 million euros of settled expenditure. As a result, the commune governments as a whole ended the financial year with a budget surplus, for the third consecutive year, of 4.45 million euros, although this is less than half that recorded in the previous year (10.67 million). This reduction in the communes' fiscal surplus was the result of a major fall in income, affecting all the communes, greater than the cut in expenditure, following the pattern of the previous financial year.

The disaggregated analysis of the data shows that all the communes recorded a surplus that betters the predictions of fiscal balance for which they had budgeted, something that had never happened before, considering that there is usually a combination of surpluses and deficits. So, there are three communes - Canillo, Encamp and La Massana- that went from a situation of deficit in 2009 to a surplus, while the other four maintained a positive budget balance, although this was lower than that of the previous year. Andorra la Vella was the commune that obtained the highest surplus (1.40 million euros), although this is 73.9% lower than in 2009. In second place was Escaldes-Engordany, exchanging positions with Andorra la Vella since the previous year, with a surplus of 1.06 million euros which also implies a serious decrease in relation to that of the previous year (-83.9%). Behind these are La Massana, which improved its budget situation, going from a major deficit in 2009 to a surplus (0.77 million euros) and Ordino, which obtained a positive balance, 71.4% lower than in the previous financial year. The surpluses obtained by the communes of Canillo and Encamp also represented a clear improvement when compared with the deficit of the previous year, while the opposite occurred in Sant Julià de Lòria, as the budget situation worsened in 2010 with a cut in the budget surplus of 93%.

7.2.1. Income

The total income settled by the communes in 2010 saw a serious reduction of 26.8% in relation to the previous year, the strongest in the available historical series. This trend continues and accentuates the falling trend begun in 2009 and is in line with the persistence of the overall, strongly negative economic context. In this way, the settled figure remained below that of the budget, with a level of execution of 89%, and the communes' percentage of the total public sector income in Andorra (i.e. central government plus the communes) fell 4.7 points to represent 17.2%. It should be said, however, that such a low level is much distorted by the volume of the central Government's financial liabilities, the result of its debt requirements, and that, from 2009, its total income increased substantially, causing the commune percentage of the total to be artificially lowered.

By parish, the most important fall in income was recorded in Escaldes-Engordany (-55.8%), being the commune with the highest rise in the previous year (92.3%). Behind it comes Andorra la Vella, with a reduction of



20.1%, so linking two consecutive years of steep falls, which explain such a major reduction in its surplus. Nevertheless, Andorra la Vella has recovered first position in the commune ranking by volume of income – which it had lost in 2009 to Escaldes-Engordany – with a figure of 33.06 million euros (24.7% of the total).

Also very significant were the income cuts for Ordino (-17.8%) and Sant Julià de Lòria (-17.2%), which are the fundamental reason for their deteriorating fiscal balance. Consequently, Ordino has become the commune with the lowest level of income in Andorra, equal to 10.76 million euros (8% of the total). The fall in income was more moderate in La Massana (-8.4%), Canillo (-4.6%) and Encamp (-4.1%), a trend that also represents an appreciable slowdown in the rate of fall recorded by all three communes in 2009.

7.2.2. Expenditure

Contraction was recorded in the total settled expenditure for the communes in 2010, for the third consecutive year, of 24.8%, being easily the worst trend in the available historical series. This decline left the percentage of budget execution at 85.8%, more than 24 points below that of 2009. In parallel, the communes' percentage of total public sector expenditure (i.e. the central Government plus the communes) in Andorra fell 3.3 points to 17.6%, slightly above their percentage of income, unlike the previous year. It should be added that this low commune percentage of the total public sector income is artificially influenced, as already commented in income, by the variations in the central Government's financial liabilities, linked to their debt requirements. So, if only non-financial expenditure is

taken into account, the communes' percentage of the total public sector expenditure only fell 1.4 points to 24.3% in 2010.

By chapters, a serious reduction in capital expenditure can be seen, of 44.2%, greater than that in current expenditure (-7.1%), which is added to the major cuts in the two preceding financial years. As a result, the level of capital expenditure of the communes in 2010 (15.1 million euros) is the lowest recorded since 1991. The fall in capital expenditure is the result both of the contraction in real investment (-41.8%), to the sum of 12.9 million euros – the lowest since 1990 – and in capital transfers (-55.4%), at a smaller volume of 2.2 million euros, which fell after two years of strong growth.

As for current expenditure, the progress of expenditure in current transfers (12.9%) stands out, linking four years of major increases. In contrast, personnel costs stagnated in relation to the previous year, which had never occurred before, as these have traditionally tended to rise. This means that it is still the most important chapter in commune expenditure, with a percentage of 40.4% of total expenditure, ten points

more than in 2009. The effort to contain commune expenditure was complemented by a reduction in expenditure on the consumption of goods and services, by 13%, which fell for the second consecutive year, and financial expenditure, which fell 45.2%, favoured by the downward trend in interest rates.

As for developments by parish, it should be noted that all the communes implemented spending cuts, without exception. The most important cut was recorded in Escaldes-Engordany (-52.3%), contrasting with what occurred in 2009, when it was the commune that most increased spending, and the result of the fact that this was the commune whose income fell most. It is followed by Canillo (-20.9%) and La Massana (-18.1%), while the reduction was smaller in the case of Encamp (-13.5%) and Andorra la Vella (-12.1%). So, the latter recovered first position in the commune ranking by volume of expenditure, just as in the case of income, with a percentage of 24.5%, 3.6 points more than the previous year. To finish, the smallest reductions in expenditure were recorded in Sant Julià de Lòria (-3.7%) and Ordino (-7.4%), the latter remaining the commune with least expenditure in 2010 (7.8% of the total).

BUDGET SETTLEMENTS IN THE COMMUNE ADMINISTRATIONS - Thousand euros

	Income			Expenditure		
	2010	Var. 10/09	% 2010	2010	Var. 10/09	% 2010
Canillo	11,830.92	-4.6	8.8	11,534.21	-20.9	8.9
Encamp	26,863.35	-4.1	20.1	26,722.23	-13.5	20.7
Ordino	10,760.63	-17.8	8.0	10,146.88	-7.4	7.8
La Massana	12,678.67	-8.4	9.5	11,907.73	-18.1	9.2
Andorra la Vella	33,061.22	-20.1	24.7	31,657.80	-12.1	24.5
Sant Julià de Lòria	12,638.29	-17.2	9.4	12,477.57	-3.7	9.6
Escaldes-Engordany	25,960.05	-55.8	19.4	24,901.25	-52.3	19.3
Total	133,793.13	-26.8	100.0	129,347.68	-24.8	100.0

Chart 7.2

Source: Commune administrations / Department of Statistics. Government of Andorra

THE ANDORRAN ECONOMY: DEVELOPMENTS IN THE MAIN SECTORS

8. THE PRIMARY SECTOR

This is one sector that sees very few variations from one year to another. Weather conditions influence the results of the main crop, tobacco, and in recent years, the efforts of the private sector, with the support of the public sector, to try to diversify into new activities, are introducing slight changes in the Andorran agricultural and livestock production system. This year, weather conditions did not favour a good tobacco harvest. On the other hand, initiatives continued to introduce new crops, now, to make better use of the land.

Weather conditions did not favour tobacco growing. As well as some frosts, hail damaged large sections of the harvest in many parishes. The total volume of the harvest was 242,753 kg, 7.2% less than in 2009. Tobacco harvests fell in all parishes, except Ordino, and this drop was especially steep in Sant Julià de Lòria (-16.4%) and also in La Massana (-6.0%). The main cause can be attributed to the weather, but also in some cases to the reduction in cultivated land. The frosts affected some parishes, but hail damaged many crops. This meant that production was seriously affected. More than one third of the production had to be burnt or incinerated due to the classification it received. Farmers' yields were affected negatively.

The livestock sector remained stable. In relation to cattle, the number of heads is practically the same as in previous years; in contrast, sheep have increased 7.2%. The efforts that have been made for years, to improve and maximise the quality of veal, have produced results. 100% of the production is consumed in the country itself and this consumption represents 20% of the sales of bovine meat in the country. These efforts could result in the Andorran brand of meat being classified on the European market.

In 2010, we must highlight the continuity of efforts to produce quality national potatoes – “trumfa andorrana”. Tests to select the best varieties have intensified and a cooperative is being set up to promote the production and commercialisation, with more than fifty members at its start.

Along the same line, the initiatives to cultivate medicinal herbs must be highlighted, which were traditionally gathered in the mountains, and to reintroduce vines, which disappeared at the end of the 19th century, possibly due to Phylloxera. In the latter case, some initiatives are already commercialising wine and three or four attempts to reintroduce vine cultivation and wine production are well under way.

The number of workers in the primary sector rose slightly, compared with 2009. In 2010, the average number was 152 workers, which represents an increase of 2.9%. Average monthly wages rose 2.1% compared with 4.8% in the previous year.

TOBACCO HARVEST BY PARISH		
Kilograms		
	2010	Var. 10/09 (%)
Canillo	16,655.9	-0.8
Encamp	28,068.5	-2.9
Ordino	35,273.2	3.9
La Massana	45,117.8	-6.0
Andorra la Vella	29,854.8	-3.9
Sant Julià de Lòria	75,726.3	-16.4
Escaldes-Engordany	12,056.2	-1.3
Total	242,752.7	-7.2

Chart 8.1 Source: Andorran Tobacco Product Manufacturers Association (AFPTA)

9. INDUSTRY

2010 was not good for the industrial sector. The downturn, or at least stagnation, continued in many branches. The Chamber's surveys relating to the two half-years in that year continued to be very negative and the prospects for 2011 still reflect low

expectations for the future. Employment in the sector fell 3.7%; the fall in the numbers of jobs occurred in all branches except production and distribution of electricity, gas and water. Average wages stagnated at the same level as the previous year.

The situation survey of industry, relating to the first half of 2010, detects a clearly pessimistic state of opinion among the businessmen consulted. Likewise, a slightly more contained, unfavourable climate can be seen than in the two previous half-years. This negative perception of business is based on a steep downturn in demand, both domestic and foreign – exports accumulated an interannual decrease of 12.5% during the first half of 2010, with a lack of confidence among investors in the face of the present and future economic environment. The trend in business progress, despite seeing a lower decline than in the previous half-year, showed an even more unfavourable profile, similar to the one recorded in the same period of last year.

Likewise, the decline in production, despite continuing to fall fast, slowed slightly in comparison with the previous half-year and, in interannual terms, recorded the smallest decline in activity since 2007. In this scenario of persistently weak activity, the level of use of productive capacity shrank, for the third consecutive half-year, to 58.7%, a rate that represents a new historic low and lies 6 points below the average of the last two years. The stocks of finished products were considered a little high for the season of the year and the order book was valued as low overall, but in relation to the two preceding half-years, the percentage of businessmen who say this has fallen. Within this process of adjustment of companies to falling demand, the trend in the number of people employed in the sector reaffirmed the note of decline of previous half-years and sales prices tended to accentuate the falling trend begun in the second half of 2008.

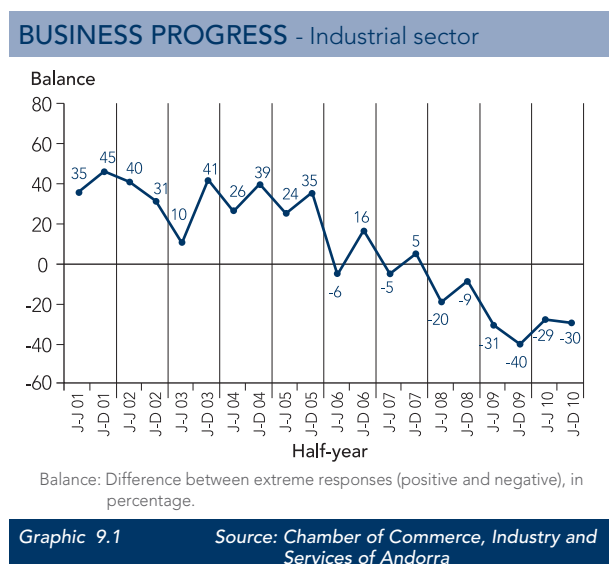
The results of the situation survey, relating to the second half of 2010, confirm that industry continued to present a very unfavourable balance overall,

although signs of a certain stabilisation in the rates of deterioration in the sector can be appreciated. In the opinion of the businessmen consulted, the trend in business progress was frankly bad, following the pattern of previous months, although this negative trend has tended to weaken in comparison with the rates reached in 2009, the most pessimistic time in the recent situation. The steep downturn in domestic demand and the weak situation in international markets remain a significant hindrance to industrial activity, which has again resulted in adjustments in supply levels.

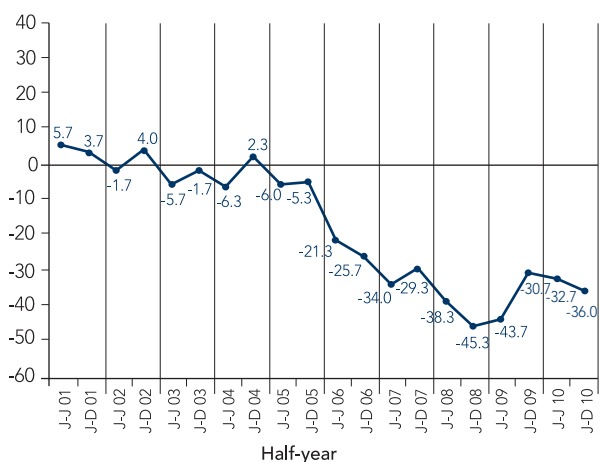
So, the rate of decline in production slowed in relation to one year before, but still appears quite fast in most companies, both in comparison with the previous half-year and the same period in 2009, also in line with low use of productive capacity which, despite rising a little, to 62.9% of the total, still remained close to the lows recorded in the two previous half-years. The accumulation of stocks of finished products remained at slightly higher than desired values and the order book was valued very negatively, although it has not shown such a depressing profile as in the same months of 2009. As for the labour market, this has pursued the falling trend in the number of personnel employed; on the other hand, in relation to prices, businesses have expressed difficulties in continuing to absorb the cost pressures and have indicated a certain note of moderation in the decline in sales prices, for the first time since the crisis started. This is one of the main worries in the sector in the present context of high competitiveness and serious weakness in demand.

The prospects for the first half of 2011 reflect a worsening of the business feeling, if compared with those of one year before, and do not encourage one to believe in a scenario of clear recovery in activity in the short term. Forecasts for the sector point to a weakening business situation, in keeping with a very significant reduction in the order book and volumes of production. In parallel, data indicate that the rate of use of productive capacity will remain at its lowest levels, around 60%, and that the number of employees will tend to fall again. On the other hand, it is expected that, despite efforts to adjust them, sales prices will no longer follow such an emphatic falling trend, faced with continuously climbing costs.

The trend in the indicator of industrial confidence confirms the high degree of pessimism that exists in the sector, about the future possibilities in this activity. >



CONFIDENCE INDICATOR⁽¹⁾ - Industrial sector



(1) Average balance on the total order book, production trend and stocks of finished products, changed in sign.

Graphic 9.2 Source: Chamber of Commerce, Industry and Services of Andorra

So, this indicator has continued to worsen 3.3 points, compared with the previous half-year, and has reached the notably negative value of -36.0 points, the lowest level since the first half of 2009.

Among the factors that hamper an increase in activity, weak demand has advanced as a major factor that limits activity – 86% of businesses have indicated this – followed by rising competition, for which the incidence also rose to 42%. Finally, the increase in operating costs – cited by 37% of businesses – also gained ground as an obstacle to activity and has come into line with difficulties of financing and treasury, a factor for which the incidence almost doubled in relation to the previous half-year and already affects 35% of those surveyed, the highest percentage in the available series.

The tobacco industry, as in recent years, remained practically stable, The average number of employees was 274, two less than in 2009. Average wages fell 3.1%. Tobacco imports grew 15.1%.

A year of irregular weather but major rainfall in some months allowed electricity production to reach 100,034 MWh, 16.5% more than in 2009. Thermal

COMPANY OPINIONS ABOUT TRENDS IN INDUSTRY - % of companies

		2008			2009			2010		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	16	22	19	7	12	9.5	12	14	13
	Normal	47	47	47	55	36	45.5	47	42	44.5
	Poor	36	31	33.5	38	52	45	41	44	42.5
	Balance	-20	-9	-14.5	-31	-40	-35.5	-29	-30	-29.5
2. Orders (half-year reviewed)	High	4	5	4.5	0	5	2.5	6	7	6.5
	Normal	35	31	33	24	22	23	32	25	28.5
	Low	62	64	63	76	72	74	62	68	65
	Balance	-58	-59	-58.5	-76	-67	-71.5	-56	-61	-58.5
3. Stocks of finished products (half-year reviewed)	Excessive	6	11	8.5	13	11	12	9	14	11.5
	Adequate	54	42	48	31	46	38.5	34	44	39
	Insufficient	2	2	2	0	2	1	3	5	4
	No stocks	38	45	41.5	56	42	49	54	37	45.5
	Balance	4	9	6.5	13	9	11	6	9	7.5
4. Average degree of use of productive capacity (in %) (half-year reviewed)		67.4	67.4	67.4	63.7	60.0	61.8	58.7	62.9	60.8
5. Production (Compared with same half-year of previous year)	Higher	8	7	7.5	7	9	8	14	14	14
	Similar	30	26	28	24	24	24	33	28	30.5
	Lower	62	67	64.5	69	67	68	52	58	55
	Balance	-54	-60	-57	-62	-58	-60	-38	-44	-41
6. Sales prices (Compared with previous half-year)	Higher	24	4	14	2	0	1	3	2	2.5
	Equal	65	65	65	65	66	65.5	53	75	64
	Lower	11	32	21.5	33	34	33.5	44	24	34
	Balance	13	-28	-7.5	-31	-34	-32.5	-41	-22	-31.5
7. Personnel employed (Compared with previous half-year)	More	13	4	8.5	6	5	5.5	8	3	5.5
	Equal	75	85	80	67	83	75	74	85	79.5
	Less	13	11	12	28	12	20	18	12	15
	Balance	0	-7	-3.5	-22	-7	-14.5	-10	-9	-9.5

Chart 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

production from urban waste was 12,666 MWh, less than in the previous year. Imports of electricity were practically the same as in the previous year: 497,948 MWh. Real electricity consumption increased 1.9% as a result of rising domestic consumption, 4.1%, especially consumption by the ski resorts, 12.8%. In

contrast, in the sectors of construction and industry, falls in consumption were important.

On the other hand, fuel consumption remained stable. Imports of petrol and diesel fell slightly and imports of domestic heating oil rose 3.6%.

10. CONSTRUCTION AND RELATED INDUSTRIES

Since 2008, we have been highlighting the major crisis affecting the sector of construction and related industries in the Principality. This sector, which was the major driving force behind national economic activity, has been in full recession for almost four years, and all indicators reflect that recovery cannot be immediate. So, the average number of employees who worked during the year was 4,657, 753 less than in 2009, representing a decrease of 13.9%. However, if we compare this with the 2006 figure, in which the high point was reached, the reduction was 2,251 workers, representing a fall of 32.6%, one third of those who worked in that financial year. Electricity consumption also fell in this financial year in a similar way, -10.1%. Imports of building materials also show this major downturn in activity in the sector, falling 17.4%.

As fits this situation, the surface area authorised for new building was 56,610 square metres, a figure that not only represents almost half of that for 2009 but moreover, lies far from the figures for the period 1998-2005, and is also less than in the crisis years.

If, in 2009, we already said that the public sector, with its behaviour in public real investment, both by the Government and the communes, had helped to lower building activity, in 2010 the reduction in real investment was still greater. So, real investment by the Government was 57.7 million euros, 41.9% less than in 2009, and that of the communes was 12.9 million euros, -41.8%. As we have always indicated, not all real investment relates to public works but the great majority are of this kind.

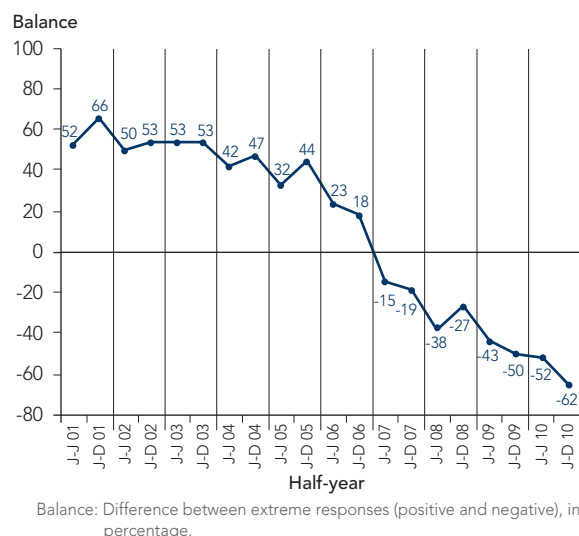
The surveys by the Chamber clearly reflect the major crisis affecting the building sector, both in public and private works.

The results of the questionnaire on the first half of 2010 confirm the intensity of the fall in construction and the few hopes that businessmen harbour towards a clear improvement in the business situation over the next few months. In this way, the indicators of activity in the sector continue to show a drastic adjustment, both in

supply – with a sharp decrease in the commencement of new building works – and in relation to demand – with very depressed numbers of sales transactions, which equally generate a progressive adjustment in sales prices. As for the trend in business, the survey reflects a new historic fall in business confidence, although a certain tendency to stabilise but not recover can be seen, which could mean that the construction sector is not far from reaching its lowest cyclical point.

The volume of works carried out have continued to suffer a severe reduction in relation to the two previous half-years, in a context in which excess supply accumulated with the change in cyclical phase well exceeds the real purchasing power of investors. In parallel, the trend in the volume of contracted work, which sets the standards of future activity, recorded very poor levels and points to a continued decline in activity over the next few months. By type of works, it is the building division that continues to suffer the crisis most strongly, as it has had to confront a very sudden reduction in demand, on the one hand, as a consequence of the expectations of falling prices, which delays investors from making >

BUSINESS PROGRESS - Construction sector



Graphic 10.1

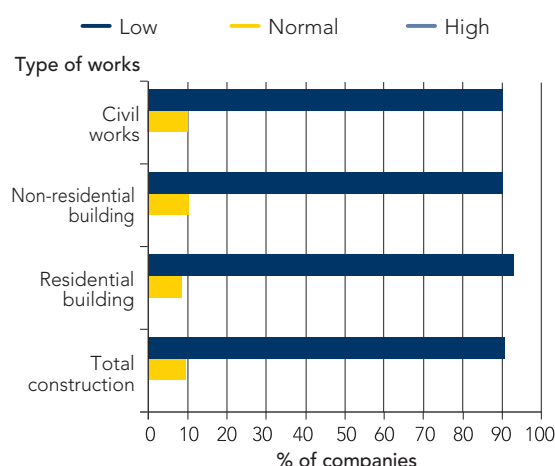
Source: Chamber of Commerce, Industry and Services of Andorra

decisions to purchase, and on the other hand, due to financial rebalancing of families, who tend to opt for prudence at a time when the uncertainty about the economic future is very high. Likewise, in the field of civil works, the decline in contracted works has also been very significant and has not helped to contain the downturn in the sector, a trend much influenced by the failure to approve the Government budget and by the notable cut in the communes' expenditure on public works. The effects of the recession continue to affect the labour market, with a strong reduction in levels of employment, and are reflected in the trend in sales prices, which have followed a clearly downward path.

The results of the situation survey for the second half indicate that the downturn in building activity intensified during the last part of 2010. Moreover, they demonstrate that the sector continues to suffer from a major accumulation of excess supply which it is difficult for the market to absorb in the short term, and is immersed in a strong, long-term recession. The evaluations by businesses about business progress reflect a severe drop in confidence, which clearly exceeds the already very negative levels in the previous half-years. Specifically, 62% of the businesses consulted were pessimistic when evaluating business progress – a percentage that represents an absolute historic record – and worse: no company defined its business trend as positive.

The speed of the fall in works being carried out, in relation to the previous two half-years, is a clear

CONTRACTED WORKS - Construction sector Half-year July-December 2010



Graphic 10.2 Source: Chamber of Commerce, Industry and Services of Andorra

exponent of the poor level of activity at a time when demand had fallen steeply and when, in parallel, the major part of works materialised that had been contracted right at the beginning of the crisis or in the months immediately after. Likewise, the trend in the volume of contracted work suggests that the adjustment has still not ended, nor does it give signs of having touched bottom. In general, all branches of works have recorded a more notable downturn in contracts than in the previous half-year. Likewise, it is the chapter for residential building that most helped to aggravate the decline in activity in the sector; a branch that, as well as continuing to be marked by oversupply, appears very sensitive to the overall economic

COMPANY OPINIONS ABOUT TRENDS IN THE CONSTRUCTION SECTOR - % of companies

		2008			2009			2010		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	4	10	7	0	4	2	2	0	1
	Normal	54	53	53.5	57	42	49.5	45	38	41.5
	Poor	42	37	39.5	43	54	48.5	54	62	58
	Balance	-38	-27	-32.5	-43	-50	-46.5	-52	-62	-57
2. Volume of works carried out (compared with same half-year of previous year)	Higher	4	12	8	4	6	5	9	4	6.5
	Equal	13	10	11.5	20	12	16	9	13	11
	Lower	83	78	80.5	76	82	79	81	83	82
	Balance	-79	-66	-72.5	-72	-76	-74	-72	-79	-75.5
3. Contract unit prices (compared with previous half-year)	Higher	0	0	0	0	0	0	0	0	0
	Equal	43	55	49	22	35	28.5	34	40	37
	Lower	57	45	51	78	65	71.5	66	60	63
	Balance	-57	-45	-51	-78	-65	-71.5	-66	-60	-63
4. Personnel employed (compared with previous half-year)	More	2	2	2	0	2	1	5	2	3.5
	Equal	41	46	43.5	40	41	40.5	43	47	45
	Less	57	52	54.5	60	57	58.5	52	51	51.5
	Balance	-55	-50	-52.5	-60	-55	-57.5	-47	-49	-48

Chart 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

recession, in the fact that worsening expectations of income and employment continue to seriously depress the demand for housing. Also, in the field of civil works, the situation continues to be highly compromised, with activity situated below the minimums, due to the sudden cut in tenders from the public administrations, tightly restricted by questions of budgetary politics deriving from the need to control the public deficit.

This difficult situation being experienced by construction is having very negative consequences on the labour market, with a significant reduction in the number of employed workers, and also affects sales prices, which continued to see an overall downward trend.

The companies' expectations for the first six months of 2011 maintain the pessimistic climate of previous half-years and reflect clear concern in the increased

uncertainty and continuous decline in the business situation. The volume of works carried out will maintain a similar rate of fall to the previous half-year, according to businessmen in the sector. Moreover, in relation to contracted works, the steep decline expected in contracts in the residential and non-residential sub-sectors and the rising pessimism about the prospect of an impulse in civil works anticipate a limited chance of activity reactivating in the next few months. The labour market will again show a very negative profile and prices will follow a general trend to slow down.

The percentage of builders who have pointed to weak demand as a factor limiting business progress has increased and returned to the high of 2008 (94%). Among other notable obstacles is also the rising competition, cited by 45% of those surveyed, and the difficulties of financing and treasury, indicated by 38%.

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND PLANNING						
Works awarded in 2010 or in previous years, finished in 2010						
Budget project name	Description of works	Company	Contract start date	Term	Cost	Present status (June 2011)
Updating existing cartography	Updating the cartography of Andorra on scale 1:500 and 1:1,000 and orthophotography of 0.20 m resolution	UTE VENTURO / TOPCAD 4 / AZIMUT	Jan-08	12 months	297,500.00 €	Finished
Drainage plan (sewage treatment plants)	Project and carrying out adaptations and extensions necessary for the north-west sewage treatment plant	ACSA / COPSA	Apr-08	18 months	8,404,633.33 €	Finished
CG1; Carrer de la Unió - Sta. Coloma roundabout	Widening and straightening CG1; Margineda - Aixovall; Phase II. Proj. 10/2007	CEVALLS	Jul-08	13 months	4,447,307.86 €	Finished
Envalira tunnel	Construction of a service and evacuation tunnel parallel to the Envalira tunnel. Civil works and installations. Proj. 12/2007	UTE COMA / OBRAS SUBTERRÁNEAS	Jul-08	23 months	21,637,163.12 €	Finished
Drainage plan (sewage treatment plants)	Improvement to integration and reduction of impact of the north-west sewage treatment plant	ACSA / COPSA	Mar-09	5 months	2,031,923.21 €	Finished
Surfacing of CG, CS and streets	Surfacing or reinforcement of roads of CG, CS and streets - year 2009. Proj. 10/2009	PAVAND	Apr-09	12 months	6,033,115.00 €	Finished
Protection of streams and rivers	Agrels bridge. Proj. 41/2008	PROGEC	May-09	3 months	275,469.86 €	Finished
Protection of streams and rivers	Improvement of crossroads of CG1 - CS 101, area of Tobira bridge and channelling of the river Comella and the Forn stream. Proj. 43/2008	UTE COMESA / APESA	May-09	7 months	1,606,177.39 €	Finished
Channelling rivers, Casadet bridge - Andorra -Spain frontier	Channelling of the right side of the river Gran Valira, section from Casadet - to Tobira bridge. Proj. 4/2009	PROGEC	May-09	10 months	1,047,954.85 €	Finished
Prison	Construction of new building for minors at La Comella prison; Phase II (bricklaying and installations). Proj. 8/2009	EMPUB	May-09	10 months	2,045,870.33 €	Finished
CG3; Roundabout M. Mateu - crossroads CS 300	Link road between Av. del Pessebre and Carrer Josep Viladomat. Proj. 16/2006	UTE COANSA / MOU TERRES TOBIRA	May-09	11 months	1,195,446.21 €	Finished
Protections from avalanches and risks	Supply and fixing of avalanche barrier on the slope of Avier de Percanela to protect the CG5 at PK 2+150. Proj. 20/2008	TREPOSA	May-09	14 months	1,950,671.00 €	Finished
Main roads. Infrastructures	Widening and straightening CG1, in the section from the old road from Auvinyà to the Hortells stream and La Ribera roundabout; Phase A. Proj. 0039/2008	TP ARMENGOL	Jul-09	9 months	1,249,044.19 €	Finished
CG2; Molleres bridge - Canillo	Installing dynamic barriers in the area of Roc del Quer and Phase I of direct stabilisation of isolated points of the slope. Proj. 0024/2009	TREPOSA	Dec-09	4 months	597,566.53 €	Finished
Surfacing of CG, CS and streets	Surfacing or reinforcement of roads of CG, CS and streets - year 2010. Proj. 01/2010	PAVAND	Mar-10	8 months	3,068,165.00 €	Finished

Chart 10.2

Source: Department of Land Planning. Government of Andorra

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND PLANNING.
Works awarded in 2010 or previous years, finished or in progress in 2011

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present status (June 2011)
New seat of Justice	New seat of Justice and extension to the Government administrative building; Phase I (structure, closures, flooring and divisions). Proj. 0018/2002	LOCUBSA	-	-	19,106,512.61 €	In progress
Sectoral plan. New infrastructures	Dos Valires tunnel; Phase II – Accesses at western opening. Proj. 0027/2004	UTE DRAGADOS / DRAGASA / TP ARMENGOL	Nov-07	24 months	27,047,310.60 €	In progress
Main roads. Infrastructures	Widening and straightening CG2, on the section from Mereig bridge to Canillo; phase II A: Perecaus - Canillo zone. Proj. 0036/2008	TREBISA	Sept-08	21 months	7,074,454.07 €	In progress
Sectoral plan. New infrastructures	Sant Julià de Lòria Diversion - 3rd section: link with Ave. Francesc Cairat at the area of Plaza Laurèdia up to the north opening of the Tapia tunnel. Proj. 9/2005	UTE CEVALLS / COPISA TP MONTANÉ	Jan-09	30 months	24,422,774.63 €	In progress
CG2; Ransol - Soldeu	Widening CG2 at Soldeu; phase I from PK 17+000 to PK 17+525. Proj. 14/2008	LOCUBSA	May-09	19 months	4,339,988.04 €	In progress
Dos Valires Tunnel	Dos Valires Tunnel; Phase III –east mouth accesses. Proj. 28/2004	UTE COPSA / ACSA	May-09	20 months	15,779,960.39 €	In progress
Isolated functional improvements to the road network	Roundabout on CG3 at exit from Escaldes-Engordany of PK 2+200. Proj. 47/2008	CEVALLS	May-09	20 months	3,554,010.17 €	In progress
Sant Julià de Lòria bypass	Sant Julià de Lòria bypass, 4th section: link with Ave. Francesc Cairat from the north mouth of the Tapia tunnel to the link with CG1 at the Grau Vell area. Proj. 10/2005	UTE CEVALLS / TP MONTANÉ / CEACSA	May-09	22 months	13,174,956.91 €	In progress
CG2; Miquel Mateu roundabout - Copríncep Episcopal roundabout	Widening and straightening of CG2, 4th section: urbanisation Valira Nova - crossroads of Encamp diversion. Proj. 40/2008	UTE TP ARMENGOL / TP MONTANÉ	May-09	25 months	7,584,891.74 €	In progress
Reports on natural risk protections	Avalanche protection gulley at CG3 - Basers del Corb area; phase IV. Proj. 2/2009	DRAGASA	May-09	26 months	1,067,387.61 €	In progress
Drainage plan (collectors)	General waste water collector at the side of the river Valira del Nord from the Pla bridge to the area of the bridge of Carrer Josep Viladomat. Proj. 0021/2009	TP ARMENGOL	Dec-09	18 months	1,026,971.68 €	In progress
Dos Valires Tunnel	Dos Valires Tunnel; Phase IV (installations). Proj. 0029/2004	UTE COPSA / INDRA	Apr-10	15 months	19,114,815.28 €	In progress
Isolated functional improvements to the road network	Widening left-hand pavement on Paris bridge. Proj. 30/2009	PROGEC	Nov-10	3 weeks	33,218.20 €	Finished
Protection from avalanches and risks	Protective dyke against rockfalls at La Solana d'Andorra la Vella and area of Forat Negre. Proj. 0014/2010	COMESA	Dec-10	2 months	166,056.16 €	In progress
CG3; roundabout CG4 - roundabout CS340	Widening and straightening of CG3 from PK 6+290 to PK 6+530; phase I. Proj. 0028/2009	TP ARMENGOL	Dec-10	2.5 months	254,998.30 €	In progress
Protection against avalanches and risks	Direct stabilisation of specific areas at Roc del Quer; phase II. Proj. 0025/2009	HC PIRINEUS DELTA	Dec-10	4 months	241,080.94 €	In progress
Protection against avalanches and risks	Direct stabilisation of slope of Roc dels Corbs at la Solana in Andorra la Vella. Proj. 0013/2010	INACCÉS	Dec-10	4 months	864,541.45 €	In progress
Construction (collectors)	Repairs of the collector for the north-west drainage system; phase II. Proj. 0018/2010	TP LA COMA	Dec-10	4 months	207,982.43 €	In progress
Link-road between CG2 – Encamp bypass	Link CG2 – from Encamp bypass to Ave. Joan Martí; phase II: area of bypass roundabout. Proj. 0020/2010	UTE TP ARMENGOL / TP MONTANÉ	Dec-10	5 months	663,749.73 €	In progress
Link-road between CG2 – Encamp bypass	Link CG2 – from Encamp bypass to Ave. Joan Martí; phase I: area of Prat del Genil roundabout. Proj. 0010/2010	PROGEC	Dec-10	5.5 months	770,638.70 €	In progress
CG2; Molleres bridge - Canillo	Widening and straightening of CG2, on section from Mereig bridge to Canillo; phase II B: Perecaus – Canillo zone. Proj. 0009/2010	CEACSA	Dec-10	10 months	2,061,482.21 €	In progress
Ordino sports area	Ordino sports area; phase III – services building (sports facilities)	UTE COPSA / LOCUBSA	Dec-10	20 months	2,657,492.88 €	In progress

Chart 10.3

Source: Department of Land Planning. Government of Andorra

WORKS OF THE MINISTRY OF THE ECONOMY AND LAND PLANNING.
Works awarded in 2011 and in progress

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present status (June 2011)
Surfacing of CG, CS and streets	Resurfacing or reinforcement of road surface of CG, CS and streets - 2011	PAVAND	Mar-11	10 months	3,050,500.00 €	In progress

Chart 10.4

Source: Department of Land Planning. Government of Andorra

11. SERVICES

It has already been five years since the services sector was seriously affected by the crisis, with the consequent downturn in activity, profits and jobs, especially relating to the branches that form the core of the Andorran economy: commerce, hotels and catering and all other activities linked to movements of tourists. In 2010, the fall in different indicators may not have been as intense as in 2009, but all saw negative results.

For the services sector as a whole, employment fell 2.4%, which means, in absolute terms, that 805 employees lost their jobs. There are differences between the various branches, but the most significant are the decreases in commerce (-3.7%) and hotels and

catering (-3.5%). It should be noted that for the first time in this already long period of crisis, employment has also fallen in the financial sector (-1.5%) and in the public Administration (-4.5); in public services, only health services escaped this trend. Average wages remained practically stable in all activities. The analysis, branch by branch, will enable us to highlight better the behaviour of each type and the gauge the prospects.

11.1. Commerce

Since the trend in the movement of tourists began to change (in 2003), commerce has felt the consequences;>

COMPANY OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of companies

1. Business progress (Half-year reviewed)	2008			2009			2010		
	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Good	4	5	4.5	5	7	6	7	7
	Normal	40	44	42	34	42	38	35	48
	Poor	56	52	54	61	51	56	58	46
	Balance	-52	-47	-49.5	-56	-44	-50	-51	-39
Food	Good	7	0	3.5	4	15	9.5	10	0
	Normal	44	58	51	36	39	37.5	26	53
	Poor	48	42	45	61	46	53.5	64	47
	Balance	-41	-42	-41.5	-57	-31	-44	-54	-47
Clothing & footwear	Good	0	0	0	3	0	1.5	2	3
	Normal	33	21	27	28	35	31.5	32	32
	Poor	67	79	73	69	65	67	66	65
	Balance	-67	-79	-73	-66	-65	-65.5	-64	-62
Household equipment	Good	8	7	7.5	7	0	3.5	6	4
	Normal	31	45	38	36	48	42	27	52
	Poor	62	48	55	57	52	54.5	67	44
	Balance	-54	-41	-47.5	-50	-52	-51	-61	-40
Hygiene & health	Good	10	12	11	10	26	18	12	5
	Normal	67	65	66	55	63	59	52	74
	Poor	24	24	24	35	11	23	36	21
	Balance	-14	-12	-13	-25	15	-5	-24	-16
Electronics	Good	0	0	0	0	6	3	6	6
	Normal	22	56	39	35	41	38	28	29
	Poor	78	44	61	65	53	59	67	65
	Balance	-78	-44	-61	-65	-47	-56	-61	-59
Vehicles & accessories	Good	0	0	0	0	3	1.5	4	5
	Normal	31	52	41.5	13	40	26.5	33	54
	Poor	69	48	58.5	87	57	72	63	42
	Balance	-69	-48	-58.5	-87	-54	-70.5	-59	-38
Other trades	Good	5	9	7	8	6	7	11	12
	Normal	43	36	39.5	31	39	35	41	49
	Poor	52	55	53.5	62	55	58.5	48	39
	Balance	-47	-46	-46.5	-54	-49	-51.5	-37	-27
Supermarkets & department stores	Good	0	0	0	0	8	4	0	15
	Normal	64	44	54	60	46	53	54	39
	Poor	36	56	46	40	46	43	46	46
	Balance	-36	-56	-46	-40	-38	-39	-46	-31

Chart 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

first, by starting to grow less and less and then going into negative figures, which were especially bad in 2009 and have also been so in 2010. The results of the Chamber's surveys in this financial year highlight this, and the behaviour of imports, goods that enter the country to be sold to residents but especially to visitors, highlights the intensity of the crisis. We already said that in 2010, employment fell in this branch of services, but it is very significant that in the last four years, 1,477 jobs have been destroyed.

The situation survey for the first half of 2010 reveals that the retail trade is still going through very difficult times, in a context in which the situation of economic crisis is most obvious in sinking consumer demand. In this sense, it should be noted that the lack of

consumer confidence relating to the weak and very uncertain economic prospects has become the main factor underlying this unhealthy trend in consumption, dragging down sector activity. The opinions of companies about the trend in business progress have regained a frankly unfavourable tone, after the slight seasonal correction in the previous half-year. Nevertheless, the fact that traders' perceptions about the business situation were no more pessimistic than those in the same period of the previous year, for the first time since the beginning of the crisis, indicated a certain slowdown in levels of decline in the sector.

From a sectoral point of view, certain disparities between the groups of products can be seen. So, this tendency to a slight fall in activity was especially

COMPANY OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of companies										
2. Sales figures (Half-year reviewed compared with same half-year of previous year)		2008			2009			2010		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Higher	6	4	5	3	6	4.5	8	9	8.5
	Similar	23	21	22	19	25	22	24	23	23.5
	Lower	72	75	73.5	78	69	73.5	68	69	68.5
	Balance	-66	-71	-68.5	-75	-63	-69	-60	-60	-60
Food	Higher	12	4	8	4	10	7	13	0	6.5
	Similar	23	12	17.5	22	20	21	15	21	18
	Lower	65	85	75	74	70	72	72	79	75.5
	Balance	-53	-81	-67	-70	-60	-65	-59	-79	-69
Clothing & footwear	Higher	7	4	5.5	3	6	4.5	13	12	12.5
	Similar	7	7	7	17	29	23	23	9	16
	Lower	87	89	88	79	66	72.5	64	79	71.5
	Balance	-80	-85	-82.5	-76	-60	-68	-51	-67	-59
Household equipment	Higher	0	3	1.5	4	0	2	10	8	9
	Similar	20	21	20.5	22	15	18.5	16	24	20
	Lower	80	76	78	74	85	79.5	74	68	71
	Balance	-80	-73	-76.5	-70	-85	-77.5	-64	-60	-62
Hygiene & health	Higher	14	18	16	0	16	8	0	11	5.5
	Similar	48	47	47.5	26	47	36.5	42	26	34
	Lower	38	35	36.5	74	37	55.5	58	63	60.5
	Balance	-24	-17	-20.5	-74	-21	-47.5	-58	-52	-55
Electronics	Higher	5	0	2.5	12	6	9	6	0	3
	Similar	23	19	21	18	18	18	11	19	15
	Lower	73	81	77	71	76	73.5	83	81	82
	Balance	-68	-81	-74.5	-59	-70	-64.5	-77	-81	-79
Vehicles & accessories	Higher	3	0	1.5	4	3	3.5	13	8	10.5
	Similar	10	10	10	9	20	14.5	25	33	29
	Lower	87	90	88.5	87	77	82	63	58	60.5
	Balance	-84	-90	-87	-83	-74	-78.5	-50	-50	-50
Other trades	Higher	5	3	4	2	5	3.5	4	12	8
	Similar	21	27	24	18	26	22	33	26	29.5
	Lower	74	70	72	80	69	74.5	62	62	62
	Balance	-69	-67	-68	-78	-64	-71	-58	-50	-54
Supermarkets & department stores	Higher	0	0	0	0	8	4	0	8	4
	Similar	70	33	51.5	22	25	23.5	23	25	24
	Lower	30	67	48.5	78	67	72.5	77	67	72
	Balance	-30	-67	-48.5	-78	-59	-68.5	-77	-59	-68

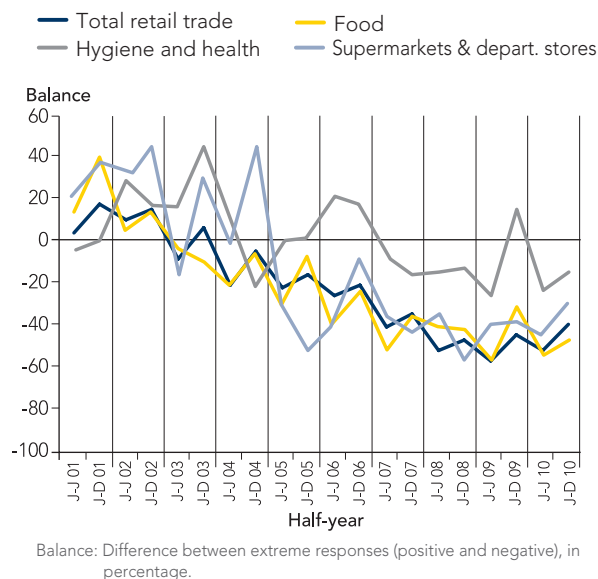
Chart 11.2

Source: Chamber of Commerce, Industry and Services of Andorra

notable in the section "other trades" and in the branch of vehicles and accessories, which although showing still very unfavourable results, has come a long way from the exceptionally pessimistic levels of the previous year. In contrast, the business climate only appears more negative than in the year before in supermarkets and department stores and, especially, in the branch of household equipment. On the other hand, the decline in business in the other branches stabilised or slowed down very slightly.

In most commercial sectors, the decline in sales figures presented a very discreetly slowing profile, but with a still very high rate of fall. The only sub-sectors that departed from this general rule and moreover saw the most negative sales levels in the whole commercial sector, were electronics – in which the decline was more marked than in the same period of the previous year – and supermarkets and department stores – with a fairly stable interannual rate of decline in sales. Stocks of products were only been considered excessive in the branch of clothing and footwear and, to a lesser extent, in the branches of hygiene and health and "other trades". Weak private consumption drove many shops to cut or contain prices to encourage sales and,

BUSINESS PROGRESS - Retail trade



Graphic 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

in the field of the labour market, the adjustments to reduce company personnel continued.

In the second half of the year, the fall in retail trade, despite maintaining a still very negative trend, >

IMPORTS - Thousand euros

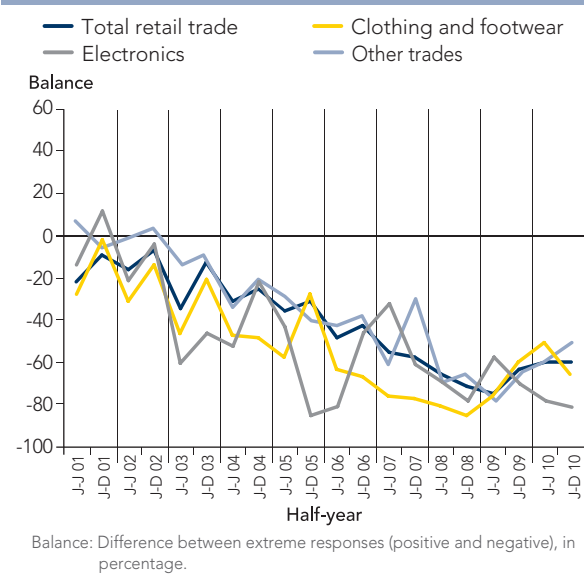
	2004	2005	2006	2007	2008	2009	2010
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	64,750.99	64,862.80	65,294.51	65,485.18	67,536.29	62,284.73	58,907.76
Section II (Chapters 06-14) Vegetable products	18,642.24	19,057.22	19,882.47	21,295.74	22,605.94	22,087.89	24,550.12
Section III (Chapter 15) Fats and oils	5,007.33	5,773.31	6,035.06	5,537.94	5,613.66	4,705.33	4,433.04
Section IV (Chapters 16-24) Food products, beverages and tobacco	170,095.89	188,361.85	178,319.43	161,717.34	172,381.93	161,633.98	169,679.09
Section V (Chapters 25-27) Mineral products	75,051.67	81,043.45	100,335.56	108,799.45	138,676.80	107,659.88	125,842.18
Section VI (Chapters 28-38) Products of the chemical industries	142,130.97	145,566.97	148,308.58	153,654.44	148,373.01	139,931.64	136,943.38
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	27,807.28	28,087.73	27,886.57	28,469.40	27,699.87	25,477.20	24,087.08
Section VIII (Chapters 41-43) Furs, leather and articles thereof	22,571.79	23,396.14	23,259.17	23,151.70	20,843.64	15,739.85	16,033.36
Section IX (Chapters 44-46) Wood, cork and articles thereof	15,506.90	16,653.28	16,488.65	15,039.67	12,173.31	9,945.09	8,672.18
Section X (Chapters 47-49) Paper and graphic arts	24,243.54	24,897.77	23,672.36	24,120.96	24,034.86	22,652.34	27,344.74
Section XI (Chapters 50-63) Textiles and articles thereof	121,081.68	123,204.43	126,283.54	129,900.27	121,536.36	112,692.13	115,109.90
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	37,311.61	39,299.37	37,166.85	37,046.21	34,985.56	34,715.46	37,344.13
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	25,849.68	27,074.08	27,818.24	28,015.20	24,724.21	18,034.19	16,778.57
Section XIV (Chapter 71) Pearls, precious stones and metals	15,408.59	17,785.50	13,482.20	13,543.25	11,738.28	10,820.89	10,284.83
Section XV (Chapters 72-83) Base metals and articles thereof	60,885.63	61,020.83	66,633.94	59,422.25	54,507.73	44,016.87	38,450.39
Section XVI (Chapters 84-85) Machinery and electrical equipment	295,340.20	272,790.04	247,956.79	243,208.35	196,767.22	161,723.01	138,848.30
Section XVII (Chapters 86-89) Transport material	159,023.40	165,661.77	153,130.44	130,727.95	102,218.25	79,694.32	84,694.28
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	53,558.25	53,338.86	53,210.92	54,543.37	50,442.90	39,904.65	42,755.54
Section XIX (Chapter 93) Arms and ammunition	1,407.04	1,427.98	1,281.48	1,370.07	1,293.41	1,142.14	971.16
Section XX (Chapters 94-96) Miscellaneous manufactured articles	72,950.24	79,418.00	77,187.02	82,282.13	71,093.12	60,464.16	59,317.80
Section XXI (Chapters 97-99) Works of art, antiques	2,578.70	2,858.59	2,047.69	8,018.22	3,433.78	2,025.77	654.47
Total	1,411,203.62	1,441,579.93	1,415,681.45	1,395,349.11	1,312,680.15	1,137,351.51	1,141,702.31

Note: From 2007, the data are provisional.

Chart 11.3

Source: Andorran Customs

SALES FIGURES COMPARED WITH THE SAME PERIOD IN THE PREVIOUS YEAR - Retail trade



Graphic 11.2 Source: Chamber of Commerce, Industry and Services of Andorra

slowed slightly. This was the result of a good start to the snow season and a quite animated end to the Christmas campaign, which partly offset the weak summer season and eased the gravity of declining activity. So, the opinions of companies about

business progress still lie in the more pessimistic band, although, overall, they did not rate it as bad as one year ago. By sub-sectors, only the branch of electronics and food accentuated the weakness seen in the same period of the previous year, while in the other branches a slightly slower pattern of decline in business predominated. On the most negative side, however, is notably the frankly unfavourable balance in the branch of clothing and footwear, which has persisted since the beginning of the crisis in a very weak business climate, totally contrasting with the trend noted in the branch of hygiene and health, with a much more contained, gradually falling trend in activity than in the other sub-sectors.

Altogether, sales figures fell in relation to the previous half-year, but above all they traced a steeply falling trend compared with the same period in 2009. This trend confirms that consumption has continued to fall substantially as a result of the adjustment in the dynamics of family spending, more and more affected by the loss of purchasing power and the scenario of a weak labour market. Specifically, the interannual trend in sales figures indicates that the consumption of food products and others for

STRUCTURE OF IMPORTS - %

	2004	2005	2006	2007	2008	2009	2010
Section 0 (Chapter 00)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Section I (Chapters 01-05) Live animals and animal products	4.6	4.5	4.6	4.7	5.1	5.5	5.2
Section II (Chapters 06-14) Vegetable products	1.3	1.3	1.4	1.5	1.7	1.9	2.2
Section III (Chapter 15) Fats and oils	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Section IV (Chapters 16-24) Food products, beverages and tobacco	12.1	13.1	12.6	11.6	13.1	14.2	14.9
Section V (Chapters 25-27) Mineral products	5.3	5.6	7.1	7.8	10.6	9.5	11.0
Section VI (Chapters 28-38) Products of the chemical industries	10.1	10.1	10.5	11.0	11.3	12.3	12.0
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	2.0	1.9	2.0	2.0	2.1	2.2	2.1
Section VIII (Chapters 41-43) Furs, leather and articles thereof	1.6	1.6	1.6	1.7	1.6	1.4	1.4
Section IX (Chapters 44-46) Wood, cork and articles thereof	1.1	1.2	1.2	1.1	0.9	0.9	0.8
Section X (Chapters 47-49) Paper and graphic arts	1.7	1.7	1.7	1.7	1.8	2.0	2.4
Section XI (Chapters 50-63) Textiles and articles thereof	8.6	8.5	8.9	9.3	9.3	9.9	10.1
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	2.6	2.7	2.6	2.7	2.7	3.1	3.3
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	1.8	1.9	2.0	2.0	1.9	1.6	1.5
Section XIV (Chapter 71) Pearls, precious stones and metals	1.1	1.2	1.0	1.0	0.9	1.0	0.9
Section XV (Chapters 72-83) Base metals and articles thereof	4.3	4.2	4.7	4.3	4.2	3.9	3.4
Section XVI (Chapters 84-85) Machinery and electrical equipment	20.9	18.9	17.5	17.4	15.0	14.2	12.2
Section XVII (Chapters 86-89) Transport material	11.3	11.5	10.8	9.4	7.8	7.0	7.4
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	3.8	3.7	3.8	3.9	3.8	3.5	3.7
Section XIX (Chapter 93) Arms and ammunition	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Section XX (Chapters 94-96) Miscellaneous manufactured articles	5.2	5.5	5.5	5.9	5.4	5.3	5.2
Section XXI (Chapters 97-99) Works of art, antiques	0.2	0.2	0.1	0.6	0.3	0.2	0.1
Total	100	100	100	100	100	100	100

Note: From 2007, the data are provisional.

Chart 11.4

Source: Andorran Customs

personal use, such as clothing and footwear, has slowed considerably.

Nevertheless, the most significant decline was recorded in the branch of electronics, in which the steep rate of falling sales in the last few half-years continued, a trend that shows that this segment of the market continues to be affected by problems of demand and loss of competitiveness.

Stocks of products were considered rather low and only excessive in the branch of clothing and footwear and especially hygiene and health. The number of people employed in the sector has continued to fall and sales prices have continued head down, in a very generalised manner in the branch of electronics and hygiene and health – in which major discounts have been applied to some articles in order to encourage sales.

Company expectations indicate that commercial activity will maintain a very negative profile during the first half of 2011, in a context that is expected to be even more adverse for consumer demand. In

the opinion of the companies, business progress will continue to worsen and the trend in sales prices will appear very depressed, with clear declines in levels of sales in most branches. Employment in this sector will tend to diminish and sales prices will generally appear quite stable.

Finally, in relation to the difficulties in business progress, weak demand (cited by 80% of companies) and loss of attractiveness in the area (mentioned by 54% of all those surveyed) and the increase in operating costs (by 42%) gained relevance as factors limiting activity.

We have already seen in the indicators of commercial activity that trends in 2010 were not good. Above all, we must highlight the fact that after many years of continuously declining activity, this trend continues. We could specify that the decline in some areas has slowed. The quantitative indicator for commercial sales is undoubtedly the behaviour of imports, after making exceptions according to the product. In 2010, total imports, at current prices, remained practically stagnated at the same value as in 2009, as there was >

VARIATIONS IN IMPORTS - %							
	2004	2005	2006	2007	2008	2009	2010
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	3.6	0.2	0.7	0.3	3.1	-7.8	-5.4
Section II (Chapters 06-14) Vegetable products	-0.4	2.2	4.3	7.1	6.2	-2.3	11.1
Section III (Chapter 15) Fats and oils	-4.3	15.3	4.5	-8.2	1.4	-16.2	-5.8
Section IV (Chapters 16-24) Food products, beverages and tobacco	1.3	10.7	-5.3	-9.3	6.6	-6.2	5.0
Section V (Chapters 25-27) Mineral products	4.8	8.0	23.8	8.4	27.5	-22.4	16.9
Section VI (Chapters 28-38) Products of the chemical industries	4.0	2.4	1.9	3.6	-3.4	-5.7	-2.1
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	5.3	1.0	-0.7	2.1	-2.7	-8.0	-5.5
Section VIII (Chapters 41-43) Furs, leather and articles thereof	7.2	3.7	-0.6	-0.5	-10.0	-24.5	1.9
Section IX (Chapters 44-46) Wood, cork and articles thereof	9.8	7.4	-1.0	-8.8	-19.1	-18.3	-12.8
Section X (Chapters 47-49) Paper and graphic arts	0.9	2.7	-4.9	1.9	-0.4	-5.8	20.7
Section XI (Chapters 50-63) Textiles and articles thereof	2.1	1.8	2.5	2.9	-6.4	-7.3	2.1
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	-3.6	5.3	-5.4	-0.3	-5.6	-0.8	7.6
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	0.4	4.7	2.7	0.7	-11.7	-27.1	-7.0
Section XIV (Chapter 71) Pearls, precious stones and metals	24.8	15.4	-24.2	0.5	-13.3	-7.8	-5.0
Section XV (Chapters 72-83) Base metals and articles thereof	22.4	0.2	9.2	-10.8	-8.3	-19.2	-12.6
Section XVI (Chapters 84-85) Machinery and electrical equipment	15.1	-7.6	-9.1	-1.9	-19.1	-17.8	-14.1
Section XVII (Chapters 86-89) Transport material	14.6	4.2	-7.6	-14.6	-21.8	-22.0	6.3
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	-22.4	-0.4	-0.2	2.5	-7.5	-20.9	7.1
Section XIX (Chapter 93) Arms and ammunition	-6.1	1.5	-10.3	6.9	-5.6	-11.7	-15.0
Section XX (Chapters 94-96) Miscellaneous manufactured articles	-2.8	8.9	-2.8	6.6	-13.6	-15.0	-1.9
Section XXI (Chapters 97-99) Works of art, antiques	39.3	10.9	-28.4	291.6	-57.2	-41.0	-67.7
Total	5.6	2.2	-1.8	-1.4	-5.9	-13.4	0.4

Note: From 2007, the data are provisional.

Chart 11.5

Source: Andorran Customs

growth of 0.4%. However, to evaluate the trend in the retail sector, one should eliminate imports of building materials, which fell 17.4%, fuel imports which grew 21.3%, greatly influenced by the major rise in oil prices and, moreover, tobacco imports, which grew 15.1%. Discounting these three branches, imports shrank 1.3% at current prices. Therefore, the trend in retail trade was bad, but not as bad as in 2009.

We can speak of very few branches with positive figures. Among these branches are notably clocks and watches (+21.4%), paper and publishing (+20.7%), vegetables (+9.1%) and fruit (18%), coffee (+22.8%), footwear (+9.1%), alcoholic and non-alcoholic beverages (+8.4%), vehicles (+7.1%) – as a result of the recovery in registrations, after several years of steep decline – and toys and leisure articles, with growth of 5.6%. No other branch with positive results stands out. A few had similar imports to those of last year, such as meat and edible offal, rubber articles and knitted and non-knitted clothing. In contrast, the list of branches that shrank significantly is very long. Beginning with food products such as fats and oils (-5.8%), dairy produce (-14.8%), sugar (-16%), and continuing with perfumery (-0.8%), despite the major promotional campaigns that were made, pharmaceutical products (-7.4%), plastics (-9.6%), furs (-13.6%), jewellery (-5%), articles of wood (-13.3%), furniture and lighting (-9.1%), optical and photographic apparatus (-2.7%), photographic

and cinematographic products (-41.1%), and ending with electrical and electronic apparatus (-19.8%). The conclusion is clear, 2010 was bad for most branches of commerce.

11.2. The financial system

Although economic activity on a world scale saw a major recovery – such as in the emerging countries, the USA and some important countries in Europe – other countries in the Andorran environment, such as Spain, continued in full crisis. However, what matters most is that the world financial crisis has dragged on and even deepened, especially with regards to the euro. In 2010, the European Union underwent some very difficult times due to the public debt of countries such as Greece, Ireland, Portugal, Spain and even Italy recently. This affected the whole European financial and banking system, required bail-outs and involved drastic measures in economic and financial policy. The interest rates for money remain low but the bank has continued to hold back and toughen concessions of credit, with the logical consequences for economic activity, especially consumption and investment, both public and private.

The Andorran financial system has also been affected by this serious situation in its surroundings, especially the continuous decline in activity in the production and services sectors inside the country itself. The balance

ANDORRAN BANKS BALANCE SHEET DATA, 2009-2010 - Thousand euros

	ANDBANC GRUP AGRÍCOL REIG		BANC INTERNACIONAL- BANCA MORA		BANCA PRIVADA D'ANDORRA		GRUP CRÈDIT ANDORRÀ		BANCSABADELL D'ANDORRA		ANDORRAN BANKS AGGREGATE BALANCE SHEET	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
ASSETS												
Cash and banks	359,579	455,253	327,250	213,715	467,234	194,866	666,144	499,748	121,952	74,755	1,942,159	1,438,337
Net credit inv. (to customers)	1,594,259	1,611,225	1,030,807	1,066,574	804,844	909,501	3,002,649	3,084,616	390,049	390,296	6,822,608	7,062,212
Portfolio of securities	801,088	948,844	1,162,380	866,144	337,706	547,818	1,330,832	1,235,854	114,483	141,389	3,746,489	3,740,049
Tangible assets	114,499	116,838	95,782	94,977	97,977	92,977	278,773	278,752	19,921	19,060	606,952	602,604
Intangible assets	12,444	12,189	12,988	15,935	8,993	8,465	21,582	41,095	3,232	3,234	59,239	80,918
Other assets	66,919	60,715	32,294	26,092	38,491	34,579	63,100	84,815	9,173	11,869	209,977	218,070
TOTAL ASSETS	2,948,788	3,205,064	2,661,501	2,283,437	1,755,245	1,788,206	5,363,080	5,224,880	658,810	640,603	13,387,424	13,142,190
LIABILITIES												
Share capital	78,061	78,061	42,407	42,407	60,000	70,000	70,000	70,000	30,068	30,068	280,536	290,536
Reserves and results	262,680	337,429	197,343	212,922	86,703	151,158	515,615	447,893	16,541	21,174	1,078,882	1,170,576
Subordinated liabilities	-	-	60,000	60,000	31,008	32,605	150,000	150,000	-	-	241,008	242,605
Financial intermediaries	111,296	214,389	48,084	50,441	38,246	170,828	96,772	159,686	30,915	34,573	325,313	629,917
Deposits	2,439,699	2,494,884	2,263,853	1,867,277	1,415,764	1,210,332	4,373,749	4,181,704	457,873	417,658	10,950,938	10,171,855
Other liabilities	57,052	80,301	49,814	50,390	123,524	153,283	156,944	215,597	123,413	137,130	510,747	636,701
TOTAL LIABILITIES	2,948,788	3,205,064	2,661,501	2,283,437	1,755,245	1,788,206	5,363,080	5,224,880	658,810	640,603	13,387,424	13,142,190

Note: Reserves and results includes minority interests.

Chart 11.6

Source: Andorran Banks Association and annual reports by banking entities

sheets of the five banking groups established in this country are produced in the adjoining chart. What stands out, in relation to assets, is the reduction in "cash and banks", -25.9%, and the slight recovery in "net credit investment to customers", 3.5%. In relation to liabilities, we must highlight the increase in capital of one institution, the positive trend in "reserves and results", with an increase of 8.5%, and the fall in deposits, -7.1%.

The number of employees for the whole of the financial sector has fallen slightly, 1.5%, and they saw their average wages rise 3.9%. In relation to the number of bank offices, one more was opened since 2009.

Since the General Council passed the Law on the exchange of information on tax matters upon request in September 2009, agreements have been signed throughout 2010 on this subject with various countries, some of which have already been ratified by the relevant legislative bodies, so that in some cases they already came into force in the first half of 2011. In contrast, it was not possible to sign double taxation agreements because the principality has still not completed the necessary fiscal legislation.

11.3. Tourism

For many years, the Andorran economy has depended on the behaviour of incoming visitors and their attitude towards purchasing goods and services and in relation to the use of leisure or residential facilities. The trend in incoming visitors is the one indicator that clearly marks the economic progress of most productive sectors in this country. The change in trend from 2002 set the trend in domestic product. As we have said in other reports, the world crisis that began in the second half of 2007 has strongly affected the Principality's potential clients, but the crisis began earlier inside the country, with a progressive decline in its power of attraction.

In 2010, the influx of visitors shrank again at an important rate, -5.4%, although this fall was particularly due to the decline in the number of day-trippers – those who do not spend the night – by -6.7%, while the number of tourists only fell 0.3%. It should be highlighted that since 2002, the drop in visitors was 25.7% – that of tourists 46.6% and day-trippers 17%. It is not strange that overnight stays fell in this period by 44%. It should

DAY TICKETS SOLD FOR SEASON	
SEASON	SKIING DAYS (passes/day sold)
1996 – 1997	1,970,271
1997 – 1998	2,157,641
1998 – 1999	2,250,000
1999 – 2000	2,308,000
2000 – 2001	2,255,650
2001 – 2002	2,482,000
2002 – 2003	2,458,000
2003 – 2004	2,519,333
2004 – 2005	2,554,000
2005 – 2006	2,528,000
2006 – 2007	1,892,990
2007 – 2008	2,282,000
2008 – 2009	2,342,427
2009 – 2010	2,331,105
2010 – 2011	2,230,000

Note: For tickets valid for the whole season, it is estimated that they are used for 20 days per ticket.

Chart 11.7 Source: Ski Andorra

also be indicated that in 2010, a tendency that is negative for this country continued: its ever more concentrated dependence on only one country, for tourism, Spain. The numbers of French and visitors from other countries have been falling more than the Spanish, despite efforts to diversify.

This reduction in the number of visitors also resulted in a drop in the number of skiing days sold (passes/day sold) by 4.3%. However, the ski season was not bad, as 2,230,000 passes were sold, so it was relatively similar to recent years, altogether quite good.

The weather conditions were favourable in general, except at the very end of the season; snow levels and temperatures were quite good. The 2010-2011 season began on 27 November and ended on 25 April and were therefore reasonably long.

In recent seasons, investment in the resorts dropped. In 2009, only 11 million euros was invested and during the 2010 financial year, investment was 6.4 million euros. Promotional campaigns abroad continued and service and attractiveness to customers was worked on, organising and diversifying many activities.

In previous reports, we already indicated that Caldea spa had also seen a fall in the numbers of visitors, >

which in this case resulted in a slight decline in ticket sales. In this financial year, the trend continued, much more moderately. 339,908 tickets were sold, a figure that represents a decrease of 1.6% when compared with the previous financial year. Income fell 3.2%. The results are still positive. This centre is a good attraction in the Principality.

The efforts made by the Ice Palace in recent years to improve its operations are leading to positive results. The income from its operations has risen 25.1% and current expenditure fell 0.3%. These results enabled a positive accounting result for the financial year, of 60,149 euros. Self-financing also improved, rising 65%. In 2010, investments of 165,053 euros were made, more than double that in 2009; investments were made especially in intangible property, building and technical installations.

The ecological theme park, Naturlàndia (Camprabassa SAU), saw better results than in 2009. The centre is open all year round, but activity is concentrated in the winter season – from 1 December to 30 April this year; passes increased 23%, Tobotronc 43% and other activities 8%. For the whole financial year 2010, the Ecopark had 200,000 visitors and invoiced 2.2 million euros, 35% more than in 2009.

According to the study carried out among its members by the Andorran Hoteliers Union, a sufficiently broad and significant sample to be a general indicator for the

whole sector, hotel employment improved in 2010. The overall rate of employment went from 41.6% in 2009 to 44.6% in 2010. The figure is low but the improvement is clear. The fact that the number of tourists – visitors who stay overnight – hardly diminished and there was a slight improvement in the duration of their stay explains these three incremental points in the rate of employment.

City hotels had a better rate of occupancy than those in the mountains: 49.5% against 41.5%. Higher quality hotels, of 4-5 stars, also recorded higher occupancy than those of 2-3 stars, 47.4% against 38.2%. For all months, the rate of occupancy was better than or at least similar to that of 2009, except in September and November. Especially positive were the figures for the first quarter of 2010, thanks to a good snow season. By parish, the highest rate was recorded in Andorra la Vella, and the lowest in the parish of Encamp.

In the adjoining tables, the data for the supply of accommodation and type of establishment and category are provided. The figures are not really comparable with previous years due, as indicated in the notes, to the inclusion of a new type of establishment, “furnished holiday apartments”, a new classification in 2010. Nevertheless, some statements can be made. The supply of tourist accommodation is very large. Despite difficulties in recent years, the supply has varied little; in any case a shift in favour of the higher categories is occurring.

HOTEL OCCUPANCY - % occupancy of total rooms

	BY TYPE				BY CATEGORY					
	City hotels		Mountain hotels		4-5 star hotels		2-3 star hotels		Global	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
January	66.7	71.7	69.7	77.5	70.0	77.5	65.6	69.8	68.5	75.2
February	61.3	70.6	75.8	81.0	69.7	78.8	70.9	72.7	70.1	76.9
March	46.4	51.2	50.9	69.9	52.8	68.4	41.6	49.2	49.1	62.6
April	39.2	41.3	35.3	35.5	39.0	43.0	32.2	25.8	36.8	37.8
May	30.7	30.7	21.7	23.5	30.2	29.8	14.8	18.4	25.2	26.3
June	29.0	25.4	18.0	23.4	25.3	29.6	16.1	11.6	22.3	24.2
July	45.6	51.7	35.3	37.1	45.4	46.5	26.9	34.5	39.3	42.8
August	69.2	71.7	47.0	45.8	61.6	56.3	43.4	55.1	55.7	55.9
September	44.0	46.0	30.3	26.8	38.8	36.6	29.1	29.1	35.6	34.4
October	46.6	49.6	11.0	16.8	27.2	26.7	20.3	36.2	24.9	29.6
November	41.5	34.0	7.5	9.9	23.4	21.7	11.9	13.8	20.8	19.3
December	52.2	50.0	51.6	52.6	53.1	55.1	49.2	43.6	51.8	51.6
ANNUAL AVERAGE	47.7	49.5	37.7	41.5	44.7	47.4	35.0	38.2	41.6	44.6

Note: Data obtained from survey of hotel occupancy of UHA associate establishments.

Chart 11.8

Source: Andorran Hoteliers Union / Observatory of the Costa Dorada Tourism Studies Foundation

SUPPLY OF TOURIST ACCOMMODATION BY PARISHES

	2007		2008		2009		2010 ^(*)	
	Establ.	Beds	Establ.	Beds	Establ.	Beds	Establ.	Beds
Canillo	44	5,560	49	6,599	49	6,657	55	7,831
Encamp	60	7,148	61	7,145	56	6,747	65	10,070
Ordino	26	1,912	28	1,989	28	2,013	27	1,914
La Massana	39	5,162	39	5,274	38	5,209	41	5,445
Andorra la Vella	46	6,077	45	6,297	44	6,195	43	6,672
Sant Julià de Lòria	13	1,259	13	1,447	12	1,329	12	1,254
Escaldes-Engordany	39	5,468	35	5,763	33	5,550	34	5,412
TOTAL	267	32,586	270	34,514	260	33,700	277	38,598

Note: Data on 31 December of relevant year.

(*) 1. The data relating to 2010 show a significant increase in the number of classified establishments and beds, due to inclusion of a new type of establishment, "Furnished holiday apartments", a new classification in 2010, created by the Law 26/2008, of 20 November, regulating furnished holiday apartments and companies that operate them, and the Regulations regulating classification of furnished holiday apartments of 25/11/2009.

2. 2010 data referring to the total number of establishments includes the 19 authorised commercial companies in charge of managing the furnished holiday apartments.

3. Unlike tourist apartments, which are located in one single building, furnished holiday apartments are independent units located in different buildings.

Chart 11.9

Source: Department of Statistics. Government of Andorra / Department of Tourism. Government of Andorra

The results of the situation survey for the first half of 2010 demonstrate that the hotel sector still shows a very weak trade balance, although the trend detected in the previous half was confirmed,

pointing to a slowdown in the rate of contraction in activity, a circumstance that is logical to a certain extent, after the phase of accumulated steep falls. The evaluations of business progress reflect >

SUPPLY OF TOURIST ACCOMMODATION BY TYPE OF ESTABLISHMENT AND CATEGORY

		2007						2008						2009						2010 ⁽¹⁾					
		Total	1*	2*	3*	4*	5*	Total	1*	2*	3*	4*	5*	Total	1*	2*	3*	4*	5*	Total	1*	2*	3*	4*	5*
Hotels	Establ.	194	7	44	87	48	8	193	7	39	85	53	9	185	5	34	84	53	9	183	4	34	84	53	8
	Rooms	11,127	144	1,473	4,375	4,490	645	11,151	140	1,240	4,238	4,769	764	10,777	97	1,021	4,126	4,769	764	10,885	92	1,035	4,172	4,885	701
	Beds	26,181	373	3,476	10,043	10,725	1,564	27,462	388	2,936	9,836	12,184	2,118	26,628	264	2,482	9,580	12,184	2,118	27,193	223	2,500	9,758	12,707	2,005
Hostels / residences	Establ.	19	10	7	2	-	-	17	7	8	2	-	-	15	5	8	2	-	-	15	5	9	1	-	-
	Rooms	384	146	166	72	-	-	349	103	174	72	-	-	319	73	174	72	-	-	267	84	154	29	-	-
	Beds	836	298	394	144	-	-	781	223	414	144	-	-	719	161	414	144	-	-	620	170	334	116	-	-
Pensions	Establ.	12	10	2	-	-	-	11	9	2	-	-	-	9	7	2	-	-	-	7	5	2	-	-	-
	Rooms	235	204	31	-	-	-	224	193	31	-	-	-	198	167	31	-	-	-	144	111	33	-	-	-
	Beds	437	386	51	-	-	-	401	351	50	-	-	-	361	311	50	-	-	-	293	223	70	-	-	-
Aparthotels	Establ.	24	2	4	15	3	-	25	2	4	16	3	-	24	2	4	15	3	-	24	2	4	15	3	-
	Rooms	820	88	122	453	157	-	814	88	122	446	158	-	808	88	122	440	158	-	863	89	152	455	167	-
	Beds	3,550	313	696	1,724	817	-	3,616	313	701	1,830	772	-	3,586	313	701	1,800	772	-	3,388	282	578	1,882	646	-
Tourist apartments	Establ.	18	5	7	6	-	-	24	5	10	9	-	-	27	6	10	11	-	-	29	4	12	12	1	-
	Apart.	316	74	145	97	-	-	473	74	221	178	-	-	511	80	221	210	-	-	505	39	250	191	25	-
	Beds	1,582	401	675	506	-	-	2,254	391	1,030	833	-	-	2,406	421	1,030	955	-	-	2,294	164	1,160	870	100	-
Furnished apartments ⁽²⁾	Establ.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19 ⁽³⁾	-	-	-	-	-
	Apart.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	982	419	480	83	-	-
	Beds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,810	1,851	2,557	402	-	-
Total	Establ.	267	34	64	110	51	8	270	30	63	112	56	9	260	25	58	112	56	9	277 ⁽⁴⁾	20	61	112	57	8
	Hab./Apart.	12,882	656	1,937	4,997	4,647	645	13,011	598	1,788	4,934	4,927	764	12,613	505	1,569	4,848	4,927	764	13,646	834	2,104	4,930	5,077	701
	Beds	32,586	1,771	5,292	12,417	11,542	1,564	34,514	1,666	5,131	12,643	12,956	2,118	33,700	1,470	4,677	12,479	12,956	2,118	38,598	2,913	7,199	13,028	13,453	2,005

Note: Data on 31 December of relevant year.

(1) The total data relating to 2010 show a significant increase in the supply of tourist accommodation, due to the inclusion of "Furnished holiday apartments", a new type of establishment, newly classified in 2010, created by Law 26/2008, of 20 November, regulating furnished holiday apartments and companies that operate them, and the Regulations regulating the classification of furnished holiday apartments of 25/11/2009.

(2) Unlike tourist apartments, which are located in one building, furnished holiday apartments are independent units located in different buildings.

(3) Data relating to the number of authorised commercial companies managing this type of establishment.

(4) 2010 data referring to the number of establishments includes, as well as the 258 establishments classified by categories, the 19 authorised commercial companies managing the furnished holiday apartments.

Chart 11.10

Source: Department of Statistics. Government of Andorra / Department of Tourism. Government of Andorra

this tendency towards more contained levels of adjustment, since they show a still very unfavourable business climate, but much less pessimistic than that of the last three years. Nevertheless, it should be qualified that the decrease in weakening activity was accompanied by a considerable worsening of the economic and financial situation in hotel companies, which have had to face a major reduction in margins, imposed by the strong competition and intense decline in the demand from tourism. From a territorial perspective, the slowing decline in business was quite generalised and affected both central nuclei in the country – Andorra la Vella and Escaldes-Engordany – and the other more peripheral parishes, which benefited from a good ski season. The only exception to these slightly less negative overall dynamics was recorded in Sant Julià de Lòria – a zone in which the persistence of the exceptionally unfavourable climate in previous half-years has suggested that levels of activity remain very low.

On the whole, the rate of decline in the average rate of occupancy, although quite negative, lessened in

most parishes, except Ordino and Sant Julià de Lòria, which still saw fast rates of decline, quite similar to one year before. This tendency for rates of occupancy to decline less can be explained basically, not by a clear recovery in tourist flows, which are greatly affected by the economic weakness of our main suppliers, particularly Spain, but rather by the major price adjustment which hoteliers were forced to apply, when faced with a very competitive environment. On the other hand, hotel establishments showed very significant reductions in personnel, in a context of falling income and major tightening in operating costs. As for the distribution of customers by nationality, the Spanish still lead the ranks, representing 68% of the total clientele, of which 40% come from Catalonia. In second place are clients from countries not bordering Andorra, representing 17% of the total, followed by the French, 15% of the total.

In the second half of the year, the hotel sector showed one of the most negative balances for the present situation, in that it had to face a very notable downturn in the demand from international tourism and, in parallel, is still immersed in a structural crisis that is

COMPANY OPINION ABOUT TRENDS IN THE HOTEL SECTOR - % of companies

		2008			2009			2010		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	4	2	3	0	0	0	3	2	2.5
	Normal	41	32	36.5	29	49	39	50	33	41.5
	Poor	55	66	60.5	71	51	61	47	65	56
	Balance	-51	-64	-57.5	-71	-51	-61	-44	-63	-53.5
2. Average distribution of clients (%) (half-year reviewed)	Catalonia	34	43	38.5	40	43	41.5	40	36	38
	Rest of Spain	29	29	29	26	28	27	28	28	28
	France	18	17	17.5	15	16	15.5	15	23	19
	Others	19	11	15	19	14	16.5	17	12	14.5
3. Level of reservations (half-year reviewed)	High	2	2	2	0	5	2.5	2	4	3
	Adequate for the period	10	16	13	12	24	18	24	19	21.5
	Low	88	82	85	88	71	79.5	71	75	73
	Reservations not used	0	0	0	0	0	0	3	2	2.5
Balance	-86	-80	-83	-88	-66	-77	-69	-71	-70	
4. Average rate of occupancy (compared with same half-year of previous year)	Higher	10	5	7.5	8	20	14	24	13	18.5
	Equal	20	9	14.5	4	20	12	19	23	21
	Lower	69	86	77.5	88	60	74	57	65	61
	Balance	-59	-81	-70	-80	-40	-60	-33	-52	-42.5
5. Prices paid by clients (compared with previous half-year)	Higher	10	2	6	6	7	6.5	5	4	4.5
	Equal	57	56	56.5	38	15	26.5	31	43	37
	Lower	33	42	37.5	56	78	67	64	53	58.5
	Balance	-23	-40	-31.5	-50	-71	-60.5	-59	-49	-54
6. Personnel employed (compared with previous half-year)	More	18	4	11	17	7	12	17	4	10.5
	Equal	45	40	42.5	33	42	37.5	41	38	39.5
	Less	37	56	46.5	50	51	50.5	41	58	49.5
	Balance	-19	-52	-35.5	-33	-44	-38.5	-24	-54	-39

Chart 11.11

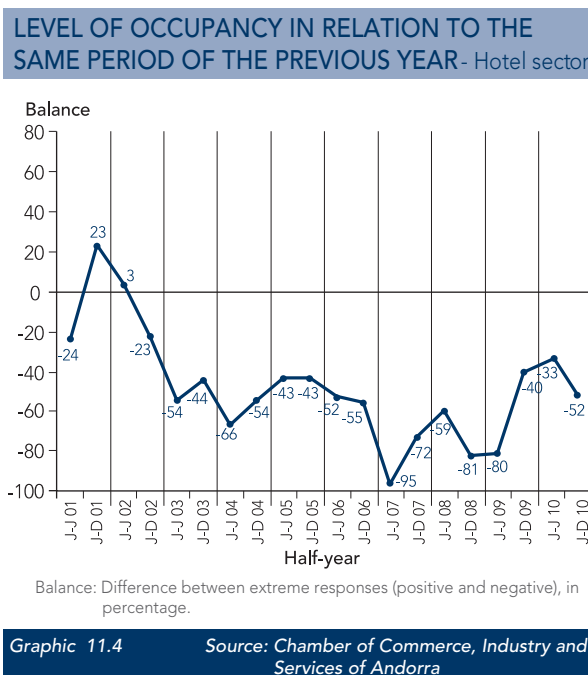
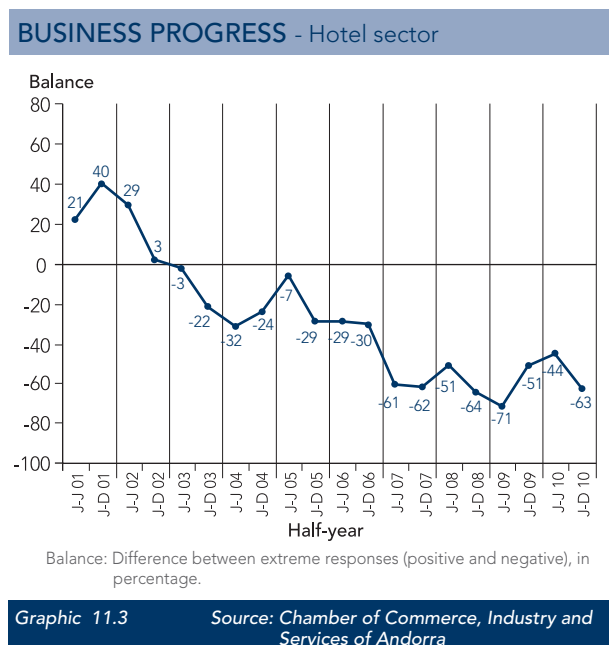
Source: Chamber of Commerce, Industry and Services of Andorra

very worrying because of its duration and intensity. So, according to the results of the situation survey, the process of decline in business entered a more intense phase in the last half of 2010 and ruptures, in this way, the tentative road to moderation detected in the two preceding half-years.

A geographical analysis reveals that both parishes with snow resorts, which have the highest concentration of tourists in winter, and the nuclei of Andorra la Vella and Escaldes-Engordany, whose tourism supply is not strictly linked to the climate, were notably affected by the negative effects of low seasonal activity in this period. This implies that the notably seasonal nature of our tourism is still holding back hotel activity, especially in the present scenario of economic weakness.

Altogether, the average level of occupancy worsened in relation to the previous half and positioned itself well below the already disappointing levels of one year before. Specifically, this interannual fall in hotel occupancy, despite being very significant in most parishes, appeared especially steep in Sant Julià de Lòria, where the profile of strong, continuous contraction over the last five half-years persisted, and also in the parishes of Canillo, Ordino, Andorra la Vella and Escaldes-Engordany, in which, generally, the falling trend in rates of occupancy that has been recorded until now, was accentuated.

On the other hand, surveyed companies indicated new adjustments in falling numbers of employees and very notable cuts in sales prices, through the dynamics of offers and discounts that hoteliers have had to



face, both nationally and internationally. As for the distribution of clients by country of origin, Catalonia, despite losing 7 percentage points in relation to one year before, remains our main supplier, with 36% of incoming tourists, more than clients from the rest of Spain (28%). Likewise, in relation to the same months of last year, an increase in French travellers has been noted, going from 16% to 23% of the total, and a slight decline in clients from further destinations, which involved only 12% of the total clientele.

The prospects for the first half of 2011 are more pessimistic than those for the same period of 2009 and lead to the fear of a renewed intensification of the rate of fall in activity, a trend that, if it does not change, could seriously compromise progress in the sector throughout the next few months. Companies anticipate a notable decline in the average rate of occupancy, in line with a level of reservations that can be considered very low for the season of the year. In accordance with these predictions, employment will tend to drop and sales prices will continue the contraction seen in recent half-years.

As for the factors that limit an increase in activity, weak demand is still the obstacle most quoted by companies, with a frequency of 84%. Likewise, the loss of attractiveness in the area – mentioned by 56% of those surveyed – gained relevance and becomes the second most important factor, closely followed by rising competition and rising operating costs, both factors quoted by 53% of the total hotel establishments consulted.

11.4. Transport and communications

As could not be otherwise, the general crisis also affected transport and communications. Employment in this sector continued to fall, not as intensely as in 2009, but the number of employees fell 2.9%. Average wages grew only 1.8%. After four years of strong declines in vehicle registrations, in some cases above an annual 20%, this year they rebounded. Registrations increased 3.8%, thanks to growth in car registrations, which rose 8.9%. However, it should be noted that in 2010, the registration of new vehicles was only around 45% of those made in 2004 and 2005. The total number of vehicles grew slightly, around 1%, a rate of variation, however, that is far from the rising figures recorded in the middle of the decade.

The telecommunication services also suffered from the bad economic situation suffered by the country. Contracts with the telecommunication services improved slightly but usage, or traffic, fell drastically. So, land line contracts grew only 0.5%, mobile phones 1.5%. The total installed capacity in Kbps rose 0.3%, while the Internet continued to see a notable increase of 6.8%, encouraged by the significant increase in Internet by fibre optic, although ADSL continues to decline. However, telephone traffic, measured in minutes, diminished: national, by -6.8% – that of the land line network 7.5%, that of mobiles 4.8%; international incoming traffic fell 6.7% and outgoing 1.6%. Logically, the low level of economic activity also results in lower usage of telecommunications.

statistical appendix 2010



CAMBRA DE COMERÇ
INDÚSTRIA I SERVEIS D'ANDORRA

THE ANDORRAN ECONOMY: GENERAL STATISTICS

1. POPULATION, EMPLOYMENT AND EDUCATION

1.1 Population

Registered population by nationalities (persons)					
	2006	2007	2008	2009	2010
Andorrans	29,535	30,441	31,363	32,085	32,962
Foreigners	51,687	52,696	53,121	51,997	52,053
Spanish	27,638	27,476	27,300	26,662	26,688
Portuguese	12,789	13,519	13,794	13,362	13,100
French	5,104	5,200	5,214	5,099	5,087
Others	6,156	6,501	6,813	6,874	7,178
Total	81,222	83,137	84,484	84,082	85,015

Registered population by parishes (persons)					
	2006	2007	2008	2009	2010
Canillo	5,067	5,422	5,625	5,903	6,194
Encamp	13,685	14,029	14,234	14,263	14,357
Ordino	3,467	3,685	3,947	4,187	4,396
La Massana	8,953	9,357	9,635	9,773	9,937
Andorra la Vella	24,211	24,574	24,678	23,380	23,505
Sant Julià de Lòria	9,448	9,595	9,651	9,715	9,706
Escaldes-Engordany	16,391	16,475	16,714	16,861	16,920
Total	81,222	83,137	84,484	84,082	85,015

Natural population movement					
	2006	2007	2008	2009	2010
Births	843	826	875	838	828
Deaths	260	230	237	272	239
Natural growth	583	596	638	566	589
Birth rate (per thousand)	10.379	9.935	10.357	9.966	9.739
Death rate (per thousand)	3.201	2.767	2.805	3.235	2.811
Natural growth rate (per thousand)	7.178	7.169	7.552	6.732	6.928
Total population growth	2,673	1,915	1,347	-402	933
Increase from migration and census regularization	2,090	1,319	709	-968	344

Population structure by ages (individuals)					
	2006	2007	2008	2009	2010
Up to 14 years	12,067	12,155	12,211	12,150	12,229
From 15 to 64 years	59,595	61,044	61,902	61,122	61,463
65 years and over	9,560	9,938	10,371	10,810	11,323
Total	81,222	83,137	84,484	84,082	85,015

Source: Parish commune censuses / Department of Statistics. Government of Andorra

1.2 Employment

Number of employees by main sectors (average)					
	2006	2007	2008	2009	2010
Primary	145	147	147	148	152
Industry	1,919	1,889	1,900	1,923	1,851
Construction	6,908	6,682	6,094	5,410	4,657
Services	34,409	34,517	34,081	33,538	32,733
Total	43,380	43,234	42,222	41,019	39,393

Number of employees by sectors (average)					
	2006	2007	2008	2009	2010
Agriculture, livestock, hunting and forestry	145	147	147	148	152
Extraction industries	-	-	-	4	3
Manufacturing industries	1,758	1,730	1,736	1,765	1,687
Production and distribution of electricity, gas and water	160	159	164	154	161
Construction	6,908	6,682	6,094	5,410	4,657
Commerce and motor vehicle repairs (etc.)	11,454	11,316	10,870	10,362	9,977
Hotels & catering	5,670	5,523	5,242	5,136	4,956
Transport, storage and communications	1,295	1,300	1,291	1,220	1,185
Financial system	1,559	1,609	1,665	1,696	1,671
Real estate and rental activities; business services	4,147	4,215	4,100	4,115	4,132
Public administration, defence and compulsory social security	4,332	4,452	4,675	4,698	4,487
Education	632	670	684	594	584
Health and veterinary activities, social services	1,374	1,431	1,505	1,695	1,762
Other social activities & community services; personal services	2,450	2,441	2,442	2,445	2,419
Households employing domestic staff	1,262	1,334	1,382	1,354	1,326
Extraterritorial bodies	9	9	12	23	26
Domestic work for the community (communities of owners)	196	201	204	200	206
Voluntary declaration, no activity (volunteers)	29	16	9	2	1
Total	43,380	43,234	42,222	41,019	39,393

Source: CASS (Andorran Social Security)

1.3 Education

Population in education by education level					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
School	10,789	10,804	10,850	10,796	10,837
University (*)	na	na	na	1,407	1,326
Non-university abroad	193	185	199	265	269
Total	10,982	10,989	11,049	12,468	12,432

(*) University population data relating to 2008-2009 has been revised and updated by the Institute of Andorran Studies.

na: Not available

Note 1: For the years 2005-2006, 2006-2007 and 2007-2008, the total population in education does not include university students, so the data are not comparable with other years.

Note 2: From the year 2006-2007, data on Andorran schoolchildren and non-university students abroad relate to students at kindergarten, primary and secondary school,

baccalaureate and mid-level vocational training, and no longer include higher vocational education, so the data are not comparable with previous years.

Note 3: From the year 2008-2009, the university population also includes those in higher vocational education but not in UNED (distance learning).

Population in education by country of study					
	2005-2006	2006-2007	2007-2008	2008-2009(*)	2009-2010
Andorra	10,789	10,804	10,850	11,321	11,313
Spain	142	122	141	972	955
France	47	58	56	156	143
Others	4	5	2	19	21
Total	10,982	10,989	11,049	12,468	12,432

(*) University population data relating to 2008-2009 has been revised and updated by the Institute of Andorran Studies.

Note 1: For 2005-2006, 2006-2007 and 2007-2008, the data do not include university students, so these data are not comparable with other years.

Note 2: For 2006-2007 and 2007-2008, the data do not include students in higher vocational education.

Note 3: For 2008-2009 and 2009-2010, data for university students do not include those in UNED (distance learning).

Source: Ministry of Education and Youth / Institute of Andorran Studies

School population by levels					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Kindergarten	2,614	2,558	2,507	2,408	2,411
Primary education	4,332	4,427	4,492	4,474	4,367
Secondary education	2,792	2,774	2,782	2,776	2,838
Baccalaureate	805	800	807	826	854
Vocational training	246	245	262	312	367
Total	10,789	10,804	10,850	10,796	10,837

Note: From 2006-2007, vocational training does not include higher vocational education, so this data is not comparable.

School population by type of schooling					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
French educational system	3,636	3,570	3,549	3,468	3,430
French schools	3,636	3,570	3,549	3,468	3,430
Spanish educational system	3,541	3,434	3,390	3,326	3,285
Spanish schools	1,261	1,216	1,142	1,030	997
Congregational schools	2,004	1,976	2,006	2,071	2,075
Private schools	276	242	242	225	213
Andorran educational system	3,612	3,800	3,911	4,002	4,122
Andorran schools	3,530	3,720	3,817	3,888	3,977
Vocational schools	74	68	90	114	145
Workshop schools	8	12	4	-	-
Total	10,789	10,804	10,850	10,796	10,837

Note 1: From the year 2006-2007, the vocational schools in the Andorran educational system do not include students in higher vocational education, so comparisons with data from previous years is not possible.

Note 2: From the year 2008-2009, students at workshop schools are registered at their original school.

University population by country of study					
	2005-2006	2006-2007	2007-2008	2008-2009^(*)	2009-2010
Andorra	na	na	na	525	476
Spain	na	na	na	773	747
France	na	na	na	96	91
Others	na	na	na	13	12
Total	na	na	na	1,407	1,326

(*) Data for 2008-2009 revised and updated by the Institute of Andorran Studies.

na: Not available

Note: From 2008-2009, the data about university students include students in higher vocational education and not data for those in UNED (distance learning).

Source: Ministry of Education and Youth / Institute of Andorran Studies

2. ACTIVITY AND DEMAND

Electricity consumption (MWh)					
	2006	2007	2008	2009	2010
Domestic use	84,772	86,914	91,904	91,476	95,267
Construction and construction related activities	12,604	11,493	6,455	5,715	5,136
Industries	5,260	5,156	5,476	5,048	4,751
Distribution	76,726	78,356	76,240	75,886	76,384
Hotels and catering	70,241	74,594	70,537	68,029	68,381
Financial services	23,524	26,577	26,065	25,743	24,289
Other services	66,641	67,732	68,714	69,771	71,599
Street lighting	6,237	6,591	7,133	7,698	7,480
Ski resorts	16,217	18,224	17,001	15,272	17,221
Government	19,197	22,356	23,636	22,866	23,900
Other distributors	174,204	178,597	182,010	182,157	185,771
Total	555,623	576,591	575,171	569,662	580,179

Source: FEDA (Andorran Electricity Co.)

Vehicle registration (units)					
	2006	2007	2008	2009	2010
Cars	3,768	3,119	2,422	1,945	2,118
Motorbikes	1,153	858	560	462	437
Vans	286	250	163	139	128
Lorries ⁽¹⁾	66	75	71	29	47
Special vehicles	233	201	111	80	27
Mopeds	74	50	36	26	26
Snowbikes	33	14	11	11	21
Others ⁽²⁾	156	123	123	96	89
Total	5,769	4,690	3,497	2,788	2,893

(1) The item "Lorries" includes buses, semitrailers and industrial trailers.

(2) The item "Others" consists of private trailers and farm tractors.

Source: Department of Industry. Government of Andorra

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	6,966	7,348	7,564	7,371	7,361
From 6 to 10	722	736	776	730	672
From 11 to 25	544	573	542	521	487
From 26 to 100	268	263	246	227	208
Over 100	56	53	52	53	52
Total	8,555	8,972	9,181	8,902	8,781

Number of companies by sectors of activity (average)					
	2006	2007	2008	2009	2010
Primary ^(*)	87	89	83	89	99
Extraction industries	-	-	-	1	1
Manufacturing industries	201	201	210	218	217
Production and distribution of electricity, gas and water	7	8	7	5	6
Construction	646	682	659	594	539
Commerce and motor vehicle repairs (etc.)	1,464	1,530	1,569	1,411	1,369
Hotels and catering	732	749	756	720	691
Transport, storage and communications	186	191	181	175	155
Financial system	80	79	74	83	77
Real estate and rental activities; business services	750	802	800	785	775
Public administration, defence and compulsory social security	43	42	45	43	42
Education	42	45	50	51	53
Health and veterinary activities, social services	175	185	201	194	196
Other social activities & community services; personal services	358	371	380	373	377
Households employing domestic staff	3,237	3,440	3,601	3,574	3,593
Extraterritorial bodies	4	4	6	8	9
Domestic work for the community (communities of owners)	508	530	543	566	577
Voluntary declaration, no activity (volunteers)	36	26	16	12	4
Total	8,555	8,972	9,181	8,902	8,781

(*) Includes sections A (agriculture, livestock, hunting and forestry) and B (fishing).

Source: CASS (Andorran Social Security)

3. PRICES AND COSTS

Consumer price index (Interannual rate of variation in December) (%) - Base 2001					
	2006	2007	2008	2009	2010
Food, beverages and tobacco	2.7	3.1	2.8	-0.3	0.7
Clothing and footwear	1.6	1.7	-1.7	3.6	-4.7
Housing, water, gas, electricity and other fuels	5.0	8.5	3.2	-0.8	2.9
Furniture, domestic appliances and services	2.1	1.1	2.3	1.6	-1.1
Health (unsubsidised expenses)	3.3	1.9	3.1	1.1	4.3
Transport	2.5	4.0	0.2	0.6	5.2
Leisure, entertainment and culture	-1.5	0.4	-0.3	-3.2	-2.4
Education	2.3	2.2	3.2	0.8	3.3
Hotels, cafes and restaurants	7.2	3.0	2.4	0.4	1.2
Miscellaneous goods and services	2.8	2.1	1.1	-0.2	0.1
Total	3.2	3.9	2.0	0.0	1.6

Special groups - Base 2001					
	2006	2007	2008	2009	2010
Underlying inflation	3.6	2.8	2.3	0.3	-0.1
Food	3.2	3.4	2.8	-1.0	0.1
General index less tobacco	3.3	3.9	2.0	-0.1	1.4
Energy	-2.2	15.5	-0.7	-3.0	13.4
Services (excluding rental accommodation)	4.7	1.5	2.9	0.1	0.8

Source: Department of Statistics. Government of Andorra

Average monthly salaries (euros)					
	2006	2007	2008	2009	2010
Agriculture, livestock, hunting and forestry	1,255.10	1,299.62	1,366.06	1,431.76	1,461.48
Extraction industries	-	-	-	2,371.92	3,036.48
Manufacturing industries	1,801.74	1,901.88	1,935.00	1,996.77	1,985.78
Production and distribution of electricity, gas and water	2,918.85	3,052.38	3,115.95	3,222.45	3,260.46
Construction	1,836.19	1,904.64	1,937.01	1,931.91	1,919.58
Commerce and motor vehicle repairs (etc.)	1,518.61	1,596.46	1,658.51	1,671.50	1,687.64
Hotels & catering	1,349.68	1,406.42	1,463.59	1,467.63	1,472.57
Transport, storage and communications	1,820.42	1,938.87	2,048.81	2,142.85	2,181.08
Financial system	3,714.65	4,049.24	4,153.70	4,215.38	4,380.86
Real estate and rental activities; business services	1,653.18	1,734.65	1,798.65	1,846.60	1,838.15
Public administration, defence and compulsory social security	2,093.52	2,206.43	2,290.15	2,318.68	2,417.51
Education	1,847.65	1,904.20	1,987.38	2,033.69	2,070.55
Health and veterinary activities, social services	1,906.03	1,962.46	2,198.48	2,301.08	2,306.96
Other social activities & community services; personal services	1,546.80	1,558.44	1,651.35	1,661.55	1,683.36
Households employing domestic staff	1,024.05	1,087.83	1,159.20	1,172.94	1,217.26
Extraterritorial bodies	1,566.56	1,619.54	1,791.01	2,521.89	2,407.69
Domestic work for the community (communities of owners)	1,031.01	1,055.03	1,036.99	1,126.05	1,142.74
Voluntary declaration, no activity (volunteers)	1,242.17	1,333.80	1,093.51	1,537.75	1,182.19
Average	1,722.96	1,810.67	1,889.11	1,922.25	1,949.35

Source: CASS (Andorran Social Security)

4. PUBLIC SECTOR

4.1 Central Government

Budgeted income for central government (thousand euros)					
	2006	2007	2008	2009	2010^(*)
Direct taxation	0.00	11,072.33	11,072.33	6,266.73	-
Indirect taxation	257,782.35	323,818.14	319,836.49	312,366.66	-
Other taxes and revenues	20,998.14	21,749.67	24,649.77	24,838.87	-
Current transfers	0.00	34.39	203.29	78.77	-
Investment income	14,558.65	14,085.66	75,833.40	14,234.80	-
Total non-financial revenues	293,339.15	370,760.18	431,595.29	357,785.83	-
Financial assets	116.63	120.95	127.04	149.37	-
Financial liabilities	47,040.50	16,674.07	26.87	260,023.94	-
TOTAL REVENUE	340,496.27	387,555.20	431,749.20	617,959.14	-

Budgeted central government expenditure (thousand euros)					
	2006	2007	2008	2009	2010^(*)
Current expenditure	182,009.64	206,272.78	225,849.25	242,742.22	-
Personnel costs	76,830.88	82,530.38	86,975.59	92,650.69	-
Consumption of goods and services	46,964.50	46,163.33	45,051.98	45,565.78	-
Financial expenditure	7,912.49	14,413.64	23,106.10	29,188.46	-
Current transfers	50,301.77	63,165.43	70,715.58	75,337.28	-
Capital expenditure	157,973.25	181,132.78	193,327.91	114,872.49	-
Real investments	111,135.90	126,421.06	127,129.01	50,171.48	-
Capital transfers	46,837.35	54,711.72	66,198.90	64,701.01	-
Total non-financial expenditure	339,982.89	387,405.56	419,177.16	357,614.71	-
Financial operations	513.38	117.38	12,572.03	260,275.44	-
Financial assets	501.00	105.00	105.00	165.00	-
Financial liabilities	12.38	12.38	12,467.03	260,110.44	-
TOTAL EXPENDITURE	340,496.27	387,522.94	431,749.20	617,890.14	-

Non-financial surplus or deficit (thousand euros)					
	2006	2007	2008	2009	2010^(*)
Non-Financial surplus or deficit	-46,643.75	-16,645.37	12,418.13	171.13	-

(*) Projected budget for 2010 not passed.

Note: Initial Central Government budget, excluding modifications and credit extensions.

Settlement of central government income (thousand euros)					
	2006	2007	2008	2009	2010
Direct taxation	0.00	6,266.73	2,767.17	1,736.73	1,699.73
Indirect taxation	244,062.98	278,398.10	259,895.22	232,109.31	248,266.30
Other taxes and revenues	20,442.50	23,375.47	24,396.33	24,276.61	43,119.76
Current transfers	96.65	183.70	78.77	66.80	21.73
Investment income	14,728.82	13,708.85	29,762.14	13,055.45	10,885.34
Disposal of real investment	-	-	-	1.12	1.02
Total non-financial revenues	279,330.95	321,932.85	316,899.63	271,246.02	303,993.87
Financial assets	106.31	95.44	87.06	133.86	48.35
Financial liabilities	73.29	36,762.91	132,239.16	379,287.96	338,210.52
TOTAL REVENUE	279,510.55	358,791.20	449,225.85	650,667.84	642,252.75

Source: Ministry of Finance and Public Administration

Settlement of central government expenditure (thousand euros)					
	2006	2007	2008	2009	2010
Current expenditure	177,407.46	202,415.79	230,703.14	225,754.42	233,598.52
Personnel costs	76,299.68	83,811.74	88,088.35	89,328.99	93,373.97
Consumption of goods and services	43,524.11	46,109.86	45,347.89	42,832.60	41,558.32
Financial expenditure	8,445.00	16,605.45	23,336.83	15,262.29	10,685.73
Current transfers	49,138.67	55,888.73	73,930.05	78,330.55	87,980.51
Capital expenditure	172,986.94	187,449.92	185,347.65	162,052.75	123,336.35
Real investments	118,684.34	120,756.51	118,612.11	99,301.45	57,718.36
Capital transfers	54,302.60	66,693.41	66,735.54	62,751.29	65,617.99
Total non-financial expenditure	350,394.40	389,865.71	416,050.79	387,807.17	356,934.87
Financial operations	43.20	130.60	81.98	260,269.64	246,590.12
Financial assets	43.20	130.60	81.98	269.64	46.42
Financial liabilities	-	-	-	260,000.00	246,543.70
TOTAL EXPENDITURE	350,437.60	389,996.31	416,132.76	648,076.80	603,525.00
Operating costs^(*)	119,823.79	129,921.60	133,436.25	132,161.59	134,932.28

(*) Includes personnel costs and consumption of goods and services.

Non-financial surplus or deficit (thousand euros)					
	2006	2007	2008	2009	2010
Non-financial surplus or deficit	-71,063.45	-67,932.85	-99,151.15	-116,561.14	-52,941.00

Central government debt (thousand euros)					
	2006	2007	2008	2009	2010
Credit policies	73,410.89	110,124.46	242,338.55	361,602.19	206,722.15
Public debt (loan)	260,000.00	260,000.00	260,000.00	260,000.00	260,000.00
Public debt (Treasury Bills)	-	-	-	-	96,543.70
Short-term loan	-	-	-	-	150,000.00
Total debt	333,410.89	370,124.46	502,338.55	621,602.19	713,265.85

Note: The settlements of the Central Government accounts relating to the years 2009 and 2010 are provisional.

Source: Ministry of Finance and Public Administration

4.2 Commune authorities

Budgeted income for commune authorities (thousand euros)					
	2006	2007	2008	2009	2010
Canillo	14,157.09	17,370.27	17,927.90	16,416.15	14,163.38
Encamp	36,337.04	37,828.79	33,542.24	30,334.67	31,813.63
Ordino	18,131.62	18,917.08	14,982.45	12,616.74	11,279.95
La Massana	20,961.19	20,358.01	20,099.91	14,560.92	14,194.59
Andorra la Vella	42,808.00	48,661.40	46,979.82	39,366.46	38,898.41
Sant Julià de Lòria	16,986.78	16,403.08	15,456.62	15,791.04	12,875.20
Escaldes-Engordany	33,935.60	35,180.84	31,400.45	26,921.77	27,522.04
Total	183,317.32	194,719.47	180,389.39	156,007.73	150,747.20

Budgeted expenditure of commune authorities (thousand euros)					
	2006	2007	2008	2009	2010
Canillo	14,157.09	17,370.27	17,927.90	16,416.15	14,163.38
Encamp	36,337.04	37,828.79	33,542.24	30,334.67	31,813.63
Ordino	23,852.58	17,516.86	14,097.19	12,616.74	11,279.95
La Massana	20,961.19	20,358.01	20,099.91	14,560.92	14,194.59
Andorra la Vella	42,808.00	48,661.40	46,979.82	39,366.46	38,898.41
Sant Julià de Lòria	16,986.78	16,403.09	15,456.62	15,791.04	12,875.20
Escaldes-Engordany	33,935.60	35,180.84	31,400.45	26,921.77	27,522.04
Total	189,038.28	193,319.25	179,504.13	156,007.73	150,747.20

Source: Commune authorities / Department of Statistics. Government of Andorra

Budgeted balance for commune authorities (thousand euros)

	2006	2007	2008	2009	2010
Canillo	0.00	0.00	0.00	0.00	0.00
Encamp	0.00	0.00	0.00	0.00	0.00
Ordino	-5,720.95	1,400.22	885.26	0.00	0.00
La Massana	0.00	0.00	0.00	0.00	0.00
Andorra la Vella	0.00	0.00	0.00	0.00	0.00
Sant Julià de Lòria	0.00	0.00	0.00	0.00	0.00
Escaldes-Engordany	0.00	0.00	0.00	0.00	0.00
Total	-5,720.95	1,400.22	885.26	0.00	0.00

Settlements of income for commune authorities (thousand euros)

	2006	2007	2008	2009	2010
Canillo	14,884.49	14,876.18	15,031.48	12,399.10	11,830.92
Encamp	30,969.60	24,252.97	39,770.30	28,021.50	26,863.35
Ordino	13,169.70	21,169.80	37,030.35	13,098.30	10,760.63
La Massana	15,609.94	17,572.65	18,517.93	13,846.94	12,678.67
Andorra la Vella	33,927.14	39,658.49	53,057.21	41,382.11	33,061.22
Sant Julià de Lòria	12,471.96	15,499.54	13,533.88	15,263.55	12,638.29
Escaldes-Engordany	24,503.15	34,038.07	30,560.73	58,769.32	25,960.05
Total	145,535.98	167,067.69	207,501.88	182,780.82	133,793.13

Settlements of expenditure for commune authorities (thousand euros)

	2006	2007	2008	2009	2010
Canillo	15,476.52	15,009.29	15,010.02	14,575.02	11,534.21
Encamp	32,839.13	33,607.70	33,159.31	30,897.39	26,722.23
Ordino	14,129.15	22,027.07	27,887.16	10,955.09	10,146.88
La Massana	15,412.07	19,508.87	18,630.82	14,537.80	11,907.73
Andorra la Vella	40,442.09	52,964.56	46,708.45	36,011.84	31,657.80
Sant Julià de Lòria	14,340.25	13,862.65	15,693.32	12,958.23	12,477.57
Escaldes-Engordany	29,952.92	33,972.42	28,023.81	52,172.93	24,901.25
Total	162,592.14	190,952.57	185,112.88	172,108.31	129,347.68

Surplus or deficit of commune authorities (thousand euros)

	2006	2007	2008	2009	2010
Canillo	-592.03	-133.11	21.47	-2,175.92	296.71
Encamp	-1,869.53	-9,354.73	6,610.99	-2,875.89	141.11
Ordino	-959.45	-857.28	9,143.19	2,143.20	613.75
La Massana	197.87	-1,936.23	-112.89	-690.85	770.94
Andorra la Vella	-6,514.94	-13,306.07	6,348.76	5,370.27	1,403.42
Sant Julià de Lòria	-1,868.28	1,636.89	-2,159.44	2,305.31	160.72
Escaldes-Engordany	-5,449.78	65.64	2,536.92	6,596.39	1,058.81
Total	-17,056.15	-23,884.88	22,388.99	10,672.50	4,445.45

Note: Data on budgets and settlements of income and expenditure of the Commune were prepared by the Government's Department of Statistics from details published by the communes.

Source: Commune authorities / Department of Statistics. Government of Andorra

THE ANDORRAN ECONOMY: SECTORIAL STATISTICS

5. PRIMARY SECTOR

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	80	82	75	81	93
From 6 to 10	5	6	7	8	5
From 11 to 25	2	1	1	1	2
Total	87	89	83	89	99

Number of employees (average)					
	2006	2007	2008	2009	2010
Agriculture, livestock, hunting and auxiliary service activities	136	137	137	136	139
Forestry, forest management and auxiliary service activities	9	10	10	11	13
Total	145	147	147	148	152

Average monthly salaries (euro)					
	2006	2007	2008	2009	2010
Agriculture, livestock, hunting and auxiliary service activities	1,233.02	1,278.89	1,344.87	1,414.61	1,448.04
Forestry, forest management and auxiliary service activities	1,601.25	1,588.81	1,655.33	1,636.59	1,600.41
Average	1,255.10	1,299.62	1,366.06	1,431.76	1,461.48

Source: CASS (Andorran Social Security)

Tobacco crop by parish (Kg)					
	2006	2007	2008	2009	2010
Canillo	20,237	17,189	16,495	16,796	16,656
Encamp	37,696	31,630	29,430	28,912	28,069
Ordino	41,932	33,056	32,358	33,946	35,273
La Massana	55,415	51,630	46,235	47,988	45,118
Andorra la Vella	39,649	32,838	30,229	31,070	29,855
Sant Julià de Lòria	115,185	94,280	89,609	90,574	75,726
Escaldes-Engordany	16,597	13,562	11,966	12,219	12,056
Total production	326,710	274,185	256,321	261,504	242,753

Source: Association of Andorran Manufacturers of Tobacco Products (AFPTA)

Livestock census (adult animals)					
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Bulls	60	71	69	77	69
Cows	1,374	1,407	1,454	1,483	1,496
Working animals	-	-	-	-	-
Stud animals	174	168	191	204	196
Mares	685	679	726	700	700
Rams	78	56	65	80	73
Ewes	2,446	2,002	2,102	2,126	2,291
Billy goats	25	35	43	37	32
Nanny goats	483	434	502	525	521
Total	5,325	4,852	5,152	5,232	5,378

Source: Department of Agriculture. Government of Andorra

Number of farms per parish					
	2006	2007	2008	2009	2010
Canillo	47	47	48	48	48
Encamp	52	52	52	51	55
Ordino	44	45	45	45	46
La Massana	64	64	66	66	67
Andorra la Vella	48	48	49	48	49
Sant Julià de Lòria	66	65	65	64	64
Escaldes-Engordany	29	29	29	29	30
Total	350	350	354	351	359

Total farms by type (surface area in m²)					
	2006	2007	2008	2009	2010
Hay	5,354,762	5,371,533	5,380,048	5,395,818	5,205,044
Tobacco	1,769,269	1,715,362	1,632,356	1,592,175	1,592,491
Pasture	11,760,402	11,685,342	12,075,381	12,213,949	12,407,330
Potatoes	200,999	174,931	174,550	174,129	152,935
Market garden	122,481	132,586	124,882	126,356	127,839
Forage ⁽¹⁾	43,180	38,886	38,010	40,889	28,570
Misc. ⁽²⁾	na	na	na	94,537	114,753
Fallow	274,570	242,571	249,172	250,272	489,475
Others	581,952	598,123	598,568	537,303	415,595
Total	20,107,615	19,959,334	20,272,967	20,425,428	20,534,032
Useful agrarian area	19,251,093	19,118,640	19,425,226	19,637,853	19,628,963

(1) Forage for pasture

(2) Vines, fruit trees, raspberries, medicinal plants

Source: Department of Agriculture. Government of Andorra

6. INDUSTRY

Number of companies (average)					
	2006	2007	2008	2009	2010
Extraction industries	-	-	-	1	1
Manufacturing industries	201	201	210	218	217
Production and distribution of electricity, gas and water	7	8	7	5	6
Total	208	209	217	224	225

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	115	117	123	128	134
From 6 to 10	34	32	35	35	37
From 11 to 25	41	42	42	42	37
From 26 to 100	18	16	16	17	15
Over 100	1	1	1	1	2
Total	208	209	217	224	225

Source: CASS (Andorran Social Security)

Electricity consumption by industry (MWh)					
	2006	2007	2008	2009	2010
Electricity consumption	5,260	5,156	5,476	5,048	4,751

Source: FEDA (Andorran Electricity Co.)

Number of employees (average)					
	2006	2007	2008	2009	2010
Extraction industries	-	-	-	4	3
Extraction of non-metallic or non-energy minerals	-	-	-	4	3
Manufacturing industries	1,758	1,730	1,736	1,765	1,687
Food and beverage processing industries	257	231	232	244	233
Tobacco industries	286	265	272	276	274
Textile industries	61	61	66	57	48
Dressmaking and fur industries	1	1	1	2	0
Wood and cork industries, except furniture; basketware and wickerwork	307	290	271	221	188
Publishing, graphic arts and reproduction of recorded media	298	286	282	270	263
Chemical industries	74	87	94	88	92
Manufacture of products of rubber and plastic materials	1	1	1	3	3
Manufactures of other non-metallic mineral products	67	65	63	58	53
Metallurgy	4	3	3	0	0
Manufacture of metallic products, except machinery and equipment	142	160	169	155	157
Industries for the construction of mechanical machinery and equipment	124	138	134	162	162
Manufacture of electrical machinery and material	9	10	10	17	13
Manufact. of electronic materials; radio, tv. & communications equip. & apparatus	1	1	1	0	0
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	67	72	80	142	137
Manufacture of motor vehicles, trailers and semi-trailers	0	0	1	2	2
Manufacture of other transport materials	0	0	0	0	0
Furniture manufacturing; other manufacturing industries	45	46	43	54	48
Recycling	14	14	14	14	15
Production and distribution of electricity, gas and water	160	159	164	154	161
Production and distribution of electricity, gas, steam and hot water	134	132	134	125	126
Collection, purification and distribution of water	27	27	30	29	35
Total	1,919	1,889	1,900	1,923	1,851

Average monthly salaries (euro)					
	2006	2007	2008	2009	2010
Extraction industries	-	-	-	2,371.92	3,036.48
Extraction of non-metallic or non-energy minerals	-	-	-	2,371.92	3,036.48
Manufacturing industries	1,801.74	1,901.88	1,935.00	1,996.77	1,985.78
Food and beverage processing industries	1,497.54	1,523.99	1,523.27	1,605.54	1,606.26
Tobacco industries	1,870.51	2,151.54	2,058.91	2,150.07	2,082.83
Textile industries	1,306.98	1,377.45	1,388.33	1,291.08	1,423.51
Dressmaking and fur industries	1,612.50	1,696.67	1,651.15	1,097.17	-
Wood and cork industries, except furniture; basketware and wickerwork	1,889.12	1,968.03	2,030.51	2,063.74	1,989.72
Publishing, graphic arts and reproduction of recorded media	1,663.47	1,765.46	1,810.91	1,850.26	1,877.39
Chemical industries	1,457.84	1,475.43	1,523.82	1,625.23	1,755.07
Manufacture of products of rubber and plastic materials	1,142.14	1,280.00	1,326.86	1,660.29	1,697.50
Manufactures of other non-metallic mineral products	2,735.49	2,700.03	2,785.52	2,850.24	3,036.82
Metallurgy	1,724.77	1,143.00	1,126.67	-	-
Manufacture of metallic products, except machinery and equipment	2,060.20	2,169.13	2,318.88	2,117.57	2,008.90
Industries for the construction of mechanical machinery and equipment	2,091.07	2,136.74	2,307.64	2,310.96	2,335.78
Manufacture of electrical machinery and material	1,304.12	1,331.68	1,416.83	1,726.16	1,481.88
Manufact. of electronic materials; radio, tv. & communications equip. & apparatus	2,361.17	2,273.33	2,390.00	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	1,769.38	1,780.86	1,796.78	2,281.82	2,200.97
Manufacture of motor vehicles, trailers and semi-trailers	-	-	1,854.61	1,935.43	2,126.85
Manufacture of other transport materials	1,203.00	-	-	-	-
Furniture manufacturing; other manufacturing industries	1,674.18	1,729.98	1,634.33	1,818.22	1,968.58
Recycling	2,310.50	2,489.26	2,619.22	2,635.10	1,957.37
Production and distribution of electricity, gas and water	2,918.85	3,052.38	3,115.95	3,222.45	3,260.46
Production and distribution of electricity, gas, steam and hot water	3,092.00	3,268.90	3,345.03	3,495.85	3,601.73
Collection, purification and distribution of water	2,053.64	1,994.49	2,093.99	2,029.79	2,036.91
Average	1,895.13	1,998.68	2,036.83	2,095.82	2,098.47

Source: CASS (Andorran Social Security)

7.ENERGY

Electricity					
	2006	2007	2008	2009	2010
Exports (MWh)	1	25	-	9	7
Production (MWh)	73,882	75,987	79,022	101,011	112,700
Urban waste thermal production	4,117	19,293	16,305	15,163	12,666
Hydro-electric production	69,765	56,694	62,717	85,848	100,034
Imports (MWh)	509,262	519,764	521,108	497,732	497,948
Total consumption	583,141	595,723	600,129	598,735	610,641

Real electricity consumption by charge band (kWh)					
	2006	2007	2008	2009	2010
Domestic rate - blue	84,786,714	87,028,989	91,262,767	91,496,232	95,267,139
Business rate - blue (up to 20 kW on contract)	55,165,123	53,776,281	54,075,277	53,265,461	53,850,180
Business rate - red (from 25 to 250 kW on contract)	113,526,952	115,533,057	114,780,088	114,748,571	116,429,505
Business rate - green (more than 250 kW on contract)	128,053,403	136,109,353	132,285,234	127,835,680	129,069,468
Total consumption by low-voltage (BT) customers	381,532,192	392,447,680	392,403,366	387,345,944	394,616,292
Charge to other distributors	174,204,138	178,596,616	182,009,984	182,157,180	185,771,007
Total	555,736,330	571,044,296	574,413,350	569,503,124	580,387,299

Electricity consumption by sector (MWh)					
	2006	2007	2008	2009	2010
Domestic use	84,772	86,914	91,904	91,476	95,267
Construction and construction related activities	12,604	11,493	6,455	5,715	5,136
Industries	5,260	5,156	5,476	5,048	4,751
Distribution	76,726	78,356	76,240	75,886	76,384
Hotels and catering	70,241	74,594	70,537	68,029	68,381
Financial services	23,524	26,577	26,065	25,743	24,289
Other services	66,641	67,732	68,714	69,771	71,599
Street lighting	6,237	6,591	7,133	7,698	7,480
Ski resorts	16,217	18,224	17,001	15,272	17,221
Government	19,197	22,356	23,636	22,866	23,900
Other distributors	174,204	178,597	182,010	182,157	185,771
Total	555,623	576,591	575,171	569,662	580,179

Source: FEDA (Andorran Electricity Co.)

Fuel imports (litres)					
	2006	2007	2008	2009	2010
Unleaded petrol	36,218,624	33,724,557	31,621,725	29,960,088	28,563,574
Diesel for vehicles	106,993,438	103,065,935	104,104,455	100,287,482	99,399,880
Domestic fuel oil	63,589,706	66,396,534	67,454,616	64,467,574	66,778,762
Carbureactors	101,093	141,367	144,832	93,427	127,936
Total	206,902,861	203,328,393	203,325,628	194,808,571	194,870,152

Source: Andorran Customs

Evolution in energy consumption (TOE)					
	2006	2007	2008	2009	2010
Electricity	129,457	132,251	133,229	132,919	135,538
Petrol	28,142	26,204	24,570	23,279	22,194
Diesel	150,454	149,466	151,315	145,314	146,570
Propane	2,369	2,415	2,255	2,244	2,399
Butane	799	739	911	595	541
Total	311,222	311,074	312,280	304,350	307,242

Source: Department of Industry. Government of Andorra

8. CONSTRUCTION

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	319	358	344	322	294
From 6 to 10	131	135	140	118	109
From 11 to 25	127	123	118	102	91
From 26 to 100	64	62	55	51	45
Over 100	5	3	2	2	0
Total	646	682	659	594	539

Number of employees (average)					
	2006	2007	2008	2009	2010
Construction	6,908	6,682	6,094	5,410	4,657

Average monthly salaries (euro)					
	2006	2007	2008	2009	2010
Construction	1,836.19	1,904.64	1,937.01	1,931.91	1,919.58

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2006	2007	2008	2009	2010
Construction and related activities	12,604	11,493	6,455	5,715	5,136

Source: FEDA (Andorran Electricity Co.)

Surface area authorised for building (square metres)					
	2006	2007	2008	2009	2010
Apartments	85,957	48,381	69,639	75,639	13,770
Houses	5,595	11,146	14,732	12,261	13,735
Other buildings (including offices, storage and hotels)	19,911	19,158	20,038	20,341	29,105
Total	111,463	78,685	104,409	108,241	56,610

Surface area authorised for building per parish (square metres)					
	2006	2007	2008	2009	2010
Canillo	29,291	12,059	21,002	2,656	6,317
Encamp	6,173	4,975	14,901	11,017	18,566
Ordino	10,682	3,090	15,059	19,075	2,363
La Massana	5,699	34,567	9,122	8,512	5,021
Andorra la Vella	4,943	4,314	10,071	15,893	2,244
Sant Julià de Lòria	26,941	7,183	14,783	22,990	3,112
Escaldes-Engordany	27,734	12,497	19,471	28,098	18,987
Total	111,463	78,685	104,409	108,241	56,610

Source: Commune authorities / Department of Statistics. Government of Andorra

Imports of building materials (thousand euros)					
	2006	2007	2008	2009	2010
Salt, sulphur, earth, stone, plaster, lime, cement (25)	16,392.79	15,704.62	13,988.79	10,880.02	8,480.53
Stone, plaster and mica products (68)	10,879.18	11,521.20	11,128.94	6,615.19	6,425.78
Castings, iron and steel (72)	13,861.30	11,049.12	10,220.42	5,025.07	5,037.97
Cast-iron, iron and steel products (73)	31,171.35	26,712.07	24,855.07	23,459.61	18,052.85
Total	72,304.62	64,987.01	60,193.22	45,979.89	37,997.13

Note: From 2007 the data are provisional.

Source: Andorran Customs

9. SERVICES

Number of companies (average)					
	2006	2007	2008	2009	2010
Commerce and motor vehicle repairs (etc.)	1,464	1,530	1,569	1,411	1,369
Hotels & catering	732	749	756	720	691
Transport, storage & communications	186	191	181	175	155
Financial system	80	79	74	83	77
Real estate and rental activities; business services	750	802	800	785	775
Public administration, defence and compulsory social security	43	42	45	43	42
Education	42	45	50	51	53
Health and veterinary activities, social services	175	185	201	194	196
Other social activities & community services; personal services	358	371	380	373	377
Households employing domestic staff	3,237	3,440	3,601	3,574	3,593
Extraterritorial bodies	4	4	6	8	9
Domestic work for the community (communities of owners)	508	530	543	566	577
Voluntary declaration, no activity (volunteers)	36	26	16	12	4
Total	7,615	7,992	8,222	7,995	7,917

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	6,452	6,790	7,023	6,840	6,841
From 6 to 10	552	562	594	569	521
From 11 to 25	374	406	380	376	358
From 26 to 100	186	185	176	159	148
Over 100	50	48	49	50	50
Total	7,615	7,992	8,222	7,995	7,917

Number of employees (average)					
	2006	2007	2008	2009	2010
Commerce and motor vehicle repairs (etc.)	11,454	11,316	10,870	10,362	9,977
Sales, maintenance and repair of motor vehicles (etc.)	1,416	1,389	1,389	1,235	1,219
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,448	2,444	2,342	2,815	2,687
Retail, except sales of motor vehicles (etc.)	7,591	7,483	7,138	6,313	6,071
Hotels & catering	5,670	5,523	5,242	5,136	4,956
Transport, storage and communications	1,295	1,300	1,291	1,220	1,185
Overland transport; pipeline transport	607	606	634	555	532
Air and space transport	8	6	8	9	9
Transport related activities; travel agency activities	419	420	378	380	370
Post and telecommunications	261	268	271	277	273
Financial system	1,559	1,609	1,665	1,696	1,671
Financial activities, except insurance activities	1,290	1,344	1,402	1,447	1,432
Insurance activities, except compulsory social security	268	262	259	245	235
Activities related to finance	1	3	4	4	4
Real estate and rental activities; business services	4,147	4,215	4,100	4,115	4,132
Real estate activities	782	740	693	639	609
Hire of machinery & equipment without operator, personal effects, domestic appliances	158	164	155	170	169
Computer activities	272	287	267	305	325
Research and development	1	0	1	1	7
Other business activities	2,935	3,024	2,984	2,999	3,023
Public administration, defence and compulsory social security	4,332	4,452	4,675	4,698	4,487
Education	632	670	684	594	584
Health and veterinary activities, social services	1,374	1,431	1,505	1,695	1,762
Other social activities and community services; personal services	2,450	2,441	2,442	2,445	2,419
Public sanitation activities	36	42	44	56	70
Associational activities	189	203	203	165	177
Leisure, culture and sports activities	1,651	1,616	1,637	1,721	1,685
Miscellaneous personal services activities	574	581	558	503	487
Households employing domestic staff	1,262	1,334	1,382	1,354	1,326
Extraterritorial bodies	9	9	12	23	26
Domestic work for the community (communities of owners)	196	201	204	200	206
Voluntary declaration, no activity (volunteers)	29	16	9	2	1
Total	34,409	34,517	34,081	33,538	32,733

Source: CASS (Andorran Social Security)

Average monthly salaries (euro)					
	2006	2007	2008	2009	2010
Commerce and motor vehicle repairs (etc.)	1,518.61	1,596.46	1,658.51	1,671.50	1,687.64
Sales, maintenance and repair of motor vehicles (etc.)	1,624.83	1,683.55	1,784.86	1,789.70	1,806.81
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,651.18	1,779.51	1,846.82	1,856.29	1,856.97
Retail, except sales of motor vehicles (etc.)	1,456.04	1,520.49	1,572.13	1,565.99	1,588.78
Hotels & catering	1,349.68	1,406.42	1,463.59	1,467.63	1,472.57
Transport, storage and communications	1,820.42	1,938.87	2,048.81	2,142.85	2,181.08
Overland transport; pipeline transport	1,716.79	1,817.25	1,877.27	1,927.23	1,900.39
Air and space transport	3,375.71	4,069.96	3,319.18	3,491.27	3,250.98
Transport related activities; travel agency activities	1,569.83	1,670.22	1,771.42	1,833.73	1,845.46
Post and telecommunications	2,416.45	2,588.80	2,802.33	2,957.12	3,147.29
Financial system	3,714.65	4,049.24	4,153.70	4,215.38	4,380.86
Financial activities, except insurance activities	4,056.04	4,416.04	4,494.70	4,525.88	4,690.79
Insurance activities, except compulsory social security	2,075.89	2,188.84	2,337.19	2,408.55	2,523.18
Activities related to finance	1,801.28	2,189.80	2,119.75	2,731.41	2,469.31
Real estate and rental activities; business services	1,653.18	1,734.65	1,798.65	1,846.60	1,838.15
Real estate activities	1,775.98	1,835.32	1,950.81	2,007.37	2,149.18
Hire of machinery & equipment without operator, personal effects, domestic appliances	1,308.01	1,470.29	1,593.51	1,701.97	1,738.88
Computer activities	2,228.97	2,253.26	2,350.77	2,500.24	2,545.08
Research and development	73.57	-	895.79	700.99	1,707.03
Other business activities	1,586.11	1,675.15	1,724.70	1,754.52	1,705.39
Public administration, defence and compulsory social security	2,093.52	2,206.43	2,290.15	2,318.68	2,417.51
Education	1,847.65	1,904.20	1,987.38	2,033.69	2,070.55
Health and veterinary activities, social services	1,906.03	1,962.46	2,198.48	2,301.08	2,306.96
Other social activities and community services; personal services	1,546.80	1,558.44	1,651.35	1,661.55	1,683.36
Public sanitation activities	2,017.02	2,013.78	1,973.94	1,869.80	1,792.09
Associational activities	1,189.17	1,255.34	1,332.26	1,450.18	1,506.36
Leisure, culture and sports activities	1,676.89	1,668.89	1,762.60	1,715.99	1,751.95
Miscellaneous personal services activities	1,261.00	1,324.37	1,415.93	1,521.50	1,495.04
Households employing domestic staff	1,024.05	1,087.83	1,159.20	1,172.94	1,217.26
Extraterritorial bodies	1,566.56	1,619.54	1,791.01	2,521.89	2,407.69
Domestic work for the community (communities of owners)	1,031.01	1,055.03	1,036.99	1,126.05	1,142.74
Voluntary declaration, no activity (volunteers)	1,242.17	1,333.80	1,093.51	1,537.75	1,182.19
Total	1,692.59	1,784.37	1,874.56	1,912.90	1,949.35

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2006	2007	2008	2009	2010
Distribution	76,726	78,356	76,240	75,886	76,384
Hotels and catering	70,241	74,594	70,537	68,029	68,381
Financial services	23,524	26,577	26,065	25,743	24,289
Other services	66,641	67,732	68,714	69,771	71,599
Street lighting	6,237	6,591	7,133	7,698	7,480
Ski resorts	16,217	18,224	17,001	15,272	17,221
Government	19,197	22,356	23,636	22,866	23,900
Other distributors	174,204	178,597	182,010	182,157	185,771
Total	452,986	473,028	471,335	467,422	475,025

Source: FEDA (Andorran Electricity Co.)

9.1 Commerce

Number of companies (average)					
	2006	2007	2008	2009	2010
Commerce and motor vehicle repairs (etc.)	1,464	1,530	1,569	1,411	1,369

Source: CASS (Andorran Social Security)

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	1,044	1,096	1,131	1,018	997
From 6 to 10	202	212	231	209	197
From 11 to 25	143	144	135	119	116
From 26 to 100	60	63	56	50	44
Over 100	17	15	15	14	15
Total	1,464	1,530	1,569	1,411	1,369

Number of employees (average)					
	2006	2007	2008	2009	2010
Sales, maintenance and repair of motor vehicles (etc.)	1,416	1,389	1,389	1,235	1,219
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,448	2,444	2,342	2,815	2,687
Retail, except sales of motor vehicles (etc.)	7,591	7,483	7,138	6,313	6,071
Total	11,454	11,316	10,870	10,362	9,977

Average monthly salaries (euros)					
	2006	2007	2008	2009	2010
Sales, maintenance and repair of motor vehicles (etc.)	1,624.83	1,683.55	1,784.86	1,789.70	1,806.81
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,651.18	1,779.51	1,846.82	1,856.29	1,856.97
Retail, except sales of motor vehicles (etc.)	1,456.04	1,520.49	1,572.13	1,565.99	1,588.78
Total	1,518.61	1,596.46	1,658.51	1,671.50	1,687.64

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2006	2007	2008	2009	2010
Distribution sector	76,726	78,356	76,240	75,886	76,384

Source: FEDA (Andorran Electricity Co.)

9.2 Financial sector

Number of companies (average)					
	2006	2007	2008	2009	2010
Financial system	80	79	74	83	77

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	50	47	45	56	50
From 6 to 10	14	15	16	12	12
From 11 to 25	8	10	6	8	9
From 26 to 100	3	3	3	2	1
Over 100	5	5	5	5	5
Total	80	79	74	83	77

Number of employees (average)					
	2006	2007	2008	2009	2010
Financial activities, except insurance activities	1,290	1,344	1,402	1,447	1,432
Insurance activities, except compulsory social security	268	262	259	245	235
Activities related to finance	1	3	4	4	4
Total	1,559	1,609	1,665	1,696	1,671

Source: CASS (Andorran Social Security)

Average monthly salaries (euro)					
	2006	2007	2008	2009	2010
Financial activities, except insurance activities	4,056.04	4,416.04	4,494.70	4,525.88	4,690.79
Insurance activities, except compulsory social security	2,075.89	2,188.84	2,337.19	2,408.55	2,523.18
Activities related to finance	1,801.28	2,189.80	2,119.75	2,731.41	2,469.31
Average	3,714.65	4,049.24	4,153.70	4,215.38	4,380.86

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2006	2007	2008	2009	2010
Financial services	23,524	26,577	26,065	25,743	24,289

Source: FEDA (Andorran Electricity Co.)

Number of bank branches					
	2006	2007	2008	2009	2010
Number of bank branches	55	57	57	55	56

Number of employees in the banking sector					
	2006	2007	2008	2009	2010
Number of employees in banking sector ^(*)	1,229	1,272	1,425	1,588	1,700

(*) From 2008 these include employees working in Andorra and abroad.

Source: Andorran Banks Association

Bank deposits (million euros)					
	2006	2007	2008	2009	2010
Andbanc Grup Agrícola Reig	1,477.25	2,050.60	3,291.76	2,439.70	2,494.88
Banca Privada d'Andorra	974.17	1,212.55	1,458.13	1,415.76	1,210.33
Banc Internacional-Banca Mora	2,638.22	2,826.35	3,294.09	2,263.85	1,867.28
Grup Crèdit Andorrà	3,258.71	3,821.54	4,879.47	4,373.75	4,181.70
BancSabadell d'Andorra	479.44	552.47	586.70	457.87	417.66
Total	8,827.80	10,463.52	13,510.15	10,950.94	10,171.86

Net credit investment of the banking entities (million euros)					
	2006	2007	2008	2009	2010
Andbanc Grup Agrícola Reig	1,349.67	1,513.07	1,558.71	1,594.26	1,611.23
Banca Privada d'Andorra	644.04	812.98	1,119.46	804.84	909.50
Banc Internacional-Banca Mora	947.60	1,041.45	1,060.64	1,030.81	1,066.57
Grup Crèdit Andorrà	2,429.83	2,732.01	2,882.29	3,002.65	3,084.62
BancSabadell d'Andorra	257.00	334.64	351.07	390.05	390.30
Total	5,628.13	6,434.15	6,972.17	6,822.61	7,062.21

Note: Net credit investment (includes "Provisional insolvency fund"); does not include credit investment balances with Banks and Credit Entities but only customers' credit investment.

Profit per banking entity (thousand euros)					
	2006	2007	2008	2009	2010
Andbanc Grup Agrícola Reig	87,302	85,657	31,410	44,357	40,778
Banca Privada d'Andorra	28,244	37,588	23,346	25,125	25,142
Banc Internacional-Banca Mora	94,237	94,393	52,224	50,116	50,629
Grup Crèdit Andorrà	121,371	128,001	85,005	76,655	77,816
BancSabadell d'Andorra	6,108	8,202	5,186	5,252	6,135
Total	337,262	353,841	197,171	201,505	200,500

Note: The data relating to Banc Internacional-Banca Mora are data relating to the consolidated financial statements of Banc Internacional, SA, Banca Mora, SA and other companies in the Banc Internacional-Banca Mora Group.

Source: Andorran Banks Association and Balance Sheets of the banking entities

9.3 Tourism

Number of companies (average)					
	2006	2007	2008	2009	2010
Hotels and catering	732	749	756	720	691

Number of companies by number of employees (average)					
	2006	2007	2008	2009	2010
From 1 to 5	448	463	485	454	455
From 6 to 10	130	121	115	110	92
From 11 to 25	97	109	101	104	93
From 26 to 100	55	54	52	50	51
Over 100	2	2	2	2	1
Total	732	749	756	720	691

Number of employees (average)					
	2006	2007	2008	2009	2010
Hotels and catering	5,670	5,523	5,242	5,136	4,956

Average monthly salaries (euro)					
	2006	2007	2008	2009	2010
Hotels and catering	1,349.68	1,406.42	1,463.59	1,467.63	1,472.57

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2006	2007	2008	2009	2010
Hotels and catering	70,241	74,594	70,537	68,029	68,381
Ski resorts	16,217	18,224	17,001	15,272	17,221

Source: FEDA (Andorran Electricity Co.)

Total visitors (any non-resident visiting the country)						
		2006	2007	2008	2009^(*)	2010
Total by nationalities	Spanish	6,237,954	6,276,058	5,962,460	5,216,607	4,951,063
	French	4,190,719	4,174,649	3,963,389	3,659,936	3,387,767
	Others	308,049	292,494	267,900	235,316	212,434
Sant Julià de Lòria	Spanish	6,023,652	6,073,922	5,767,669	5,026,236	4,769,427
	French	522,181	500,193	459,893	388,962	354,579
	Others	185,727	178,468	165,835	141,954	130,173
El Pas de la Casa	Spanish	214,302	202,136	194,791	190,371	181,636
	French	3,668,538	3,674,456	3,503,496	3,270,974	3,033,188
	Others	122,322	114,026	102,065	93,362	82,261
Total visitors (tourists and day-trippers)		10,736,722	10,743,201	10,193,749	9,111,859	8,551,264

(*) From May 2009, the methodology for calculating the number of visitors to the country has been changed. The data extracted through different methodologies are not comparable.

Source: Andorra Turisme SAU

Tourists (any visitor who spends more than one day, i.e. at least one night, in this country)						
		2006	2007	2008	2009^(*)	2010
Total by nationalities	Spanish	1,625,893	1,628,528	1,555,475	1,409,868	1,414,298
	French	485,183	450,780	402,299	332,783	310,800
	Others	115,846	110,113	101,677	87,218	82,903
Sant Julià de Lòria	Spanish	1,559,573	1,562,428	1,495,397	1,349,729	1,351,951
	French	119,345	113,020	103,154	81,788	76,285
	Others	75,535	71,072	65,994	55,218	52,782
El Pas de la Casa	Spanish	66,320	66,100	60,078	60,139	62,347
	French	365,838	337,760	299,145	250,995	234,515
	Others	40,311	39,041	35,683	32,000	30,121
Total tourists		2,226,922	2,189,421	2,059,451	1,829,869	1,808,001

Day-trippers (any visitor who only spends one day in the country)						
		2006	2007	2008	2009^(*)	2010
Total by nationalities	Spanish	4,612,061	4,647,530	4,406,985	3,806,739	3,536,765
	French	3,705,536	3,723,869	3,561,090	3,327,153	3,076,967
	Others	192,203	182,381	166,223	148,098	129,531
Sant Julià de Lòria	Spanish	4,464,079	4,511,494	4,272,272	3,676,507	3,417,476
	French	402,836	387,173	356,739	307,174	278,294
	Others	110,192	107,396	99,841	86,736	77,391
El Pas de la Casa	Spanish	147,982	136,036	134,713	130,232	119,289
	French	3,302,700	3,336,696	3,204,351	3,019,979	2,798,673
	Others	82,011	74,985	66,382	61,362	52,140
Total day-trippers		8,509,800	8,553,780	8,134,298	7,281,990	6,743,263

Number of overnight stays per type of accommodation						
		2006	2007	2008	2009^(*)	2010
Hotel		4,910,786	4,644,019	4,298,357	3,521,589	3,799,857
Apartment		645,033	801,025	578,138	369,340	467,234
Campsite		230,086	293,515	189,127	251,895	289,240
Private house		399,331	483,778	551,225	511,958	585,168
Not defined		98,753	289,624	283,054	123,235	88,253
Total		6,283,989	6,511,961	5,899,901	4,778,017	5,229,752

(*) From May 2009, the methodology for calculating the number of visitors to the country has been changed. The data extracted through different methodologies are not comparable.

Source: Andorra Turisme SAU

9.4 Transport and communications

Number of employees (average)						
		2006	2007	2008	2009	2010
Overland transport; pipeline transport		607	606	634	555	532
Air and space transport		8	6	8	9	9
Transport related activities; travel agency activities		419	420	378	380	370
Post and telecommunications		261	268	271	277	273
Total		1,295	1,300	1,291	1,220	1,185

Average monthly salaries (euro)						
		2006	2007	2008	2009	2010
Overland transport; pipeline transport		1,716.79	1,817.25	1,877.27	1,927.23	1,900.39
Air and space transport		3,375.71	4,069.96	3,319.18	3,491.27	3,250.98
Transport related activities; travel agency activities		1,569.83	1,670.22	1,771.42	1,833.73	1,845.46
Post and telecommunications		2,416.45	2,588.80	2,802.33	2,957.12	3,147.29
Average		1,820.42	1,938.87	2,048.81	2,142.85	2,181.08

Source: CASS (Andorran Social Security)

Total number of vehicles

	2006	2007	2008	2009	2010
Vehicles with normal registration plates					
Cars	50,952	51,679	51,648	51,676	52,336
Light goods vehicles	939	966	984	973	982
Medium goods vehicles	3,382	3,398	3,375	3,348	3,343
Public transport vehicles (12+ seats)	210	210	207	208	208
Heavy goods vehicles	1,081	1,031	994	970	954
Semitrailers	350	333	323	314	311
Industrial trailers	8	8	9	9	10
Private trailers	2,938	2,986	3,034	3,061	3,095
Motorbikes (50 cc+)	9,063	9,594	9,836	10,027	10,255
Agricultural vehicles	358	357	355	353	358
Total	69,281	70,562	70,765	70,939	71,852
Vehicles with special registration plates					
Mopeds (<50 cc)	3,345	3,224	3,079	2,908	2,836
Special vehicles	1,778	1,908	1,965	1,998	2,004
Snowbikes	528	511	482	471	471
Total	5,651	5,643	5,526	5,377	5,311
TOTAL VEHICLES	74,932	76,205	76,291	76,316	77,163

Vehicles per 1,000 inhabitants

	2006	2007	2008	2009	2010
Vehicles/1,000 inhabitants	923	917	903	908	908

Source: Department of Industry. Government of Andorra

Subscriptions to telecommunications services (units)

	2006	2007	2008	2009	2010
Land lines	47,202	48,079	48,621	49,505	49,765
Telephone lines	36,507	37,153	37,375	37,882	38,171
ISDN channels	10,695	10,926	11,246	11,623	11,594
Mobile telephones	69,004	68,483	64,202	64,549	65,495
Mobiland contract ⁽¹⁾	37,039	37,988	38,299	38,845	40,020
Mobiland Clic pre-pay ⁽²⁾	31,965	30,495	25,903	25,704	25,475
Data lines	654	615	565	474	409
Commutated lines ⁽³⁾	230	213	194	150	135
Specialised lines	424	402	371	324	274
Total contracted capacity in kbps⁽³⁾	338,504	345,801	397,218	349,555	350,568
Broadband Internet	14,616	18,526	20,272	22,941	24,502
ADSL	14,616	18,526	20,272	17,902	13,264
Internet via fibre optic	-	-	-	5,039	11,238

Note: Data for December in the corresponding year.

(1) Mobiland contract data do not include cards granted to other operators.

(2) Mobiland Clic data relate to pre-pay cards in use.

(3) Includes the capacities of all installed products and does not exclude STA and Government lines.

Source: Andorra Telecom

Telephone traffic

	2006	2007	2008	2009	2010
TELEPHONE TRAFFIC (minutes)					
National total	324,626,336	254,114,991	219,542,091	196,721,664	183,263,474
<i>Land line network</i>	273,962,648	204,301,372	170,918,584	149,162,757	137,971,339
Telephones –land lines ⁽¹⁾	160,506,031	150,613,739	144,973,183	135,508,359	132,359,694
Internet (analogue access)	109,351,307	51,489,592	24,942,712	13,331,673	5,320,153
Internet (digital access)	4,105,310	2,198,041	1,002,689	322,725	291,492
<i>Mobile network⁽¹⁾</i>	50,663,688	49,813,619	48,623,507	47,558,907	45,292,135
International incoming	61,753,743	62,811,426	61,225,472	58,084,482	54,194,186
International outgoing	73,321,385	69,577,408	66,537,257	61,065,343	60,107,157
TELEPHONE TRAFFIC (Gb)					
Broadband Internet –National	-	-	21,087	36,776	106,500
Via ADSL	-	-	21,087	28,738	53,222
Via fibre optic	-	-	-	8,038	53,278
Broadband Internet –International	-	-	2,889,854	3,338,559	3,834,043
Via ADSL	-	-	2,889,854	2,845,628	2,314,292
Via fibre optic	-	-	-	492,931	1,519,751

(1) Includes traffic relating to free numbers (110, 112, 115, 118, etc.).

Note 1: The number of Internet minutes does not include broadband traffic (ADSL, fibre optic).

Note 2: Falling telephone traffic is due to greater use of broadband Internet, for which generated minutes are not available.

Source: Andorra Telecom

THE ANDORRAN ECONOMY: FOREIGN TRADE STATISTICS

10. IMPORTS AND EXPORTS

10.1 Composition of foreign trade

<i>Imports by products (thousand euros)</i>		2006	2007	2008	2009	2010
01	Live animals	189.24	339.27	180.47	122.51	263.48
02	Meat and edible meat offal	26,206.38	26,390.46	26,568.64	24,955.30	24,945.34
03	Fish and crustaceans, molluscs and others	12,736.96	12,089.93	11,581.17	10,719.10	11,107.75
04	Dairy produce; birds eggs and natural honey	26,049.06	26,575.31	29,106.59	26,401.52	22,486.40
05	Products of animal origin	112.87	90.21	99.42	86.29	104.79
06	Live plants and floricultural products	1,718.83	1,961.33	1,854.20	1,588.45	1,574.34
07	Edible vegetables and certain roots and tubers	10,344.47	10,739.54	10,551.36	9,851.65	10,751.06
08	Edible fruit and nuts; peel of citrus fruit or melons	3,888.82	4,167.64	4,355.31	4,133.33	4,878.50
09	Coffee, tea, maté and spices	2,122.15	2,679.94	3,576.67	4,532.75	5,565.53
10	Cereals	372.65	341.81	485.89	508.33	444.29
11	Products of the milling industry; malt; starches, etc.	754.85	808.25	1,004.34	905.92	815.18
12	Seeds and fruits; industrial or medicinal plants, etc.	649.52	575.48	634.08	494.25	482.63
13	Gums, resins and other vegetable saps and extracts	15.15	17.33	135.46	71.81	12.75
14	Vegetable plaiting materials and other vegetable products	16.02	4.43	8.64	1.39	25.83
15	Animal or vegetable fats and oils; waxes	6,035.06	5,537.94	5,613.66	4,705.33	4,433.04
16	Preparations of meat, fish or crustaceans, etc.	13,164.75	13,507.30	13,555.19	13,138.42	12,961.99
17	Sugars and sugar confectionery	35,105.68	10,288.00	10,401.46	9,449.32	7,938.90
18	Cocoa and cocoa preparations	7,787.21	7,456.04	8,128.93	8,101.36	8,311.59
19	Preparations of cereals, flour, etc.; pastry-cooks' products	16,164.08	16,645.17	17,704.21	17,653.75	16,873.48
20	Preparations of vegetables, fruit, etc.	8,917.98	8,933.81	9,906.90	8,708.26	8,417.46
21	Miscellaneous edible preparations	19,001.29	19,796.53	19,596.55	20,264.83	22,042.88
22	Beverages, spirits and vinegar	57,945.31	57,468.36	57,262.67	54,836.80	59,444.14
23	Residues and waste from the food industries, etc.	1,620.88	1,812.25	2,090.95	2,188.94	2,272.05
24	Tobacco and manufactured tobacco substitutes	18,612.26	25,809.90	33,735.07	27,292.30	31,416.58
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	16,392.79	15,704.62	13,988.79	10,880.02	8,480.53
26	Ores, slag and ash	0.84	1.41	3.55	2.46	0.20
27	Mineral fuels, oils and waxes; bituminous substances	83,941.93	93,093.42	124,684.46	96,777.40	117,361.45
28	Inorganic chemical products	633.86	584.02	586.12	617.04	640.31
29	Organic chemical products	437.34	369.99	438.02	396.47	772.14
30	Pharmaceutical products	26,074.31	28,309.82	28,201.75	29,420.43	27,234.35
31	Fertilizers	409.77	477.17	398.36	385.93	372.00
32	Paints and varnishes; putty and other mastics; inks	6,562.98	6,614.63	5,665.81	4,933.48	5,206.32
33	Perfumery, cosmetic or toilet preparations	95,731.18	99,033.87	96,515.99	85,905.09	85,257.67
34	Soap, organic products, waxes, candles	8,573.10	8,678.02	8,861.15	10,566.41	10,423.61
35	Albuminoidal substances; glues; enzymes	433.76	421.16	392.02	386.51	460.33
36	Explosives; pyrotechnic products; certain combustible preparations	1,769.33	1,276.55	278.94	802.60	978.06
37	Photographic or cinematographic goods	920.74	984.15	1,198.90	1,120.01	659.47
38	Miscellaneous chemical products	6,762.20	6,905.07	5,835.94	5,397.67	4,939.12
39	Plastics and articles thereof	16,253.92	17,216.64	16,777.30	14,480.56	13,093.56
40	Rubber and articles thereof	11,632.65	11,252.76	10,922.57	10,996.64	10,993.51
41	Raw hides and skins (other than furskins) and leather	1,848.54	10.11	18.67	10.93	9.71
42	Articles of leather; saddlery and harness, etc.	19,910.42	21,744.03	19,797.98	14,946.35	15,347.60
43	Furskins and artificial fur; manufactures thereof	1,500.21	1,397.56	1,026.99	782.57	676.06
44	Wood and articles of wood; wood charcoal	16,252.17	14,890.63	12,025.77	9,692.03	8,402.72
45	Cork and articles of cork	33.78	9.99	14.86	26.58	18.93
46	Manufactures of esparto; basketware and wickerwork	202.71	139.05	132.69	226.48	250.53
47	Pulp of wood or of other fibrous cellulosic material	0.88	0.54	3.10	4.32	3.37
48	Paper and paperboard	15,224.87	16,129.71	15,922.07	15,350.88	15,949.81
49	Printed books, newspapers, pictures and other products of the printing industry	8,446.61	7,990.71	8,109.69	7,297.14	11,391.56
50	Silk	27.97	31.25	18.16	17.88	25.05
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	69.23	129.67	117.15	93.19	70.12
52	Cotton	186.34	147.20	140.58	104.41	121.48

Imports by products (thousand euros) - Continuation

	2006	2007	2008	2009	2010
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	24.88	21.12	24.61	12.76	15.26
54 Man-made filaments	719.08	792.60	773.33	204.65	157.57
55 Man-made staple fibres	879.96	914.59	1,125.52	1,026.20	889.83
56 Wadding, felt and nonwovens, cordage, ropes and cables	870.23	824.02	987.41	1,081.49	1,339.06
57 Carpets and other textile floor coverings	806.42	728.31	498.99	584.33	525.65
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	243.58	247.50	301.05	206.20	139.74
59 Textile articles of a kind suitable for industrial use	205.17	229.22	132.84	130.84	182.56
60 Knitted or crocheted fabrics	58.41	72.32	42.92	108.79	35.23
61 Articles of apparel and clothing accessories, knitted or crocheted	37,234.76	37,001.09	33,359.76	32,801.10	33,419.23
62 Articles of apparel and clothing accessories, not knitted or crocheted	78,578.03	83,173.18	78,709.95	71,109.39	72,118.75
63 Other made up textile articles; sets, etc.	6,379.46	5,588.21	5,304.09	5,210.89	6,070.37
64 Footwear, gaiters and the like; parts of such articles	29,234.69	28,880.90	27,738.48	27,963.03	30,496.64
65 Headgear and parts thereof	7,372.29	7,448.93	6,395.45	5,963.79	6,105.91
66 Umbrellas, sun umbrellas, walking sticks, etc.	382.88	554.29	629.83	670.06	628.13
67 Feathers, artificial flowers, articles of human hair	176.99	162.10	221.80	118.58	113.46
68 Articles of stone, plaster, cement, asbestos, mica	10,879.18	11,521.20	11,128.94	6,615.19	6,425.78
69 Ceramic products	11,029.81	10,315.39	8,083.34	6,463.97	5,892.26
70 Glass and glassware	5,909.26	6,178.61	5,511.92	4,955.03	4,460.53
71 Pearls, precious stones and metals, imitation jewellery; coin	13,482.20	13,543.25	11,738.28	10,820.89	10,284.83
72 Iron and steel	13,861.30	11,049.12	10,220.42	5,025.07	5,037.97
73 Articles of iron or steel	31,171.35	26,712.07	24,855.07	23,459.61	18,052.85
74 Copper and articles thereof	613.78	635.00	929.87	607.74	502.86
75 Nickel and articles thereof	0.30	0.09	1.75	0.42	-
76 Aluminium and articles thereof	10,330.66	10,896.46	9,625.20	7,412.37	6,940.20
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	25.71	8.65	6.85	8.32	10.99
79 Zinc and articles thereof	148.13	163.30	146.78	148.24	125.63
80 Tin and articles thereof	7.21	7.13	6.80	14.15	10.82
81 Other base metals; cermets	140.02	207.10	85.14	26.22	1.50
82 Tools, implements, cutlery	5,717.71	5,205.47	4,803.93	3,969.89	4,229.00
83 Miscellaneous articles of base metal	4,617.77	4,537.86	3,825.91	3,344.85	3,538.58
84 Nuclear reactors, boilers, mechanical appliances	83,659.98	75,527.19	68,486.54	54,008.60	52,490.13
85 Electrical machinery and equipment, etc.	164,296.81	167,681.16	128,280.68	107,714.41	86,358.16
86 Railway locomotives and equipment of all kinds	97.60	10.54	49.25	61.68	75.88
87 Vehicles, tractors, motorbikes, bicycles	145,927.15	128,827.81	100,180.54	78,713.75	84,328.68
88 Aircraft, spacecraft	363.74	42.57	12.33	17.49	12.64
89 Ships, boats and floating structures	6,741.95	1,847.03	1,976.13	901.39	277.09
90 Optical, photographic, cinematographic and measuring apparatus, etc.	26,077.69	27,728.97	26,598.21	22,564.43	21,965.44
91 Clocks and watches and parts thereof	25,298.05	25,007.24	22,192.70	15,956.18	19,366.44
92 Musical instruments	1,835.18	1,807.15	1,651.99	1,384.03	1,423.65
93 Arms and ammunition	1,281.48	1,370.07	1,293.41	1,142.14	971.16
94 Furniture; lamps and lighting fittings	39,926.64	40,525.10	32,747.80	29,442.17	26,771.80
95 Toys, games and sports requisites; parts and accessories thereof	33,231.55	37,880.74	34,797.66	27,192.20	28,710.67
96 Miscellaneous manufactured articles	4,028.83	3,876.29	3,547.65	3,829.80	3,835.33
97 Works of art, collectors' pieces and antiques	2,047.69	8,018.22	3,433.78	2,025.77	654.47
98 Coding unassigned	-	-	-	-	-
99 Coding unassigned	-	-	-	-	-
Total	1,415,681.45	1,395,349.11	1,312,680.15	1,137,351.51	1,141,702.31

Note: Since 2007, data are provisional.

Source: Andorran Customs

Exports by products (thousand euros)

	2006	2007	2008	2009	2010
01 Live animals	136.69	84.94	119.75	86.76	69.82
02 Meat and edible meat offal	159.89	85.07	201.65	253.78	340.19
03 Fish and crustaceans, molluscs and others	-	-	0.75	-	-
04 Dairy produce; birds eggs and natural honey	28.46	8.42	2.58	1.23	2.81
05 Products of animal origin	15.13	1.23	0.21	-	-

Exports by products (thousand euros) - Continuation

	2006	2007	2008	2009	2010
06 Live plants and floricultural products	-	0.98	-	-	-
07 Edible vegetables and certain roots and tubers	-	50.68	1.06	1.81	-
08 Edible fruit and nuts; peel of citrus fruit or melons	4.64	-	-	-	-
09 Coffee, tea, maté and spices	0.68	-	-	-	19.69
10 Cereals	-	-	2.18	2.11	-
11 Products of the milling industry; malt; starches, etc.	0.13	-	0.48	0.02	-
12 Seeds and fruits; industrial or medicinal plants, etc.	3.86	-	3.27	-	-
13 Gums, resins and other vegetable saps and extracts	-	-	-	-	-
14 Vegetable plaiting materials and other vegetable products	-	-	-	0.52	-
15 Animal or vegetable fats and oils; waxes	7.75	10.89	19.45	26.04	21.18
16 Preparations of meat, fish or crustaceans, etc.	-	5.85	1.02	17.25	-
17 Sugars and sugar confectionery	34,665.94	318.38	3.87	32.47	4.07
18 Cocoa and cocoa preparations	1,524.71	14.08	3.40	0.03	-
19 Preparations of cereals, flour, etc.; pastry-cooks' products	0.29	0.99	1.19	2.09	-
20 Preparations of vegetables, fruit, etc.	2.51	0.81	-	32.26	0.86
21 Miscellaneous edible preparations	3,245.01	1,331.95	13,045.21	6,702.29	3.00
22 Beverages, spirits and vinegar	38.62	22.92	133.68	231.06	55.84
23 Residues and waste from the food industries, etc.	-	-	-	-	-
24 Tobacco and manufactured tobacco substitutes	77.53	185.31	42.19	37.62	54.38
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	375.17	558.23	415.95	259.26	247.44
26 Ores, slag and ash	0.71	16.23	14.61	11.10	11.50
27 Mineral fuels, oils and waxes; bituminous substances	1.16	18.12	6.81	48.58	1.20
28 Inorganic chemical products	3.67	0.14	-	2.25	-
29 Organic chemical products	0.48	-	-	-	-
30 Pharmaceutical products	34.71	29.12	13.53	3.77	17.17
31 Fertilizers	-	-	-	-	0.02
32 Paints and varnishes; putty and other mastics; inks	160.71	65.20	37.31	47.20	13.18
33 Perfumery, cosmetic or toilet preparations	3,549.21	3,410.21	3,032.67	2,992.13	1,893.36
34 Soap, organic products, waxes, candles	59.27	41.79	31.92	65.02	11.26
35 Albuminoid substances; glues; enzymes	1.75	5.46	3.30	0.28	7.59
36 Explosives; pyrotechnic products; certain combustible preparations	0.73	-	-	-	0.13
37 Photographic or cinematographic goods	1.03	-	3.00	4.21	2.20
38 Miscellaneous chemical products	349.81	35.18	83.67	71.11	30.55
39 Plastics and articles thereof	320.21	398.92	395.88	419.45	318.82
40 Rubber and articles thereof	69.17	86.76	64.24	60.75	28.94
41 Raw hides and skins (other than furskins) and leather	2,009.55	32.94	27.23	12.86	36.66
42 Articles of leather; saddlery and harness, etc.	696.43	450.04	472.80	561.70	621.95
43 Furskins and artificial fur; manufactures thereof	0.60	69.54	41.19	18.61	10.18
44 Wood and articles of wood; wood charcoal	1,508.61	1,273.25	1,137.77	834.63	880.10
45 Cork and articles of cork	2.08	-	-	-	-
46 Manufactures of esparto; basketware and wickerwork	11.77	8.27	-	0.01	-
47 Pulp of wood or of other fibrous cellulosic material	503.16	573.77	635.59	579.91	1,061.63
48 Paper and paperboard	647.47	395.12	245.83	442.61	874.63
49 Printed books, newspapers, pictures and other products of the printing industry	3,207.29	1,336.97	1,575.76	1,729.07	1,245.23
50 Silk	-	-	-	-	-
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	0.37	-	-	-	-
52 Cotton	0.45	0.00	1.32	0.69	2.77
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	-	-	-	-	2.77
54 Man-made filaments	2.10	2.39	-	5.01	-
55 Man-made staple fibres	6.35	3.30	3.62	0.76	-
56 Wadding, felt and nonwovens, cordage, ropes and cables	1,038.26	882.67	16.47	46.20	8.46
57 Carpets and other textile floor coverings	44.38	91.05	16.89	6.30	3.14
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	580.99	376.73	3.06	0.28	1.17
59 Textile articles of a kind suitable for industrial use	108.94	114.40	0.49	-	0.73
60 Knitted or crocheted fabrics	-	-	-	-	-
61 Articles of apparel and clothing accessories, knitted or crocheted	505.17	819.42	1,093.52	941.10	1,175.93
62 Articles of apparel and clothing accessories, not knitted or crocheted	2,166.47	2,018.52	2,146.66	2,357.89	2,065.67
63 Other made up textile articles; sets, etc.	127.35	147.49	101.79	88.88	88.09
64 Footwear, gaiters and the like; parts of such articles	589.04	362.51	311.11	655.42	879.09
65 Headgear and parts thereof	235.88	293.32	480.84	810.15	717.55

Exports by products (thousand euros) - Continuation

	2006	2007	2008	2009	2010
66 Umbrellas, sun umbrellas, walking sticks, etc.	3.83	0.51	0.28	0.23	0.11
67 Feathers, artificial flowers, articles of human hair	0.02	0.29	0.75	-	1.09
68 Articles of stone, plaster, cement, asbestos, mica	102.05	239.22	231.04	136.25	151.57
69 Ceramic products	143.65	198.00	119.18	69.89	48.64
70 Glass and glassware	152.00	190.57	171.05	226.25	310.25
71 Pearls, precious stones and metals, imitation jewellery; coin	777.32	562.66	890.93	1,271.54	3,195.95
72 Iron and steel	1,594.93	1,774.27	2,098.92	1,096.11	1,596.44
73 Articles of iron or steel	1,983.81	4,541.02	2,320.53	826.79	637.84
74 Copper and articles thereof	256.25	513.17	520.56	416.95	707.41
75 Nickel and articles thereof	-	-	-	-	-
76 Aluminium and articles thereof	666.33	1,476.07	838.24	463.25	514.50
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	-	-	-	16.43	6.24
79 Zinc and articles thereof	2.82	-	1.09	2.30	8.67
80 Tin and articles thereof	-	-	-	-	0.16
81 Other base metals; cermets	1.95	3.13	-	10.86	-
82 Tools, implements, cutlery	198.32	201.26	147.90	159.90	164.71
83 Miscellaneous articles of base metal	49.46	40.75	17.98	27.26	9.42
84 Nuclear reactors, boilers, mechanical appliances	7,448.70	11,633.64	6,440.79	2,809.49	2,747.40
85 Electrical machinery and equipment, etc.	14,686.44	23,165.81	9,664.77	4,391.08	5,427.09
86 Railway locomotives and equipment of all kinds	1.12	1.00	-	8.45	19.63
87 Vehicles, tractors, motorbikes, bicycles	18,123.91	17,053.11	9,793.62	9,067.79	9,237.54
88 Aircraft, spacecraft	22.69	4.10	664.41	12.00	13.00
89 Ships, boats and floating structures	1,044.67	565.49	79.04	139.36	73.36
90 Optical, photographic, cinematographic and measuring apparatus, etc.	7,719.60	9,297.54	602.56	555.28	397.02
91 Clocks and watches and parts thereof	412.67	722.81	426.98	989.26	444.97
92 Musical instruments	160.29	143.17	302.37	278.04	427.27
93 Arms and ammunition	153.44	159.73	165.30	143.28	81.33
94 Furniture; lamps and lighting fittings	1,798.91	1,968.85	2,009.61	1,105.25	1,028.26
95 Toys, games and sports requisites; parts and accessories thereof	429.23	428.31	473.92	823.43	285.48
96 Miscellaneous manufactured articles	136.18	27.82	31.74	15.97	28.56
97 Works of art, collectors' pieces and antiques	3,091.44	347.33	1,244.98	16.33	536.93
98 Coding unassigned	-	-	-	-	-
99 Coding unassigned	-	-	-	-	-
Total	119,994.33	91,299.22	65,255.24	45,583.52	40,931.79

Note: Since 2007, data are provisional.

Source: Andorran Customs

10.2 Geographical distribution of foreign trade

Imports by country of origin (thousand euros)

	2006	2007	2008	2009	2010
AE United Arab Emirates	6.83	494.04	1,192.91	904.61	50.25
AF Afghanistan	6.16	15.50	4.32	-	-
AL Albania	15.00	0.74	16.47	6.60	1.04
AM Armenia	-	0.05	1.34	-	9.31
AN Dutch Antilles	0.08	2.32	4.01	0.41	-
AR Argentina	274.37	324.46	264.34	268.70	147.60
AT Austria	6,119.63	7,206.83	5,867.55	3,881.15	4,767.19
AU Australia	17.89	760.02	27.15	74.66	118.99
AZ Azerbaijan	0.18	10.13	5.65	3.02	-
BA Bosnia-Herzegovina	1.11	2.36	3.65	35.81	41.22
BB Barbados	-	0.45	-	-	-
BD Bangladesh	501.32	459.02	316.20	700.89	1,040.39
BE Belgium	4,844.90	5,269.13	5,526.81	5,302.99	4,382.21
BF Burkina Faso	-	4.00	-	-	-
BG Bulgaria	349.26	217.87	370.90	334.37	615.29

Imports by country of origin (thousand euros) - Continuation

	2006	2007	2008	2009	2010
BH Bahrain	2.09	-	-	-	2.40
BI Burundi	-	-	-	0.57	-
BN Brunei	5.10	-	0.59	1.14	0.79
BO Bolivia	7.85	0.60	0.24	8.78	0.82
BR Brazil	878.44	2,437.81	4,202.39	1,740.03	749.82
BS Bahamas	18.86	65.60	128.66	48.84	70.27
BY Belarus	-	-	0.62	0.56	-
CA Canada	528.56	400.33	216.89	174.97	330.90
CD Democratic Republic of Congo	0.26	0.04	-	-	3.79
CF Central African Republic	0.79	-	-	-	0.46
CG Congo (Republic)	-	1.52	-	2.74	-
CH Switzerland	15,969.21	13,265.44	12,259.12	12,894.20	11,455.74
CI Ivory Coast	-	-	-	4.90	-
CL Chile	11.59	30.87	36.76	49.58	21.48
CM Cameroon	-	2.17	-	-	-
CN China	31,463.54	36,050.23	42,525.15	39,371.70	47,055.33
CO Colombia	70.54	90.02	43.18	56.48	1.67
CR Costa Rica	0.20	-	5.03	1.77	3.33
CU Cuba	2,082.29	2,595.41	2,446.79	1,755.85	1,809.52
CV Cape Verde	-	0.35	-	0.16	-
CY Cyprus	4.91	6.47	2.06	4.92	8.67
CZ Czech Republic	4,060.55	1,628.15	1,063.90	1,265.38	1,191.80
DE Germany	67,070.47	70,654.96	61,301.84	49,299.32	51,000.89
DJ Djibouti	-	3.05	-	-	-
DK Denmark	1,176.25	1,157.34	1,188.12	1,458.70	1,017.88
DM Dominica	-	-	2.99	-	-
DO Dominican Republic	821.06	563.71	485.38	329.90	917.47
DZ Algeria	30.61	-	21.73	412.75	-
EC Ecuador	3.96	3.98	0.07	-	0.16
EE Estonia	10.53	2.34	3.64	2.85	18.17
EG Egypt	32.30	92.79	116.85	85.75	83.89
ES Spain	803,402.67	818,099.43	762,807.92	676,932.99	690,406.97
ET Ethiopia	0.37	0.40	2.14	9.63	11.46
FI Finland	607.26	580.37	480.88	444.62	527.37
FJ Fiji	-	-	0.65	0.25	-
FR France	301,621.03	261,887.75	255,248.30	217,367.77	202,215.32
GB United Kingdom	20,503.50	21,163.12	19,080.07	14,423.69	15,636.97
GE Georgia	1.77	2.05	0.02	1.29	0.75
GH Ghana	-	-	14.96	-	-
GI Gibraltar	-	-	-	-	0.27
GL Greenland	-	-	-	0.75	-
GN Guinea	-	-	20.11	-	-
GR Greece	320.05	373.31	224.77	116.19	150.92
GT Guatemala	6.75	5.11	2.87	3.18	8.24
GY Guyana	0.71	-	0.14	-	49.99
HK Hong Kong	1,399.65	1,426.07	933.99	479.26	646.30
HN Honduras	23.98	40.23	32.02	7.97	23.60
HR Croatia	51.17	32.41	107.11	51.63	56.58
HT Haiti	0.15	-	-	-	-
HU Hungary	440.60	675.37	683.12	604.28	534.82
ID Indonesia	1,569.22	1,905.55	1,841.42	2,234.82	2,065.70
IE Ireland	2,035.21	2,274.10	2,843.47	1,807.12	1,265.18
IL Israel	864.21	1,295.66	906.26	97.28	133.81
IN India	2,593.28	2,308.19	3,106.98	3,784.92	3,845.21
IQ Iraq	0.65	-	-	-	-
IR Iran	142.28	105.51	9.97	27.27	4.35
IS Iceland	10.66	23.60	20.81	1.76	10.65
IT Italy	50,743.74	45,858.74	49,681.83	35,518.89	31,659.24
JM Jamaica	24.72	5.77	7.17	3.52	9.25
JO Jordan	6.17	5.13	11.98	6.20	2.14
JP Japan	35,104.23	37,637.52	16,833.58	11,250.44	10,568.27
KE Kenya	0.26	0.59	0.23	0.02	0.45
KG Kyrgyzstan	6.21	0.21	-	-	-
KH Cambodia	24.38	16.83	16.87	49.59	161.46
KP North Korea	-	0.02	5.64	15.98	9.65

Imports by country of origin (thousand euros) - Continuation

	2006	2007	2008	2009	2010
KR South Korea	9,131.53	4,227.70	3,394.84	883.24	1,545.19
KW Kuwait	-	5.83	-	-	-
KZ Kazakhstan	13.31	4.30	44.95	35.10	106.19
LA Laos	31.52	34.77	13.34	4.20	2.42
LB Lebanon	-	4.84	4.00	0.07	-
LC Saint Lucia	-	-	-	0.64	-
LI Liechtenstein	-	0.03	-	-	0.39
LK Sri Lanka	115.74	94.59	106.67	198.27	210.21
LS Lesotho	-	-	0.40	-	-
LT Lithuania	58.66	6.19	150.43	42.31	11.77
LU Luxembourg	493.70	403.89	426.46	475.99	1,272.79
LV Latvia	22.06	8.27	45.88	1.79	6.79
LY Libya	-	-	3.22	2.25	-
MA Morocco	738.99	830.26	754.47	842.63	485.62
MD Moldavia	78.45	44.13	38.59	105.82	85.09
MG Madagascar	9.06	9.14	23.63	16.28	13.30
MK Macedonia	22.04	6.00	17.24	8.66	11.39
ML Mali	0.39	-	-	5.14	-
MM Myanmar (former Burma)	-	8.60	10.74	7.21	13.59
MN Mongolia	-	0.17	-	-	-
MO Macao	78.44	61.72	180.54	86.46	28.88
MR Mauritania	24.83	58.83	76.61	15.14	28.14
MT Malta	20.49	9.63	1.67	0.86	11.36
MU Mauritius	32.01	149.65	134.78	164.28	158.23
MV Maldives	-	7.22	-	-	-
MW Malawi	-	1.03	-	0.29	0.43
MX Mexico	354.75	374.01	398.25	469.22	351.12
MY Malaysia	2,065.68	1,282.68	890.34	570.39	438.90
NA Namibia	2.31	-	0.53	0.21	-
NC New Caledonia and dependencies	6.60	1.29	-	-	-
NE Niger	27.47	0.22	1.96	6.48	4.26
NG Nigeria	-	-	3.19	9.73	0.06
NI Nicaragua	5.06	-	2.60	15.47	41.25
NL Netherlands	13,363.34	11,813.58	11,394.11	11,725.11	11,410.45
NO Norway	33.04	345.02	32.69	23.98	27.49
NP Nepal	0.42	13.92	0.25	3.24	15.22
NR Nauru	-	-	0.03	-	-
NZ New Zealand	45.66	37.62	17.39	142.10	31.04
OM Oman	-	-	-	-	11.36
PA Panama	-	12.97	5.21	0.52	1.75
PE Peru	11.16	41.55	67.37	166.43	111.63
PF French Polynesia	-	7.17	-	-	-
PH Philippines	331.66	449.16	512.73	347.95	176.94
PK Pakistan	205.65	343.84	276.81	232.46	207.67
PL Poland	2,319.27	1,289.31	3,729.35	4,325.07	5,464.28
PT Portugal	4,652.99	6,296.66	11,097.34	9,298.02	10,705.15
RO Romania	885.30	1,040.07	1,008.42	1,230.46	1,456.24
RU Russia	37.78	429.98	26.48	8.95	120.54
SA Saudi Arabia	-	-	-	179.90	0.70
SC Seychelles and dependencies	-	0.05	-	-	-
SE Sweden	1,970.91	2,048.40	2,553.00	1,370.99	1,924.68
SG Singapore	246.19	125.23	526.50	161.79	53.47
SI Slovenia	633.07	340.83	342.71	349.24	407.24
SK Slovakia	398.79	286.77	823.02	559.58	714.39
SL Sierra Leone	0.16	-	6.31	0.87	4.63
SM San Marino	77.94	0.25	10.25	17.74	0.04
SN Senegal	3.29	7.42	0.11	-	-
SR Surinam	-	-	-	0.59	0.98
SV El Salvador	-	12.74	3.31	29.48	6.56
SY Syria	1.13	1.03	2.52	-	-
TG Togo	6.05	-	-	-	-
TH Thailand	1,869.66	2,074.89	1,129.21	1,468.96	1,789.31
TJ Tajikistan	-	2.66	0.72	-	-
TK Tokelau, Isles	-	-	0.95	4.22	7.04
TM Turkmenistan	-	-	-	0.76	-

Imports by country of origin (thousand euros) - Continuation

	2006	2007	2008	2009	2010
TN Tunisia	396.72	553.60	556.34	1,031.46	1,026.47
TR Turkey	2,172.65	3,106.52	3,253.19	2,405.82	2,030.98
TW Taiwan	3,928.59	2,866.08	2,019.31	1,378.82	1,430.58
TZ Tanzania	-	0.08	-	-	-
UA Ukraine	32.13	20.03	55.54	41.78	225.64
UG Uganda	90.37	25.34	71.26	19.58	35.14
US United States of America	9,012.46	12,086.84	9,069.56	7,477.76	6,605.40
UY Uruguay	324.03	176.15	45.26	12.62	5.91
UZ Uzbekistan	-	-	1.98	0.09	-
VA Vatican City	0.19	-	-	-	-
VE Venezuela	106.57	164.26	228.40	76.40	55.46
VI Virgin Islands (U.S.)	0.38	0.74	4.54	-	0.51
VN Vietnam	1,267.99	2,114.12	2,437.53	3,342.79	3,876.38
WS Samoa	1.48	1.34	0.54	0.09	1.13
XC Ceuta	0.23	-	-	-	-
XL Melilla	1.95	-	-	-	-
XM Montenegro	-	1.81	-	5.72	-
XS Serbia	-	1.67	1.46	-	0.92
YE Yemen	0.36	-	-	-	-
YU Federal Republic of Yugoslavia	8.77	-	-	-	-
ZA South Africa	17.75	14.71	64.58	215.69	7.93
ZW Zimbabwe	-	16.53	-	-	-
Total	1,415,681.45	1,395,349.11	1,312,680.15	1,137,351.51	1,141,702.31

Note: Since 2007, data are provisional.

Source: Andorran Customs

Exports by country of destination (thousand euros)

	2006	2007	2008	2009	2010
AE United Arab Emirates	-	6.57	8.80	-	9.62
AL Albania	0.31	-	0.05	-	-
AO Angola	-	-	27.75	28.56	10.58
AR Argentina	141.84	228.20	131.89	113.85	223.27
AT Austria	354.52	161.76	56.27	40.22	16.18
AU Australia	0.13	-	2.75	18.50	1.83
AW Aruba	-	-	-	-	6.07
BA Bosnia-Herzegovina	2.96	-	-	-	-
BE Belgium	1,790.75	1,443.02	1,331.80	429.60	167.11
BF Burkina Faso	0.89	-	-	-	3.28
BG Bulgaria	1.76	-	-	4.58	0.79
BH Bahrain	-	-	-	-	0.24
BM Bermuda	-	-	-	-	3.64
BR Brazil	-	2.00	0.91	0.95	1.15
CA Canada	13.13	10.00	0.20	3.31	1.46
CH Switzerland	36.53	183.47	164.14	626.68	3,178.09
CI Côte d'Ivoire	-	-	10.72	-	0.34
CL Chile	19.32	14.59	58.37	85.62	166.82
CM Cameroon	-	-	-	-	8.89
CN China	8.74	0.01	3.23	1.33	22.17
CO Colombia	-	12.97	1.18	-	0.58
CR Costa Rica	1.70	2.15	0.02	-	1.06
CU Cuba	12.19	4.60	-	0.72	0.28
CV Cape Verde	16.30	5.20	-	22.64	3.90
CY Cyprus	-	1.48	-	-	0.21
CZ Czech Republic	9.42	-	47.91	6.71	14.35
DE Germany	7,434.03	14,471.93	3,031.88	419.96	315.71
DJ Djibouti	-	-	-	-	0.06
DK Denmark	7.12	9.73	4.55	28.19	8.17
DO Dominican Republic	4.00	-	11.84	-	-
DZ Algeria	-	-	31.77	41.84	-
EE Estonia	-	-	0.11	-	0.19
EG Egypt	-	-	1.00	6.80	41.87
ER Eritrea	-	-	-	-	2.13
ES Spain	83,462.67	56,179.62	45,382.88	31,978.97	25,778.80

Exports by country of destination (thousand euros) - Continuation

	2006	2007	2008	2009	2010
FI Finland	0.18	25.21	1.60	7.51	5.56
FR France	18,152.81	14,929.38	10,140.88	9,145.89	8,650.75
GA Gabon	-	-	4.70	-	0.29
GB United Kingdom	1,977.26	50.76	191.07	86.23	203.03
GI Gibraltar	-	-	-	6.08	5.85
GM Gambia	-	-	2.00	-	-
GN Guinea	-	37.24	10.49	1.05	-
GQ Equatorial Guinea	-	7.70	-	-	23.09
GR Greece	-	2.22	0.16	0.98	4.07
GY Guyana	-	-	-	51.27	46.17
HK Hong Kong	8.00	6.80	13.05	21.18	96.59
HR Croatia	-	0.02	-	-	0.02
HU Hungary	-	1.62	-	-	1.75
ID Indonesia	-	0.09	-	-	-
IE Ireland	0.27	0.45	1.21	2.67	5.91
IL Israel	1.78	2.57	0.10	119.60	0.49
IN India	-	34.40	1,700.00	28.00	-
IR Iran	-	1.56	0.39	6.10	0.11
IS Iceland	-	-	-	-	0.03
IT Italy	489.90	2,034.93	1,167.45	951.27	395.31
JO Jordan	-	-	-	5.80	-
JP Japan	181.54	17.55	70.20	20.23	18.90
KE Kenya	-	-	-	-	0.02
KR South Korea	-	24.11	-	-	-
KW Kuwait	-	-	-	-	0.79
LB Lebanon	-	-	-	-	73.00
LI Liechtenstein	1,886.89	-	-	-	-
LK Sri Lanka	-	-	0.03	-	-
LT Lithuania	-	-	-	0.65	-
LU Luxembourg	9.10	3.50	1.87	0.70	30.29
LV Latvia	-	-	-	-	1.49
MA Morocco	1,879.11	3.17	14.74	6.73	3.21
MG Madagascar	-	-	-	3.29	-
MR Mauritania	15.00	3.00	-	0.36	0.28
MT Malta	-	-	0.11	90.11	6.94
MX Mexico	-	22.17	4.60	-	1.87
MY Malaysia	-	-	-	0.05	-
NC New Caledonia and dependencies	-	-	-	0.20	-
NE Niger	-	-	-	0.33	-
NI Nicaragua	-	-	-	23.21	31.49
NL Netherlands	497.80	645.82	547.19	482.25	588.85
NO Norway	-	2.27	0.20	0.74	1.31
NZ New Zealand	-	1.45	-	-	-
OM Oman	-	-	-	-	0.09
PA Panama	-	-	-	0.13	11.34
PE Peru	-	-	184.68	-	0.21
PF French Polynesia	15.00	-	0.25	-	-
PL Poland	3.94	23.26	25.19	1.22	19.70
PT Portugal	1,415.98	373.40	320.86	406.01	431.98
PY Paraguay	-	-	-	-	23.49
RO Romania	-	-	5.23	1.50	19.23
RU Russia	34.03	171.36	361.85	0.91	3.17
SA Saudi Arabia	-	-	5.76	1.15	91.02
SD Sudan	-	-	3.53	1.25	-
SE Sweden	0.10	3.75	5.50	2.80	63.03
SG Singapore	4.50	-	18.00	-	13.71
SI Slovenia	7.43	6.56	0.46	0.08	0.28
SK Slovakia	-	17.55	48.69	41.24	28.92
SM San Marino	-	31.32	-	-	-
SN Senegal	13.00	-	-	-	0.89
SY Syria	2.50	-	4.00	-	19.00
TG Togo	-	2.00	1.00	-	-
TH Thailand	-	5.31	-	-	-
TN Tunisia	-	-	-	-	0.10
TR Turkey	-	-	-	0.10	0.05

Exports by country of destination (thousand euros) - Continuation

	2006	2007	2008	2009	2010
TW Taiwan	2.09	0.20	-	-	6.68
UA Ukraine	13.00	-	84.43	4.56	-
US United States of America	64.65	61.83	3.32	184.92	7.38
UY Uruguay	-	2.39	-	11.10	0.35
VE Venezuela	-	-	-	-	0.11
VN Vietnam	-	-	0.05	0.00	4.66
WF Wallis and Futuna Isles	-	-	-	1.06	-
XL Melilla	0.10	0.60	-	-	-
XM Montenegro	-	4.39	-	-	-
XS Serbia	-	-	0.37	-	-
ZA South Africa	-	-	-	4.00	0.15
Total	119,994.33	91,299.22	65,255.24	45,583.52	40,931.79

Note: Since 2007, data are provisional.

Source: Andorran Customs