



CAMBRA DE COMERÇ
INDÚSTRIA I SERVEIS D'ANDORRA

economic report 2011

17
number

economic report 2011



CAMBRA DE COMERÇ
INDÚSTRIA I SERVEIS D'ANDORRA

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

In the introduction to the 2010 report it was said that the world economy had resumed strong growth in 2010, with the year ending at a higher level of activity than before the global crisis, which had been triggered at the end of 2007 when the US housing market collapsed and spread financial turbulence throughout the world. However, in 2011, there was another global slowdown in world economic activity, beginning in the summer and becoming more marked by the end of the year. It should be noted, however, that the world economy developed at two different speeds.

In 2011, GDP growth shrank 3.9%, after reaching 5.3% in the previous year. In 2011, emerging and developing countries continued to play a dynamic role in the global economy, growing 6.2%, only 1.3 points behind the growth recorded in the previous year. On the other hand, growth in developed countries fell to half, at 1.6%. Among the emerging and developing economies, Asian countries are in the vanguard of growth, followed by Eastern European and sub-Saharan Africa, while the Middle East and North Africa suffered from the effects of the political uprisings, and Latin America felt the effects of the economic downturn, especially in Europe. So, China grew 9.2%, India 7.1%, Central and Eastern European countries 5.3%, sub-Saharan Africa 5.2%, Latin America 4.5% and the Middle East and North Africa only 3.5%.

It is the advanced countries that are suffering the consequences of the world crisis most, causing a reappearance of the risk of recession in the eurozone at the end of 2011 and the effects spreading to a greater or lesser extent to the other advanced countries, through trade and capital flows. Nevertheless, all countries saw positive growth, although in many cases this was limited, except for Japan, where growth fell due to the effects of the tsunami. The USA displayed a definite slowdown compared with 2010, growing 1.7% compared with 3.0% in 2010, due to a positive performance in final private demand and a negligible contribution from the foreign sector.

2011 was a year of turbulence and problems for the eurozone economies, halting growth and even closing the year with a renewed recession in some countries. During the first part of the year, rising oil prices due to the uprisings in Libya caused the European Central Bank to raise interest rates by 50 base points, after almost two years of stability. From the summer onwards, tensions rose in the European debt markets due to doubts about the sustainability of public finances in most European countries, the gradual deterioration in the economic situation and the solvency problems of some banking systems. These tensions, which had been limited

to Greece, Ireland and Portugal, spread to larger countries such as Spain and Italy, so that in November, the risk premium reached the highest levels ever since the creation of the Euro, especially in the latter two countries. Although the European Central Bank reactivated its programme for purchasing debt on the stock markets, the slowness in developing and implementing the resolutions reached at the various European summits undermined the confidence of international investors, which spread to countries such as Belgium, France and Austria. In order to end this instability, the EU summit of Heads of State and Government on 9 December resolved to lay down a series of fiscal rules and the ECB announced a series of measures: to continue providing liquidity to financial institutions, at least until early 2012, a reduction in the reserves coefficient, an increase in assets accepted as loan guarantees and a further reduction in the interest rate to 1%. This meant that 2011 could end and 2012 start at a slightly calmer pace. On top of all these problems, several countries in the eurozone had their debt classifications reduced - Spain and Italy falling several ranks and even France and Austria losing their triple A. All of these circumstances meant that GDP in the eurozone only grew 1.5% in 2011, employment did not increase and the unemployment rate remained stable. The peripheral economies were the worst affected: Greece (-6.9%), Portugal (-1.6%), Ireland (0.7%), Spain (0.7%) and Italy (0.4%), while other countries had growth of more than 1%: Germany (3.1%), Austria (3.1%), Finland (2.9%), etc. Fiscal policy was restrictive, with a cut in spending and increased tax. The public deficit managed to bring down GDP to 4.1%, but the global level of debt reached 88.4%, especially due to the rising cost of financing.

The Andorran economy is closely linked to the economic development of its main customers for products and services, i.e., it depends mainly on how the Spanish and French economies perform. In recent years, with the major crisis, the French economy sees slower movements than the Spanish. So, in 2011, the French economy maintained a slow rate of growth. According to the INSEE (French National Institute of Statistics), French GDP grew an annual 1.7%, one tenth more than in the previous year. France also saw notable growth at the beginning of the year, although it then slowed down. It also suffered all the eurozone problems - rising prices in basic products, the consequences of the Japanese earthquake, the effects of tax consolidation in Europe and the financial tensions caused by the sovereign debt crisis - but has managed to maintain its per capita GDP at purchasing power parity in relation to the average in the EU-27 at 107%, a quite stable level since 2006. In 2011, internal demand lost impetus as a result of the slowdown both in private and public consumption, while growth in investment increased and the rebuilding of company stocks helped growth. The foreign sector also contributed, >

although exports did not grow as much as in 2010 as a result of the slowdown in the European economy, the destination of 70% of French exports.

The Spanish economy came out worse than most economies in the eurozone, with GDP growth of only 0.7%. In the first part of the year, the reactivation that had begun in the previous year continued but from the summer onwards the recovery weakened, dragged down by the reappearance of tensions in the financial markets, the slowdown in the main advanced economies, failing confidence among economic agents and tightening financing conditions. This caused a downturn in the process of real convergence with the 27 European economies, so that per capita GDP at purchasing power parity fell below the EU-27 average (99% in 2011), something which had not happened since 2001. This modest growth was the result of the steady rise in foreign demand - exports (9%), foreign tourism and sales of non-tourism services. Private consumption practically stagnated, investment lost its impetus, but investment in construction continued in free fall. The unemployment rate continued to grow, closing the year at 22.9%, 577,000 more than at the end of 2010, the highest rate in the EU. Over the year, this delicate external and internal situation led the Government to take various measures to try to bring the country out of it; labour, financial, budget stability measures, etc. Even so, it has been unable to get the situation back on track and in early 2012, the new Government had to intensify restrictions and reforms.

For several years now, in its annual report, the Chamber has been obliged to emphasize the fact that the Andorran economy is not progressing well. Already in 2003, it was noted that, even though results were positive, there were trends and indicators that showed a change in direction. This trend continued until a definite recession could be seen in 2007. Since then, the recession has continued, with some extremes and slight breaks in its fall. The global crisis that was triggered in the USA from July 2007 onwards continued, especially in Europe, which compounded specific factors in the Andorran economy, despite our country's efforts to deflect it. But the results do not arrive and cannot be imagined. According to estimates from the Government's Department of Statistics, the recession continued in 2011; it is estimated that GDP fell -2.8% in real terms. Along the same line, the GDP estimate produced by the Chamber stands at slightly more negative levels, but also indicates a slowdown in the rate of fall. This result in 2011 compounds the equally negative data from the previous four years: 2007 saw a negative variation that swung between -1.5% and -2.0%; in 2008, this was between -2.5% and -3.0%; in 2009,

the year of major recession in all advanced economies, it reached about -6.0%, and in 2010 it reached -3.4%. This five-year series of falls in GDP at such a speed was not seen in any of the EU countries without interventions.

Although in the 2010 report it was indicated that there was one sector in which the falling trend halted, this being the hotel sector, there is no productive activity this year that can be claimed to have resisted better than others. All sectors of activity shrank: industry, construction, commerce, with small variations, tourism in general and hotels and catering, transport and telecommunications. It can be said that only the banking sector has known how to adapt to the undergoing situation. Not even the weather has helped to improve levels of activity in certain sectors. However, there is a positive aspect to tourism: in various reports we warned that it was not good for the country that visitors were coming more and more from one country - Spain in this case. So, although the number of visitors dropped again in 2011, specifically those who do not spend the night, for the first time the number of French visitors and other nationalities rose, contrasting with the trend in global figures, which fell. Finally, the public sector was also forced to make cuts. The financial situation of both the central Government and the Communes forced them to control expenditure and real investments.

The primary sector is relatively insignificant in the Andorran economy, but this year, we must highlight the tobacco harvest, which increased quantitatively by 3.1% and above all in quality, and also that livestock remained stable. In particular, we should mention the efforts being made to reintroduce traditional crops: vines - there are four farms - the production of quality indigenous potatoes and the cultivation of aromatic and medicinal plants.

In the industrial sector the fall in activity has again become marked. The number of companies fell as did the number of employees by 6.5%. The results of the situation surveys reflect the fact that the profile of business operations remained clearly unfavourable and the confidence indicator points to increased pessimism and clearly deepening contraction in industrial activity.

Already, in the 2010 report, it was indicated that the construction sector is the sector that was most heavily affected by the crisis. For many years, it was one of the driving forces behind the Andorran economy, but from 2008 it fell into deep recession and there are no prospects of recovery for the moment. All available indicators are clearly negative: the number of employees, the performance of wages, energy consumption, the volume of works carried out, public investment, imports of materials, the business

climate, etc. The average number of active workers in 2011 was 3,932, meaning a decrease of -15.6% in relation to the average number of workers in 2010. And if this is compared with the number of workers in 2006, the fall was -43.1%; in five years almost half of the workers have lost their jobs. Electricity consumption fell 6.0% and imports of materials fell 14.3%. Investment in public works, both by the Government and the Communes, also continued to decrease. The answers from building companies to the Chamber's surveys clearly reflect a very steep rate of fall in activity and a very negative opinion of business operations.

Andorran commerce lives mainly off purchases made by tourists. The trend in their numbers changed in 2003, when shops first began to suffer, first with lower growth and then from 2007 through significant falls in sales. 2011 continued along the same line. Employment fell 4.0%, wages stagnated (+0.6%) and shop owners' replies to the Chamber's surveys about business operations were the most negative since it started its surveys in 1997. Evidently, the behaviour of imports also reflects this situation with slight variations. Total imports were 1,149.2 million euros, 0.7% more than in 2010; but if we subtract the value of imports of building materials, fuels and tobacco, this figure for positive variation becomes negative, with -1.2%. The detailed analysis of imports by chapters shows very different behaviour: many stayed at the same level as 2010 while others grew. Among the latter are notably alcoholic and non-alcoholic beverages (+5.2%), pharmaceutical products (+6.2%) perfumery (+6.0%), furs (+40.6%), jewellery, stones, pearls and precious metals (+10.8%), clocks and watches (+11.7%) and works of art, collectors' pieces and antiques (+19.4%). On the other hand, imports in another series of articles fell: this is the case of coffee (-2.6%), photographic and cinematographic articles (-41.7%), products of the printing industry and graphic arts (-9.5%), knitted or crocheted apparel (-4.4%) and other textile articles (-16.0%), tools, implements and cutlery (-3.4%), electrical and electronic apparatus (-7.4%), vehicles (-5.0%), optical and photographic apparatus (-2.0%), furniture and lighting (-13.2%) and toys and games and sports requisites (-13.1%).

It is tourism that brings life to most of this country's productive sectors. Nor was the 2011 financial year a year of recovery, but the contraction was not as intense as in other years and there are some positive aspects to highlight. The numbers of visitors fell 2.2% - less than in the previous three years - and those staying overnight increased 7.7%, benefiting hotels and catering. On the other hand, the number of day-trippers, who don't spend the night, continued to fall, by 4.9%. By nationalities, in global terms, the number of Spanish visitors fell notably (-8.7%) due to the steep downturn in day-trippers. Equally, as has been said, it is positive that the numbers of French

visitors and those of other nationalities increased, making a change from recent years. This ability to diversify the demand is good for the country and indicates that the efforts that the Principality makes to attract other clients have begun to produce results. The ski season was not good as the weather did not help. The ski resorts saw sales of passes drop -9.9%. Overnight stays for the whole year fell 4.6%, even though visitors for more than one day increased, so the average stay decreased.

As for the Andorran banking system, one of the major branches of the Principality's economy, also affected by the overall crisis, it must be said that the figures relating to the balances of the five banking groups are not bad: loan investments grew a little more than in 2010, by 4.1%, clients' deposits by 4.3%, although profits fell by a slight -1.8%. The banks closed six offices over the financial year but the number of employees, taking into consideration all activities, both inside Andorra and abroad, increased 22.0%. Andorran banks are making major efforts to increase their presence abroad.

The public sector continued along the path of austerity that began in 2009. The Government's accounts ended 2011 with a non-financial cash deficit of 50.9 million Euros, a figure that means a fall of 3.9%, compared with the deficit settled in 2010, representing about 2% of Andorran GDP. This cut is less than the one implemented last year but links two consecutive financial years of deficit cuts. Overall, the central Government's debt rose to a historical high of 767.9 million Euros. Now, in proportion to GDP, this volume of debt only touches the threshold of 30%, a much lower level than that of most European governments. Likewise, it should be emphasised that its composition improved in 2011 because the average term of issued debt was extended slightly. The reduction of the Andorran deficit in 2011 was possible because the increase in income was greater than in expenditure. This cut in expenditure can be explained by the cut in capital expenditure, of 29%, especially real investments, which fell 40.9%. Current expenditure, on the other hand, saw a significant increase of 16.3%. Non-financial income grew 1.4%; direct tax more than tripled as a consequence of the entry into force of the income tax for non-fiscal residents, and indirect taxes increased by 7%, especially due to the tax on foreign trade. As for the Communes (parish governments), they ended the financial year with a surplus, for the fourth consecutive year, of 3.8 million Euros, although this was a reduction of 14.8% compared with the 2010 financial year. This reduction in the Communes' fiscal surplus was the result of falling income, which was greater than the cut in expenditure. Five Communes recorded surpluses and two ended the year with deficits (Encamp and Escaldes- >

Engordany). The Communes ended the 2011 financial year with an accumulated debt of 238.9 million Euros. The Communes represent 23.7% of the total public debt (central Government and Communes). New developments in tax for 2011 include the entry into force of income tax for non-fiscal residents and the amendment of corporate tax and the tax on income from economic activity passed in 2010, which began to be implemented in 2012.

Internal demand has not helped the Andorran economy to recover, as the trend in all components was unfavourable. Internal private consumption continued to suffer from shrinking available income, deriving from the major reduction in employment and the intensifying loss of purchasing power of wages. The differential between the growth in average nominal wages of employees (+1.2%) and inflation measured in December (+2.5%) was -1.3 points, a significant loss which compounds that of 2010 (-0.2 points). However, the most unfavourable behaviour was in investment, both public and private. We have already indicated that sales in tourism services and consumption by foreigners in this country have continued to fall significantly. On the other hand, Andorran exports, which are to a large extent re-exports of imported products, saw a major increase of 36.3%, breaking with four years of major falls. The products which most contributed to this major growth were vehicles, perfumery, pharmaceuticals, mechanical apparatus and pearls, stones and precious metals.

The world economic prospects for 2012 are not good, the recovery has stagnated and the risks continue to be high due to the sovereign debt crisis and some eurozone countries falling into recession. The IMF's forecasts indicate that the world economy will grow about 3.5% in 2012, four tenths less than in 2011. The emerging and developing economies will still be the driving force but it is also expected that their growth will slow. In the USA, the recovery continued at the beginning of 2012, but as the year progressed it slowed down. The increase in US activity can be explained by more dynamic household spending, the recovery in investment, especially residential, and in particular the Federal Reserve's expansionary policy. As for the eurozone economy, GDP at the beginning of 2012 stood at the same level as in the fourth quarter of 2011; however, the expected fall into recession has not been confirmed, but the situation remains weak throughout Europe. The differential between the most advanced economies in the cycle (Germany and France) and those in recession has become more marked. According to Eurostat estimates, at least one third of eurozone countries are in recession in the first half of 2012, with stagnation in France, the second largest economy in the area.

The Spanish economy is among those which have fallen into recession. International market pressures on the Spanish sovereign debt and on financial entities forced the Spanish Government to take drastic measures to cut the Spanish public administrations' deficits and amend legislation to improve the national production structure, to meet the requirements of the eurozone and the IMF. The Eurogroup has approved a financial aid package for Spanish banks for the amount of 100,000 million Euros. However, despite all this and encouraged by the European authorities' doubts, the turbulence in the financial markets continued in July and nobody knows how this situation could end. It is true that the Spanish economy is in recession, that unemployment continues to grow and that the risk premium is at levels that Spain's finances can hardly bear.

With these prospects for the world economy and, above all, for the economies of the eurozone and our neighbours, especially Spain, the prospect for our country's economy cannot be good. If our neighbours are not doing well, neither will our economy, which depends to a large extent on our external environment. This can be seen in the available indicators - opinion surveys and the first months' results from the main national economic indicators. The Chamber's situation surveys continue to mirror a rather pessimistic climate with quite negative business prospects in all the large sectors. All available quantitative indicators for the first five months of the year confirm these company opinions. Imports fell 5.2%, the number of workers fell 3.8%, in most sectors of activity, energy consumption grew 2.9% and vehicle registrations shrank again by 10.9%. It is to be expected, however, that we will close 2012 with another fall in GDP in the Principality. That will make six years now that this has happened.

As in every year, when closing this Report, I must express my gratitude and that of this Institution to all those who make this Report possible. Firstly, to the businesses whose constant, periodical collaboration provides the Chamber with very valuable information about the business climate and business trends. Secondly, to the Government and the Communes for the continuous information they provide, especially statistics, and the institutions and associations for the same reasons. Also the internal and external technicians who edit and interpret all the information and give the Report its final shape. Finally, I would also like to give my thanks to the media for broadcasting the content of this document.

Marc Pantebre Palmitjavila
President

INDEX

THE EXTERNAL ENVIRONMENT OF THE ANDORRAN ECONOMY

08	1. The international economy
08	1.1. The main features of economic development in 2011
10	1.2. Evolution of the principal advanced countries
13	1.3. Evolution of the principal emerging and developing countries
14	1.4. Prospects
16	2. The French economy
16	2.1. The main features of economic development in 2011
18	2.2. Prospects
20	3. The Spanish economy
20	3.1. The main features of economic development in 2011
23	3.2. Prospects

THE ANDORRAN ECONOMY: OVERALL TRENDS

25	4. Population, employment and education
25	4.1. Population and migratory flows
27	4.2. Employment and unemployment
29	4.3. Education
32	5. Activity and demand
32	5.1. The evolution in economic activity in 2011
37	5.2. Foreign trade flows
38	5.3. The geographical distribution of foreign trade
40	5.4. The sectoral composition of foreign trade
44	6. Prices and costs
44	6.1. Consumer prices
45	6.2. Wages
47	7. The public sector
47	7.1. Central government performance
52	7.2. Communes (local government) performance

THE ANDORRAN ECONOMY: DEVELOPMENTS IN THE MAIN SECTORS

55	8. The primary sector
55	9. Industry
58	10. Construction and related industries
63	11. Services
63	11.1. Commerce
68	11.2. The financial system
70	11.3. Tourism
74	11.4. Transport and communications

75	APPENDIX OF ANDORRAN ECONOMIC STATISTICS
-----------	---

THE EXTERNAL ENVIRONMENT OF THE ANDORRAN ECONOMY

1. THE INTERNATIONAL ECONOMY

1.1. The main features of economic development in 2011

In 2011, the world economy was marked by a global slowdown in activity. World GDP growth slowed from 5.3% in 2010 to 3.9%, according to the International Monetary Fund (IMF). Although this is the second consecutive year of growth since the crisis blew up, the world economic panorama worsened from the summer, due to the deepening sovereign debt crisis in Europe.

It should be pointed out, however, that the world economy advances at two speeds. Emerging and developing countries have continued to play a dynamic role in the world economy, with an increase of 6.2%, only 1.3 points below the growth recorded in the previous year; while growth in developed economies fell by half to 1.6% in 2011.

Among the emerging and developing countries, Asian countries are at the forefront of growth, followed by Eastern Europe and sub-Saharan Africa, while the Middle East and North Africa have suffered from the effects of political uprisings and Latin America has felt the effects of the economic downturn in developing countries, especially in Europe.

On the other hand, the performance of the advanced economies varied widely, with activity in the USA

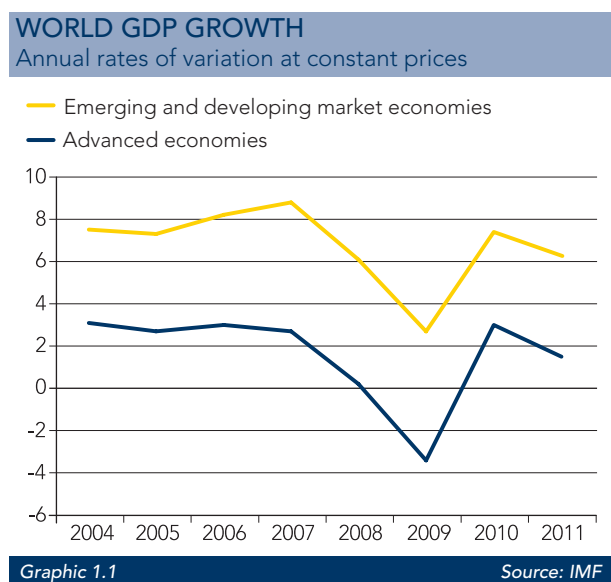
strengthening over the year, a slowdown in the eurozone heading towards recession and the Japanese economy struck by the effects of the earthquake that occurred in March.

Quarterly growth in world GDP also varied in different countries in the last part of 2011. In the USA, GDP accelerated two tenths to a quarter-on-quarter 0.7%, while in the eurozone it fell 0.3%, the first fall since the second quarter of 2009. As for the Asian economies, GDP in Japan dropped 0.2% in the fourth quarter, after the increase of 1.7% in the previous one, due to the waning effect of reconstruction after the earthquake. In India, growth advanced further in the fourth quarter than in the third, while in China, growth slowed.

Yet it is undoubtedly Europe that took a leading role in 2011. The European downturn had a greater or lesser effect on both advanced and emerging economies.

In the first half of the year, in a context of world economic recovery, rising oil prices caused by the uprisings in Libya spurred the European Central Bank to raise the interest rate 50 base points (25 points in April and 25 points in July), after a period of nearly two years in which the interest rate in the eurozone had remained stable at 1%, which is low but still higher than the 0.25% at which the US Federal Reserve reference rate has been stuck since the end of 2008.

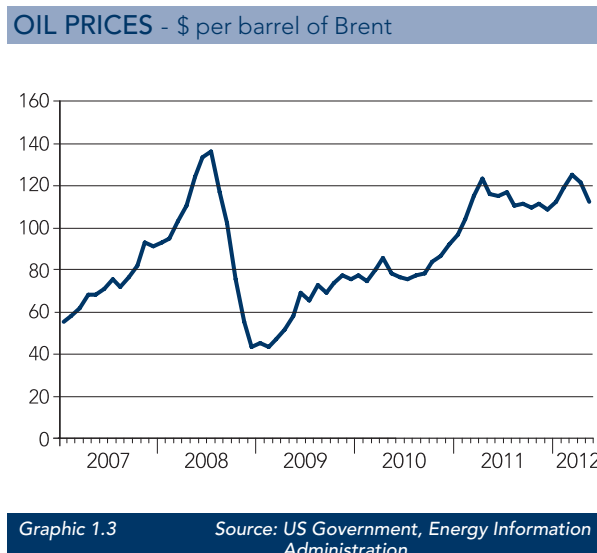
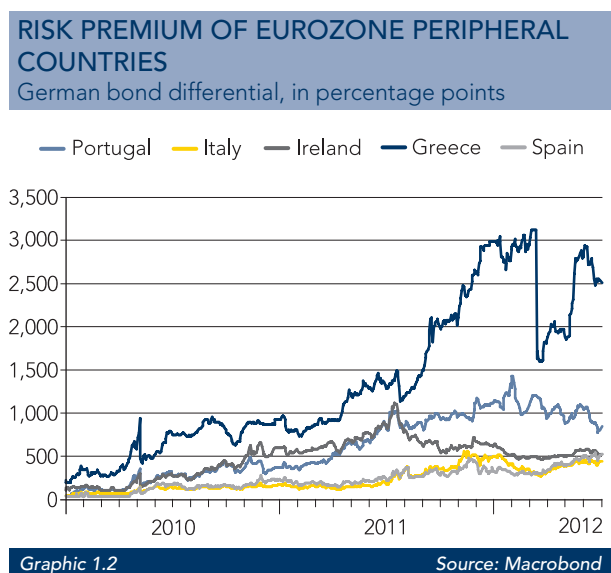
After the summer, existing tensions in the European debt markets increased due to doubts over the sustainability of public finance in many of the European countries, the progressive deterioration in the economic situation and the solvency problems of some banking systems. These tensions, which had been limited until then to relatively small economies (Greece, Ireland and Portugal) spread to other larger ones such as Italy and Spain, where the German bond differential (risk premium) reached the highest levels in November since the creation of the Euro (in Spain, it reached 490 points and in Italy 560 points). This led the European Central Bank to reactivate its programme of purchasing debt on the stock markets at the beginning of August. Nevertheless, the



slowness in both developing and implementing the agreements made at various European summits, as for example the design of the second aid programme to Greece, lowered confidence among international investors, which in autumn spread to countries such as Belgium, France and Austria, in a context of slowing economic growth due to austerity policies put into place throughout Europe.

In order to put an end to this instability, the summit of the EU heads of State and Government, which was held on 9 December, agreed to establish a series of tax rules to be given the highest legal status by member states (constitutional in most cases) and the ECB announced a series of measures: to continue providing liquidity to financial institutions, at least until the beginning of 2012, with tenders at 36 months; to lower the reserve coefficient, increase assets accepted as loan guarantees, and reduce interest rates at its meetings in November and December to bring it back to 1%. With these measures, the ECB notably increased the bank's liquidity and helped to solve the problems of refinancing the major volume of bank debt due in 2011.

Doubts over the Greek bailout throughout the year and its possible contagion to other European economies with public debt problems led rating agencies to lower the debt ratings for several countries in the eurozone (including France and Austria who lost their triple-A and Spain and Italy which fell several ranks). This climate of low confidence caused heavy falls in the European stock markets in 2011 (IBEX -13% and Eurostoxx 50 -17%). The Japanese stock market also fell heavily (Nikkei index -17%) but due to the earthquake. On the other



hand, the US stock exchange saw a more positive trend, with the Dow Jones Index rising 5.5%.

As for the exchange rate, the deteriorating economic situation in the eurozone, the dire fiscal prospects of some of its members and investors' search for safe assets are the factors that explain euro depreciation from April onwards and especially at the end of the year. However, the rising trend in the first quarter meant that the euro ended the year at an almost identical level to the preceding year. In December, the euro stood at 1.317 dollars compared with \$1.322 in December 2010.

In line with the trend in world growth, the price of a barrel of oil rose steeply in the first four months - from \$92 in January to \$123 in April, but then began to drop to reach \$108 in December. The reasons for this rising trend over the year were the supply shortage, caused at the beginning of the year by the strong demand for oil due to the economic recovery and later, by the geopolitical tensions in Arab countries, especially Iran and Libya.

On the other hand, the trend in prices of raw materials and food declined for a large part of 2011, while still remaining at high levels. The main causes of this slowdown are the diminishing prospects of world economic growth and the risk of a sudden crash landing of the Chinese economy. However, the rising trend in oil prices is the main factor explaining inflationary pressures in 2011. Over the year, advanced economies saw an increase in consumer prices of 2.7% (1.5% in 2010), while prices shot up 7.1% in developing and emerging countries (6.1% in 2010).

	2010	2011	2012f	2013f
World GDP	5.3	3.9	3.5	3.9
Advanced economies	3.2	1.6	1.4	1.9
USA	3.0	1.7	2.0	2.3
Eurozone	1.9	1.5	-0.3	0.7
Germany	3.6	3.1	1.0	1.4
France	1.7	1.7	0.3	0.8
Italy	1.8	0.4	-1.9	-0.3
Spain	-0.1	0.7	-1.5	-0.6
Japan	4.4	-0.7	2.4	1.5
United Kingdom	2.1	0.7	0.2	1.4
Canada	3.2	2.4	2.1	2.2
Newly industrialised Asian countries	8.5	4.0	2.7	4.2
Emerging and developing countries	7.5	6.2	5.6	5.9
Sub-Saharan Africa	5.3	5.2	5.4	5.3
Central and Eastern Europe	4.5	5.3	1.9	2.8
Commonwealth countries	4.8	4.9	4.1	4.1
Russia	4.3	4.3	4.0	3.9
Developing Asia	9.7	7.8	7.1	7.5
China	10.4	9.2	8.0	8.5
India	10.8	7.1	6.1	6.5
Middle East and North Africa	5.0	3.5	5.5	3.7
Latin America and Caribbean	6.2	4.5	3.4	4.2
World trade	12.8	5.9	3.8	5.1

f: forecast

Chart 1.1

Source: IMF, July 2012

1.2. Evolution of the principal advanced countries

It is the advanced countries that are suffering most from the consequences of the world crisis as, after two years of recovery, the risk of recession reappeared in the eurozone at the end of 2011 and its effects spread, to a greater or lesser extent, to the other advanced countries through trade and capital flows.

Despite the world economic slowdown that was felt in all advanced countries in 2011, none of them noted a fall in GDP, except Japan, which was suffering from the effects of the tsunami.

1.2.1. USA

In 2011, the US economy showed a clear slowdown compared with the level of activity in the previous year. Nevertheless, after very weak growth in the first

half of the year, it recovered in the last quarters so that finally annual growth stood at 1.7% compared with 3% recorded in 2010. It should be noted that the Federal Reserve put various monetary and financial stimulus packages into place which helped to boost the economy. However, at the beginning of the summer the problems of sovereign debt payment worsened and, after months of dispute, a political agreement was reached in extremis on the public spending threshold for 2011.

In 2011, growth was made possible by the positive contribution from the final private demand, which contributed 1.9 points, exactly the same as the previous year, while the contribution from the foreign sector was negligible and stock variation subtracted two tenths from growth. So, the factors driving the US economy were basically internal: the clear improvement in residential investment, in which growth recovered and the favourable trend in non-residential and private consumption, which

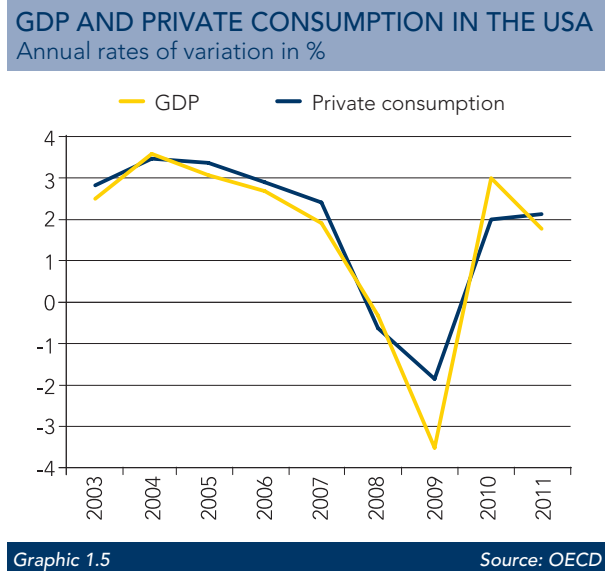
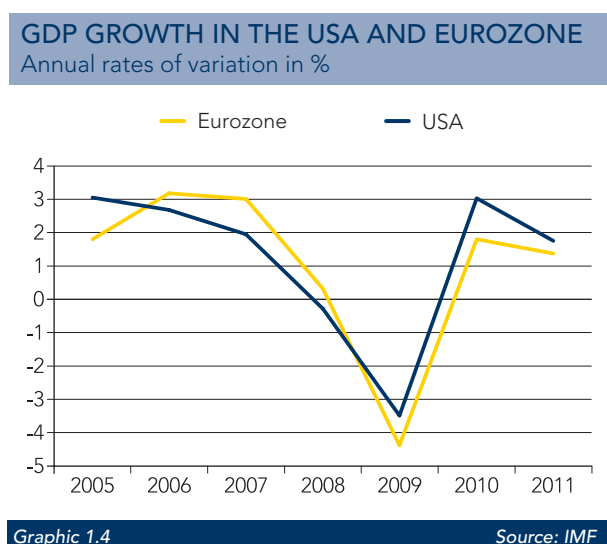
represent 71% of US GDP. On the other hand, public consumption and public investment fell in 2011.

The contribution to growth from foreign demand went from negative in 2010 to neutral in 2011, thanks to growth in exports being higher than in imports (6.7% and 4.9%, respectively), in contrast to the previous year. Nevertheless, rates of growth slowed in keeping with the slowdown in world trade. The stability in dollar prices over the whole year did not harm US foreign competitiveness and helped to keep its current account deficit at around 3.1% of GDP in 2011.

The recovery in the economy in the second half of the year resulted in an improvement in job market results. Employment rose gently in 2011 (1.2%), after three consecutive years of descent, but this is still a weak recovery. The number of employed reached 131.4 million, still far from the high in 2007 (137.6 million). Likewise, the unemployment rate fell for the first time since the start of the crisis, from 9.6% in 2010 to 8.9% in 2011.

Consumer prices saw a rising trend over the year, driven by rising oil prices, which left annual inflation at 3.1%, almost twice that of 2010 (1.6%), four tenths over the average inflation in the eurozone. Despite increasing inflationary pressures, the Federal Reserve kept its nominal interest rate at 0.25% over the whole year, a historic low, with the aim of helping to stimulate economic activity. On the other hand, sales prices in the property market continued to fall for the fourth consecutive year, but the rate of descent slowed.

Finally, the US economy reduced its level of public deficit - from 10.7% GDP in 2010 to 9.7% in 2011,



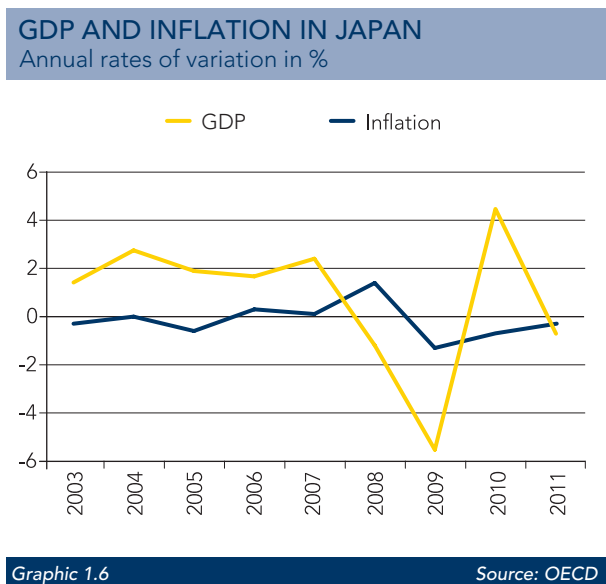
although it is still one of the advanced economies with a higher level of public deficit, only surpassed by Ireland. Consequently, gross public debt continued to rise and already exceeds 102% of GDP.

1.2.2. Japan

Japan, the developed economy that emerged most strongly from the crisis in 2010, fell back in 2011 due to the major impact of the tsunami and the subsequent nuclear crisis which affected the country in March. So, the Japanese economy ended up being the only major advanced economy suffering from shrinking GDP in 2011. It fell 0.7%, after dynamic growth in the previous year (4.4%). The GDP component most harmed by the tsunami was the foreign sector, because the chain of supply of major lines of world production with their headquarters in Japan was blocked, compounded by the strength of the Japanese yen. However, the reconstruction programmes set up by the Government enabled solid recovery in the third quarter of the year, so compensating the slowdown in foreign demand.

The persistent fall in consumer prices - in 2011, -0.3% annual - enabled the Central Bank of Japan to continue its expansive monetary policy with an interest rate practically at zero, with the aim of fighting deflation and also combating financial instability and the national economic crisis.

As for the job market, the unemployment rate fell half a point to reach 4.6% annual average, one of >



the lowest levels in the advanced economies. In the fiscal field, reconstruction spending programmes after the natural disaster resulted in further damage to the state of public finance in Japan, so that the public deficit rose one GDP point to reach 9.5% and the level of public debt climbed to 205% in 2011, the highest level of all OECD member states.

1.2.3. Eurozone

The eurozone economy began 2011 by consolidating its recovery, but the sovereign debt crisis interrupted the positive inertia and the fourth quarter of the year saw a fall in GDP. It should be remembered that on 6 April 2011 Portugal became the third eurozone country to ask for financial assistance from the EU and that the cost of this bailout plan was 78,000 million Euros. Moreover, in July, the EU countries agreed the second financial aid plan for Greece for a sum of 109,000 million Euros.

After the summer, the unsustainability of the Greek public debt, despite the adopted measures, produced an important contagious effect on the other peripheral countries, which saw how their risk premiums rose. The successive meetings and summits managed to partially solve the Greek debt crisis with 50% settlement and the establishment of a programme for recapitalizing the European banking system. Nevertheless, the difficulties of European political authorities in managing the crisis revealed governance problems and provoked major financial tensions which lowered confidence in the future of the single currency among agents and markets.

As for activity and the job market, in 2011 GDP in the eurozone grew 1.5%, four tenths less than in the previous year, employment hardly increased (0.1%) and the unemployment rate remained relatively stable at about 10%.

Now, there are broad differences between the rates of growth in the different countries in the zone. The peripheral economies were those most affected by the crisis, but one should differentiate between Greece and Portugal, which saw a drop in GDP (-6.9% and -1.6%, respectively) and Ireland, Spain and Italy, which saw positive, if modest, growth (0.7% in the first two and 0.4% in the third). The Slovenian economy shrank 0.2%, while the remaining countries saw increases of over 1%, growth being led by the following countries: Germany (3.1%), Austria (3.1%), Finland (2.9%) and some of the new member countries such as Estonia (7.6%) and Slovakia (3.3%).

In 2011, both internal and foreign demand made a positive contribution to GDP growth. Internal demand was driven mostly by private consumption, while foreign demand was marked by higher growth in exports than imports. In this regard, it is notable that the current account balance for the whole of the eurozone saw a surplus of 0.5% GDP in 2011, one tenth more than in the previous financial year.

All GDP components had positive figures in 2011 but investment in capital goods led growth (4.3%), favoured by the recovery in profits and gradual debt reduction in companies. On the other hand, both public and private consumption performed weakly, the former shrinking one tenth and the latter growing only 0.2%.

This slowdown in consumption explains the stabilisation and progressive moderation of inflation since the summer. However, over the year as a whole, rising prices in energy, raw materials and unprocessed food caused inflation to go from 1.6% in 2010 to 2.7% in 2011, over the inflation target set by the ECB (2%). On the other hand, the underlying inflation rate - which excludes more volatile components such as energy and unprocessed food - reached an annual average of 1.7%, in line with weak internal demand. All the eurozone economies recorded higher inflation rates in 2011 than in 2010, except Greece. Inflation ranges from the lowest in Greece (1.2%) to the highest in Slovakia (4.1%). Despite rising consumer prices, real unit labour costs fell 0.5%, as a result of a greater increase

in productivity than wages per worker, meaning an improvement in European competitiveness.

Tax policy in 2011 was restrictive for the second consecutive year, the equal result of a reduction in spending and an increase in income. Specifically, the public deficit in the whole eurozone reached 4.1% of GDP, two points below the 2010 level. For its part, the level of debt continued to rise, to 88.4%, driven by the rising cost of financing. All countries in the eurozone, except Estonia, saw negative fiscal balances, in any case lower than that of the previous year. Of the three countries that received interventions, two saw a major adjustment in the public deficit in 2011, being Ireland - from 31% GDP in 2010 to 13% - and Portugal - from 9.8% to 4.2% - while in Greece the reduction was slight - only from 10.3% to 9.1%. The other two large countries threatened by the possibility of a future bailout also lowered their deficits, but less notably: Italy from 4.6% to 3.9% and Spain from 9.3% to 8.9%¹. At the other end of the scale, the countries with lower national deficits were Luxembourg (-0.6%), Finland (-0.5%) and Germany (-1%).

Finally, in the context of the process of integration into the European Economic and Monetary Union, it should be remembered that Estonia was admitted on 1 January 2011, bringing the number of member states to 17.

1.3. Evolution of the principal emerging and developing countries

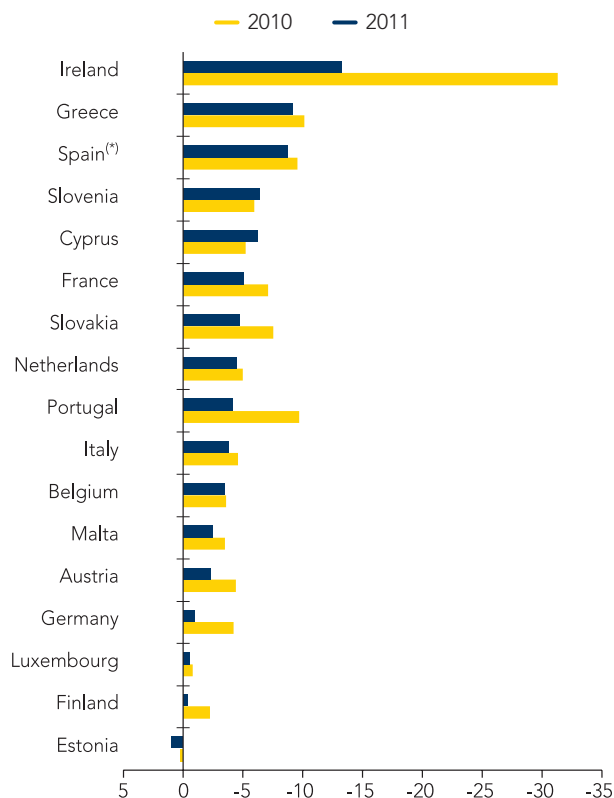
The emerging countries, despite suffering a slowdown in exports and also a reduction in foreign investment due to financial tensions, still have a sufficient margin of manoeuvre to apply stimulus policies and this has enabled them to maintain solid growth in 2011. Nevertheless, some emerging countries accumulate risks deriving from the rapid growth in credit or the high price of raw materials, which feed inflationary pressures and the risk of overheating.

The region with the lowest growth was the Middle East and North Africa, which grew 3.5% in 2011, due to the political and social tensions which arose halfway through the year due to the high level of unemployment and rising food prices, leading to uprisings and armed conflict which resulted in an ebb in tourism and foreign capital flows.

1. According to the latest review published by the Spanish Government on 18 May, once deficit data for the autonomous communities was provided.

PUBLIC DEFICIT IN THE EUROZONE COUNTRIES

As % of GDP



(*) The Spanish government revised the final public deficit data upwards by four tenths, from 8.5% of GDP to 8.9%.

Graphic 1.7

Source: European Commission

At the other end of the scale, the highest economic growth occurred in developing countries in Asia, especially China, which grew 9.2%, and India, 7.1%. Despite this very strong growth, activity dropped off due to slowing exports to Europe. It should be noted that in 2011 China became the second largest world economy.

Another region which suffered from the effects of the slowdown in the world economy and investment flows was Latin America and the Caribbean, which, on the other hand, helped to lower the risk of overheating in some countries in the region. The region as a whole saw annual growth of 4.5%, less than the 6.2% reached in 2010. Brazil stands out as its rate of growth fell from 7.5% in 2010 to 2.7% in 2011.

The economies of sub-Saharan Africa saw economic growth of 5.2% in 2011, only one tenth lower than in the previous year. This region was the least affected by growing financial tensions in Europe and worsening world economic prospects.

Finally, the Commonwealth of Independent States (CIS) together registered GDP growth of 4.9%, practically >

the same as in the previous year. Russia grew 4.3% and the other countries in the area 6.2%. Growth remained strong due to the high prices of oil and raw materials and the rebound in agricultural production after the drought in 2010.

1.4. Prospects

According to the first results in 2012, the world recovery stagnated and risks continued to be high due to the sovereign debt crisis and some eurozone countries going into recession.

Emerging and developing economies are again leading world growth in 2012 - it should be remembered that they already represent more than 45% of GDP - while the reality among developing economies varies. On the one hand, the positive note in the USA and, on the other, the downturn in activity in the eurozone.

According to the report from the International Monetary Fund (IMF) in July, the world economy grew at about 3.5% in 2012, four tenths less than in 2011. The growth differential between emerging economies and developing countries will remain above four percentage points. The slowdown in the emerging and developing economies, which started at the end of 2011, will continue, although they will still drive the world economy with joint growth of 5.6%. On the other hand, advanced economies will lose impetus again, but less than in 2011, with predicted growth for the whole area at 1.4%.

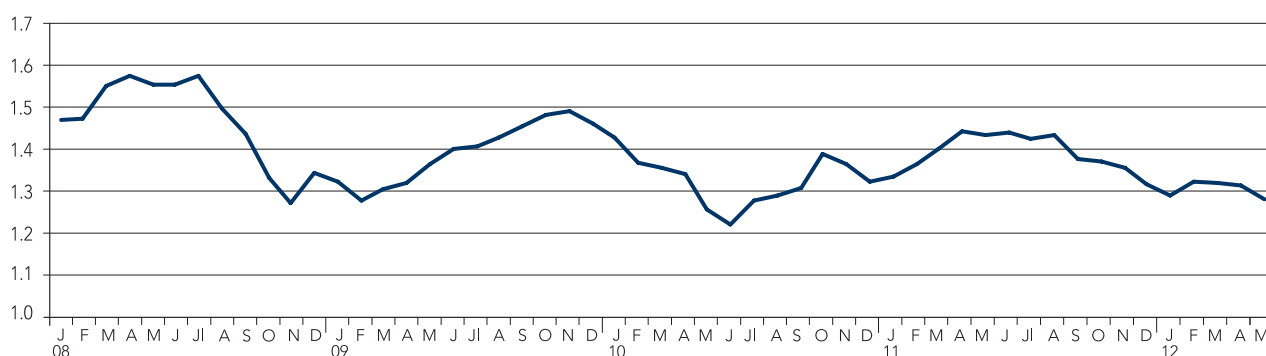
In the USA, the recovery continued during the first quarter of 2012 and the prospects for the whole year are favourable. GDP interannual growth accelerated from 1.6% in the fourth quarter to 2% in the first quarter

of 2012. This acceleration can be explained both by more dynamic household spending and the recovery in investment, especially residential. The labour market reflects this improvement in the economy: employment saw interannual growth of 1.5% in the first four months of the year and kept the employment rate above 132,000 jobs, while the unemployment rate fell gradually, from 8.5% in December 2011 to 8.1% in April 2012. Inflation, on the other hand, is still under control, as it fell from 3% in December to 2.3% in April. In this context, the Federal Reserve continued with its expansive policies, keeping the official interest rate between 0% and 0.25%.

For 2012 as a whole, the IMF predicts GDP growth of 2.0% and the OECD 2.4%. The falling unemployment rate, more dynamic private consumption and a slightly more expansive fiscal policy for the electoral year will help to improve internal demand as a source of expanding growth. The IMF's recommendations focus on making fiscal consolidation the priority in economic policy, not forgetting supporting economic recovery in the short term, and also taking measures to restore the property market and so stimulate consumption. This market is presently limited by the number of homes under foreclosure and therefore it is advisable to take measures that favour mortgage refinancing.

In Europe, the recovery in the German economy helped to avoid recession in the first quarter of 2012. GDP in the Euro zone reached the same level as in the fourth quarter of the previous year, after falling three tenths at the end of 2011. However, the expected recession in the Euro zone has not appeared although the situation is still weak throughout Europe. By countries, the gulf between economies at a more advanced phase of the cycle (Germany and France) and those in recession (Portugal, Ireland, Greece, Spain, Italy, among others)

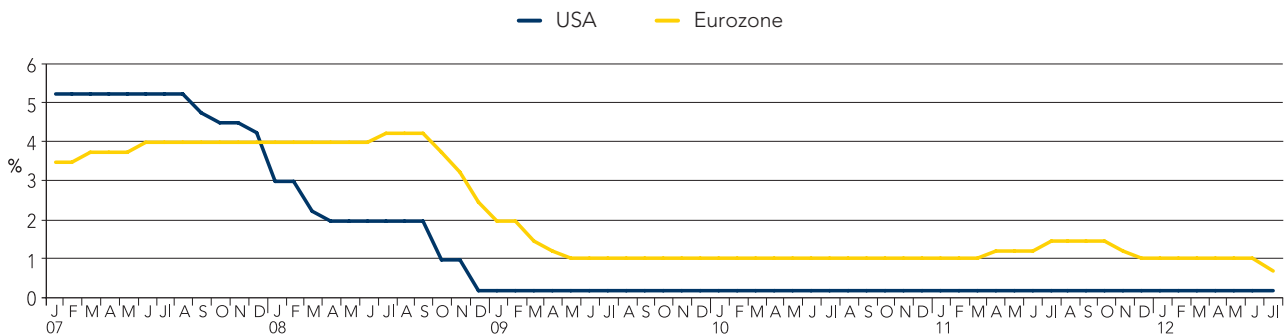
EXCHANGE RATE \$/€



Graphic 1.8

Source: Bank of Spain

OFFICIAL INTEREST RATES IN THE USA AND EUROZONE - In %



Graphic 1.9

Source: Federal Reserve and ECB

has widened again. According to Eurostat estimates, at least one third of countries in the eurozone were in recession in the first quarter of 2012, and France, the second economy in the area, was in stagnation.

The fear that Greece would leave the Euro and the capitalization problems of Spanish banks revived tensions in the Spanish and Italian debt markets in May and June. The resolutions made at the European Summit on 28 and 29 June in relation to directly bailing out the Spanish banks and laying the bases for a banking and fiscal union in the eurozone looked as if they might lower these tensions, but the markets continue to ask European leaders for more powers to pass and execute resolutions.

On the other hand, the absence of background inflationary pressures - inflation in the eurozone slowed from 2.7% in January to 2.4% in May - and the situation of economic downturn, made the ECB lower the interest rate in July by one quarter point, to 0.75%, reaching a historic low.

In the whole area, the OECD predicts a slight downturn in real GDP in 2012, of 0.1%. Germany will continue to play the role of European driving force, with forecasts of growth of 1.2%. According to Eurostat, 7 of the 17 member states will be in recession in 2012. These countries are: Greece (-4.7%), Portugal (-3.3%), Spain (-1.8%), Italy (-1.4%), Slovenia (-1.4%), Netherlands (-0.9%) and Cyprus (-0.8%). The worsening economic situation will be caused by shrinking internal demand, while it is predicted that the foreign sector will continue to make a positive contribution. Among the reasons for this weakening internal economy are the fiscal consolidation plans, sluggish world trade, the sovereign debt crisis and difficulties getting access to finance and credit. The labour market will continue to weaken with an expected rise in the unemployment rate which could reach 10.8%.

Finally, an improvement in the Japanese economy is expected in 2012, an exception in the context of global slowdown. The effect of stimulus measures put into place in 2011 and the expansive fiscal programme presented >

OECD ECONOMIC PROSPECTS FOR THE MAIN DEVELOPED COUNTRIES

	GDP % annual variation			INFLATION % annual variation			UNEMPLOYMENT RATE % active population			CURRENT ACC. BALANCE % of GDP			PUBLIC DEFICIT % of GDP		
	2011	2012f	2013f	2011	2012f	2013f	2011	2012f	2013f	2011	2012f	2013f	2011	2012f	2013f
	USA	1.7	2.4	2.6	3.1	2.3	1.9	8.9	8.1	7.6	-3.1	-3.7	-4.3	-9.7	-8.3
Japan	-0.7	2.0	1.5	-0.3	-0.2	-0.2	4.6	4.5	4.4	2.1	1.6	1.9	-9.5	-9.9	-10.1
Eurozone	1.5	-0.1	0.9	2.7	2.4	1.9	10.0	10.8	11.1	0.5	1.0	1.5	-4.1	-3.0	-2.0
Germany	3.1	1.2	2.0	2.5	2.3	2.0	5.7	5.4	5.2	5.7	5.4	5.5	-1.0	-0.9	-0.6
France	1.7	0.6	1.2	2.3	2.4	1.8	9.3	9.8	10.0	-2.1	-1.9	-1.7	-5.2	-4.5	-3.0
Spain	0.7	-1.6	-0.8	3.1	1.6	2.1	21.6	24.5	25.3	-3.5	-0.9	0.1	-8.5	-5.4	-3.3
OECD ⁽¹⁾	1.8	1.6	2.2	2.5	2.2	1.9	8.0	8.0	7.9	-0.6	-0.8	-0.8	-6.3	-5.3	-4.2

(1) Private consumption deflator.
f: forecast

Chart 1.2

Source: OECD, May 2012

for 2012 will enable Japan to grow 2.4% in 2012 with the help of its internal demand. Although prospects are positive, the consolidation of public finance will have to become the main priority in economic policy in the next few years, considering the large volume of debt it has amassed (it is expected to reach 235% of GDP in 2012).

In effect, prospects indicate that in 2012, five years after the start of the crisis, the weak growth in world

trade will continue, with many risks and uncertainties, mostly centred on Europe's problems of debt and governance, which could further worsen the prospects for this year. Among the principal risks are the problems of transmitting liquidity from the monetary authorities to lines of credit, the sharp increase in public debt and deficit, the tensions in markets of raw materials and the geopolitical risks in the Arab world.

2. THE FRENCH ECONOMY

2.1. The main features of economic development in 2011

After the deep recession in 2009 and recovery in 2010, the French economy had a moderate rate of growth in 2011. According to INSEE, French GDP grew an annual 1.7%, only one tenth more than in the previous year. This slight improvement in growth was based on the good performance of inventories. On the other hand, internal demand lost impetus and the contribution from the foreign sector was neutral.

In 2011, the recovery in activity suffered several shocks: the rising prices of basic products, the consequences of the Japanese earthquake, the effects of fiscal consolidation in Europe and the financial tensions resulting from the sovereign debt crisis. Under the influence of these shocks, the three-quarterly growth profile gradually slowed: after a very positive first quarter (0.9%), activity slowed for the rest of the year (0.0% in the second quarter; 0.3% in the third and 0.1% in the fourth). Nevertheless, the French economy went from having a negative growth differential with the eurozone of three tenths in 2010 to a positive differential of two tenths in 2011. As a result, French per capita GDP at purchasing power parity in relation to the EU-27 average remained at 107%, a fairly stable rate since 2006.

Internal demand lost impetus in 2011 - with a contribution to growth of 0.9 percentage points, compared with 1.5 points in 2010 - as a consequence of the slowdown in both private and public consumption, while investment boosted growth. The contribution from inventories was also positive, with 0.8 points, as a result of replacing stocks after the drastic reduction during the recessionary phase.

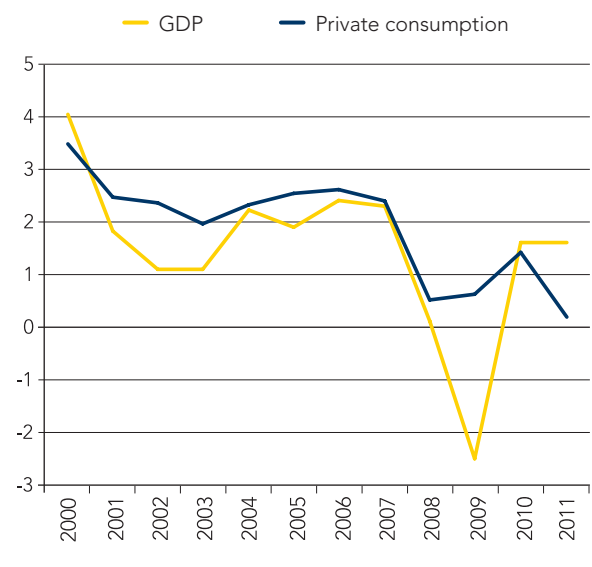
As for the components of internal demand, private consumption grew 0.2% in 2011 compared with 1.4%

in 2010, a reflection of both the curb in family income and the slight increase in the savings rate (16.1%). The suppression of economic stimulus measures, such as vehicle scrapping incentives or the payment of 200 Euros to people on low incomes, has also helped to slow private consumption. On the other hand, the rate of increase in public consumption slowed, from 1.7% in 2010 to 0.2% in 2011, as a result of the various austerity plans approved throughout the year to fulfil the objective of reducing the public deficit. Among these measures are notably the freeze on public officials' wages, replacing only 50% of vacancies, the 10% reduction in state operational costs and the creation of a new special tax on the highest incomes.

On the other hand, investment saw annual growth of 3.5%, well above the 1% in 2010. Growth in investment in capital goods recovered, thanks to rising profits, good results in exports to countries outside the eurozone and the recovery in confidence during the first half of the year, while investment in construction continued to shrink but at slower rates. Now, the dynamic business investment in 2011 hides a notable slowdown throughout the year. In fact, since the summer, production prospects have deteriorated and the conditions for granting credit have tightened with the worsening of the crisis in the eurozone.

In 2011, foreign trade flows saw significant growth of over 5%, although they slowed in relation to the previous year. Specifically, exports rose 5.5%, in line with world trade, after growing 9.2% in 2010, which enabled exports to reach pre-crisis levels at the end of 2011. This slowdown in the growth in exports mirrors the slowdown in the European economy, the destination of 70% of French exports. Imports, on the other hand, grew at a similar rate to exports (5.2%)

GROWTH IN GDP AND PRIVATE CONSUMPTION IN FRANCE - Interannual variation rates in %



Graphic 2.1

Source: INSEE

thanks to the recovery in private investment and stock replacements. Altogether, the contribution from the foreign sector to growth in the French economy was negligible, as in the previous year. Nevertheless, in 2011 the deficit in the current account balance increased (from -1.8% of GDP in 2010 to -2.1% in 2011, according to the OECD).

As for supply, the analysis reflects an uneven trend by economic sectors. Activity in the manufacturing sector, which was especially affected by the crisis, slowed down in 2011 (0.7%) after a strong rebound in 2010 (3.5%) and is still well below the pre-crisis level. The slowdown in industrial production was also evident throughout the year, affected both by the deterioration in the world economic climate since the spring and the suppression of the scrapping system in the automobile sector. In contrast, the growth rate in market services rose slightly, regaining its pre-crisis level. Of note is the growth in the commercial sector (3.2%), transport activities (3.4%) and financial and business services (3.4%). On the other hand, activity in the non-market service sector rose only 1.2%. Finally, construction emerged from the recession in 2011, but saw very low growth in activity (0.1%), a recovery that is felt both in the building segment and in civil engineering.

The growth in activity has enabled the French economy to create jobs in 2011 (0.7%), after stagnating in 2010 and shrinking considerably in 2009 (-1.4%). In general, the trend in employment

in France was more favourable than in other large European countries, such as Italy or Spain, but not as much as in Germany (1.3%). In 2011, 123,000 jobs were created, compared with the decrease of 20,000 jobs in 2010 and 365,000 jobs in 2009. In the market services sector, employment rose considerably in 2011, with 185,000 new jobs, although an important number of these jobs were temporary contracts. The high volatility in employment is, to a large extent, the result of temporary employment, which fell sharply during the recession but increased again with the economic recovery. On the other hand, industrial employment fell in 2011 (-19,000 jobs) but this was the gentlest drop since 2001. Lower employment and rising production increased productivity, allowing companies to increase their margins, which had reached relatively low levels during the crisis.

One should note, however, that this slight increase in employment did not result in a drop in the unemployment rate. After rising steeply between mid-2008 and the end of 2009, the unemployment rate began to slowly fall then stopped in the summer of 2011, when the labour market went back into recession. In this way, the unemployment rate began 2011 at 9.6% and ended close to 10%, the same level it reached in the depth of recession at the end of 2009.

In this context of weakness in the labour market, wage rises were slow (0.8% in 2011) and again below the annual average inflation rate (2.3%). Work productivity rose 1% and consequently, nominal labour costs (NLC) only grew 0.2%, enabling the French economy to maintain competitiveness in 2011.

Harmonised inflation rose 2.3% on annual average in 2011, compared with 1.7% in the previous year. This acceleration in consumer prices is the consequence, to a large extent, of rising prices in raw materials, energy and food, which occurred between summer 2010 and spring 2011. So, energy prices rose steeply in 2010 (10%) and again in 2011 (12.3%) due to the rebound in the price of a barrel of Brent during the first months of the year - from 59.5 Euros in September 2010 to 85 Euros in April 2011. On the other hand, underlying inflation, which best reflects the trend in the nucleus of prices because it excludes volatile components, saw a slower trend (1.3% in 2011) due to the low level of use of productive capacity and the resistance of the unemployment rate to fall. In this regard, one should remember that in 2010 a new framework was passed >

for reviewing the minimum wage, based on objective indexation and replacing the discretionary increase model that existed before, in order to keep inflation prospects down, given the large number of workers who earn the minimum wage.

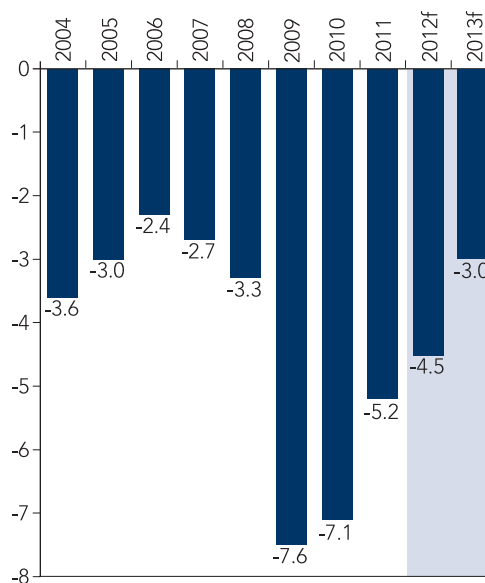
The economic recovery has enabled the French economy to bring down the public deficit for the second consecutive year. In 2011 the deficit stood at 5.2% of GDP, almost two points less than the level in the previous year and above the fixed target (5.7%). Two thirds of this reduction can be attributed to central Government and one third to social security. The State's revenue increased faster in 2010 (5.9% compared with 3.3%), reflecting both the economic recovery and the new fiscal measures. As for spending, the increase was slightly lower than that of 2010 (2.1% in 2011), partly due to the gradual elimination of economic stimulus measures.

Tensions in the sovereign debt market in the peripheral economies, the attack on the Euro and the worsening economic situation forced the French Government to take new exceptional measures aimed at defending its rating and meeting the public deficit target. In August 2011, the French authorities passed an adjustment plan for the amount of 12,000 million Euros and in November another for 7,000 million Euros. Most of the adjustment was based on increased revenue, while only 500 million in 2011 and 1,000 million in 2012 come from cuts in public spending. The main measure passed in August was to introduce a special tax on the highest incomes - over 500,000 Euros p.a. - which imposes an extra 3% tax on income from work and capital. Within the range of measures passed in November, the most notable was the one bringing forward by one year, from 2018 to 2017, the entry into force of the pension reform, which in 2010 raised the legal average age of retirement from 60 to 62. Moreover, tax increases were passed: the reduced rate of VAT rose from 5.5% to 7%, except for basic needs (food and energy); corporate tax rose for businesses with a turnover of more than 250 million, tax exemptions for families and rent assistance were frozen, and state aid for health insurances was reduced.

As a result of the austerity measures that were adopted, public spending as a percentage of French GDP fell from 56.5% in 2010 to 55.9% in 2011, although this is still the highest percentage in the historical series. As for public revenue,

FRENCH PUBLIC DEFICIT

As % of GDP



f: forecast

Graphic 2.2

Source: OECD, May 2012

fiscal measures and the economic recovery led to increased tax income, resulting in a rise in the tax burden to reach 50.7% of GDP, the highest level in the eurozone after Finland.

Financing the deficit caused the public debt to increase again, reaching 85.8% of GDP in 2011, a level close to the average of the 17 member states in the eurozone, whereas ten years before, France had been the fourth country in the zone with a higher debt to GDP ratio.

2.2. Prospects

According to the first estimates produced by INSEE, French GDP stabilised in the first quarter of 2012 after growing 0.1% in the fourth quarter of 2011. At interannual rates, the French economy attained growth of 0.3%, the worst level since 2009. It should be noted that at the end of 2011, there was a series of coincident temporary factors that moderated the slowdown in the French economy and helped to halt growth in the first quarter of 2012. On the one hand, car purchases were brought forward in anticipation of the tax increase coming into force on 1 January 2012. On the other hand, exports benefited from spectacular growth in sales in the aeronautical sector. Finally, energy consumption increased due to the low temperatures in winter.

By components of demand, slowing GDP growth was, above all, the result of the major slowdown in the rate of increase in investment in capital goods, while residential investment accelerated slightly, as did private consumption. Consequently, the positive contribution from internal demand to GDP growth slowed, going from 0.3 points in the fourth quarter of 2011 to 0.1 points in the first quarter of 2012. Foreign demand, on the other hand, made a negative contribution to GDP growth in the first quarter, in contrast with what had happened in the four previous quarters. Growth in imports renewed due to the recovery in internal demand, while exports slowed as a consequence of the general slowdown in Europe.

In this context, the unemployment rate stabilised at 10% in the first quarter of 2012, slightly above the 9.8% of the previous quarter, and the harmonised inflation rate reached an average 2.5% in the first four months, although the nucleus of inflation, known as underlying, remained below 2%.

The prospects indicate that after stagnation in the first half of 2012, economic activity could see a modest rebound. The IMF predicts that French GDP will grow at about 0.3% in 2012 and 0.8% in 2013, above that of most countries in the eurozone, but several tenths less than what was predicted in April. The slowdown in 2012 will be caused by lower growth in internal demand, basically in investment in capital goods, and a negative contribution from inventories, while the foreign sector is expected to make a positive contribution. On the other hand, growth in private consumption, which is the basis of the French economy, will accelerate a few tenths and prevent the economy from falling back into recession. This slowdown in the rate of growth in activity could result in a slight rebound in the unemployment rate to 10.2%, according to the European Commission, and slow down the rate of inflation by two tenths to an annual average of 2.1%.

Despite the weak growth, it is expected that the French economy will manage to meet its public deficit target defined in the French Stability Programme for 2012, of 4.5% GDP, especially after achieving a better result than expected in 2011. The measures approved in 2011 and early 2012, which it is reckoned will have an impact equivalent to 1% of GDP, and those taken by the new French Government presided over by François Hollande in July 2012, should help to achieve this target.

The new package of measures is based fundamentally on raising taxes with the aim of collecting 7,200 million Euros in 2012. Some of these measures involve backtracking on decisions made by the previous Government: exemptions on wealth tax are eliminated (this is expected to have an impact of 2,300 millions in revenue) and the increase in VAT has been cancelled, which would have come into force in September 2012 to compensate a reduction in contributions. Other measures taken are the creation of a 3% tax on dividends and the increase in the rate of the social contribution to be paid for share options. Likewise, a special 4% tax on oil reserves has been created.

Moreover, measures have been announced such as bringing down the retirement age from 62 to 60 for those who started work at 18 and who have paid contributions for 41 years, raising the minimum wage and lowering the wages of public company directors, who cannot earn more than 20 times the wage of the lowest-paid employee. This measure will be implemented in companies in which the State controls at least 50% of the capital. >

FRANCE. MAIN MACROECONOMIC AGGREGATES

Interannual variation rates

	2009	2010	2011
Components of demand			
Private consumption	0.6	1.4	0.2
Public consumption	2.6	1.7	0.2
Gross fixed capital formation	-7.0	1.0	3.5
Stock variation (a)	-1.8	0.0	0.8
Internal demand (a)	-0.5	1.5	0.9
Exports of goods and services	-12.2	9.2	5.5
Imports of goods and services	-10.6	8.4	5.2
Components of supply			
Agriculture	-0.6	-5.8	3.9
Manufacturing industry	-11.8	3.5	0.7
Energy	-7.6	1.1	-0.6
Construction	-5.1	-4.9	0.1
Commerce	-2.8	3.2	3.2
Transport	-5.9	3.7	3.4
Financial activities	2.0	-1.0	3.4
Non-market activities	2.1	0.9	1.2
GDP at market prices	-2.5	1.6	1.7

(a) Contribution to GDP growth at market prices

Chart 2.1

Source: INSEE

Finally, it should be added that, in accordance with OECD recommendations, fiscal consolidation strategy must be accompanied by measures to increase the growth potential of the French economy, such as changing the tax structure and implementing a wide

range of reforms in the education and labour markets and certain economic sectors. It should be noted that, despite the reduction in the deficit, the European Commission predicts that the debt to GDP ratio will continue to rise in 2012 and will reach 90.5% of GDP.

3. THE SPANISH ECONOMY

3.1. The main features of economic development in 2011

The Spanish economy registered modest growth in activity in 2011. GDP rose 0.7%, after two years of descent (-3.7% in 2009 and -0.1% in 2010). Nevertheless, quarterly data for the trend in GDP indicate a slowdown in the process of recovery as the year progressed. In the first half of 2011, the recovery in the Spanish economy that had begun in the previous year continued, encouraged by the recovering world economy, among other factors, but from the summer onwards, this modest recovery progressively weakened, in a foreign context that was marked by the reappearance of tensions in the financial markets and a slowdown in the main advanced economies. In this context, confidence among economic agents weakened and financing conditions tightened, with a negative effect on internal demand.

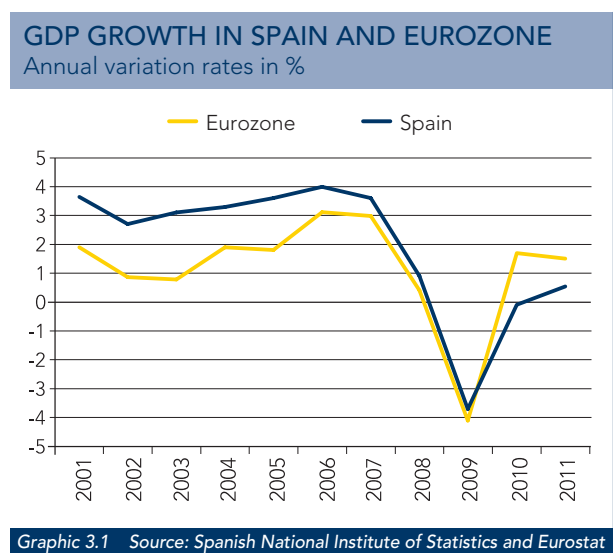
In Spain, economic growth was weaker than in the other European economies, except for the three that were bailed out (Greece, Ireland and Portugal). The consequence was a setback in the process of real convergence with the 27 European economies, so that per capita GDP at purchasing power parity of the

Spanish economy fell below the EU-27 average (99% in 2011), which had not happened since 2001.

Economic growth in 2011 was sustained by the strongly expansive trend in net foreign demand - which added 2.5 points to GDP growth - while, as has occurred since the beginning of the crisis, internal demand had a negative effect on GDP growth, of 1.8 percentage points, eight tenths more than in the previous year. This behaviour was the result of the combination of weakening public and private components, in a context in which household consumption and business investment were strongly influenced by the negative effects of the deterioration in the labour market, high uncertainty and tightening financing conditions.

In this way, private consumption practically stagnated in 2011 as a whole (-0.1%), after advancing seven tenths in the previous year, and in recent months signs of further weakening have been seen, in line with the fall in gross income of families and real and financial household wealth. Moreover, the falling trend in family savings that began in the previous year continued, to reach 12% of disposable income in 2011. In parallel, public consumption entered on a path of contraction from the second quarter of 2011 and closed the whole year with an interannual fall of 2.2%, after the slight increase recorded in 2010, something that had not happened since 1994, a clear reflection of the tax consolidation adopted by the Spanish Government.

Investment in capital goods lost impetus - with growth falling from 5.1% in 2010 to 1.4% in 2011, although it was the only component of GDP that performed positively. The cause of this loss of impetus was deteriorating economic prospects and problems getting access to credit, factors that stopped businesses from starting up new investment projects. Investment in construction, on the other hand, continued in free fall, with an annual fall of 8.1%. Despite the reduction in housing prices and gradual reabsorption of housing stock, the construction sector did not show any signs of recovery. On the whole, gross fixed capital



formation contained the interannual fall by 1.2 points, to -5.1% in 2011.

As for foreign demand, its positive contribution to GDP growth resulted from a very favourable performance in exports, which in annual terms grew 9%, so exceeding by far the growth in world trade in goods and services (5.8%), suggesting a gain in its world market quota. It should be pointed out that in 2011, exports to the European Union - which are 65% of the total - grew 12%, while those outside the community grew 21%, a very similar percentage to the growth seen in the previous year. By destination, the exports that grew most were, inside the EU, those to France (18%) and outside the EU, those to China (27%), Japan (31%) and Canada (30%), among others. Imports, on the other hand, saw a slight drop (-0.1%), after growing almost 9% in the previous year, mirroring the fall in internal demand.

This positive contribution from the foreign sector resulted in a new adjustment in the current account deficit, from 4.5% of GDP in 2010 to 3.5% in 2011. Moreover, it is important to note that the positive balance in services rose 23.5% in 2011, thanks both to the good results attained by foreign tourism and the positive trend that has been seen for the last few years in exports of non-tourism services.

From the supply perspective, the main branches of activity contributed positively to growth in GDP in 2011, except for construction, which fell 3.8%, four points less, however, than in the previous year. Among the other sectors is notably the industrial GVA which closed the year with growth of 1.9%, higher than the 0.6% in 2010, although in the final months of the year a gradual decline in activity in line with the weakness in foreign markets can be seen. The rate of activity in services, on the other hand, slowed three tenths compared with the previous year, growing 1.1% over the whole year, while the GVA in the primary branch grew 0.6% after three consecutive years of falling. In services, only the financial sector and that of artistic and leisure activities saw falling activity, the others growing at slow rates.

From another point of view, the slight growth in Spanish GDP was the result of a reduction in hours worked by 1% and an increase in hourly productivity by 1.7%. This growth in productivity, together with the moderate growth in hourly labour costs, resulted in a fall in real unit labour costs (ULCs), for the

second consecutive year. By branch, industry led this reduction in ULCs, enabling it to recover some of the cost competitiveness it lost before the crisis.

Although the Spanish economy grew in 2011, job destruction has not stopped. The unemployment rate reached 22.9% in the fourth quarter of 2011 and the number of unemployed rose to 5.3 million - 577,000 more than in the last quarter of 2010. In annual terms, the number of unemployed grew 7.9% in 2011, a figure to be added to the increase seen in the previous three years. Since the beginning of the crisis, the number of unemployed has risen by 3.3 million. The group that is most affected is young people, as the unemployment rate among young people is about 50%. Another problem is the strong growth in long-term unemployment (people who have been out of work for more than a year), who already account for 50% of the total unemployed.

In line with the trend in activity, in the second half of 2011, the fall in employment increased. In annual terms, however, the rate of job destruction slowed in comparison with the previous year, from -2.8% in 2010 to -2% in 2011, according to the National Accounts. In terms of jobs, 356.5 thousand full-time jobs have disappeared, less than the 417 thousand in the previous year.

It should be noted that although in 2009 90% of job losses were temporary workers and in 2010 it affected both temporary and long-term workers, in 2011 only the numbers of long-term workers fell. Consequently, the rate of temporary work rose four >



tenths to 25.3% in 2011, a much higher level than the EU average, reflecting the existence of structural problems in the operation of the Spanish job market.

In effect, job destruction and the rising unemployment rate are much more intense in the Spanish economy than in other advanced economies. This differentiated behaviour, combined with a higher rate of temporary work, reveals that the Spanish job market is less efficient and that falling activity has a greater effect on employment and less on wages, at a very high cost to growth in the long term. In order to solve these problems, a new reform of the labour market was passed in February 2012, bringing in fundamental changes, especially in the field of collective negotiation, as it considerably increases internal flexibility in business by allowing for changes in workers' conditions (wages, working day, working hours, duties, etc.), and in the context of dismissal costs (defining objective economic causes which make it easier to carry out lawful dismissals with 20 days per year of work, and wrongful dismissal changes from 45 days with a limit of 42 months' wages to 33 days per year with a limit of 24 months' wages).

Inflation in the Spanish economy slowed throughout 2011, closing the financial year at 2.4% in December, six tenths less than one year before, and three tenths less than eurozone inflation. However, one should differentiate between the first third of the financial year, in which the trend rose, driven by rising oil prices, and the rest of the year, in which it fell. Falling inflation was the result, to a large extent, of the knock-on effect of the readjustment in prices of food, fuels and electricity, due to increases in the prices of these components in 2010. Apart from these temporary effects, falling inflation can be explained by slowing labour costs and stagnating demand. For this very reason, the underlying rate of inflation - which excludes energy and unprocessed food - fell from 2.1% in May to 1.5% in December. On annual average, however, the harmonised rate of inflation rose from 2% in 2010 to 3.1% in 2011.

As for the state of public finances, 2011 was the second consecutive year of tax adjustment, although this adjustment was less extensive than in the previous year. After the joint deficit of all the public administrations fell from its high of 11.2% GDP, reached in 2009, to 9.3% in 2010, in 2011 it only fell four tenths to 8.9%, preventing them from meeting the 6% target passed in the Stability and Growth Plan. This deviation can be explained mainly by

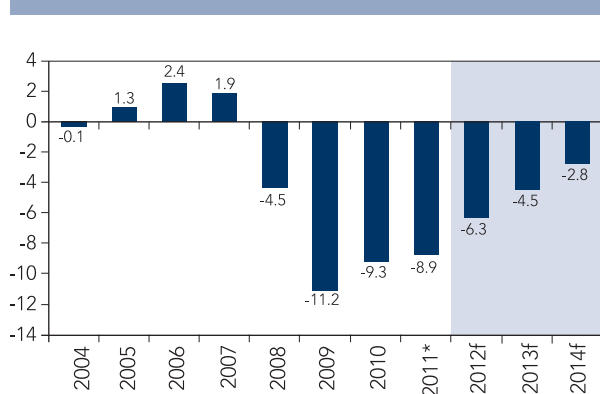
the worsening national and international economic context from the summer onwards. The tax measures that were adopted, such as raising VAT, increasing the rate of instalment payments for large companies, partially suppressing the deduction of 400 Euros and increasing the rate of tax on tobacco, have made it impossible to compensate the drop in income caused by the economic cycle. Public spending, on the other hand, was not adequately adjusted, to a large extent due to the increase in the entry for unemployment benefits and by the rising cost of financing public debt.

By administrative level, the State reduced its deficit by six tenths, to 5.1% of GDP, but even then did not reach its target of 4.8%. The autonomous communities closed the financial year with a deficit four tenths higher than the previous year, at 3.3% of GDP, two whole points over the set target, which was 1.3%. The local authorities were closer to their targets but their percentage of the total deficit is small.

Financing this deficit caused the public debt to grow, to 68.5% of GDP in 2011, exceeding the benchmark threshold set out in the Stability and Growth Pact (60%).

Finally, it should be noted that non-fulfilment of the target deficit undertaken for 2011 and worsening economic prospects in the second half of the year have reawakened doubts in the financial markets about the Spanish economy's financing capacity. In November 2011, the risk premium of Spanish bonds reached a high of 490 base points, at the same time as doubts over the Greek bailout and publication of the budget deviations in Spain. Nevertheless, the three-

SPANISH PUBLIC DEFICIT - As % of GDP



* The Spanish government has revised the final data of the public deficit upwards by four tenths, from 8.5% of GDP to 8.9%.
f: forecasts included in objectives of Spanish economic stability programme.

Graphic 3.3

Source: European Commission

year liquidity tenders carried out by the European Central Bank managed to reduce financial tensions in Spain.

The new Government that was elected in November began its mandate by passing a package of urgent budgetary, tax and financial measures to contain the deficit in 2012. As for spending, a freeze on officials' wages and the rate of staff replacement, maintenance of the minimum wage and non-renewal of the benefits for home-leavers were passed, among others. However, on the other hand, a 1% increase in pensions was agreed for 2012. In relation to tax changes, an increase in personal income tax (IRPF) and property tax (IBI) were passed, applicable in the financial years 2012 and 2013.

3.2. Prospects

In the first quarter of 2012, the Spanish economy slipped back into recession, in a European context marked by an economic slowdown and continued financial risks. According to the INE (National Statistics Institute), the Spanish economy saw a quarter-on-quarter drop of 0.3% in the first quarter of 2012, a similar rate to that of the preceding period. In interannual terms, the rate of fall in GDP was 0.4%, compared with growth of 0.3% in the fourth quarter of 2011. This downturn is the result of a less positive contribution from the foreign sector and a more notable shrinking in national demand wholly as a consequence of more intense shrinking of investment in fixed capital. Final consumption, on the other hand, maintained the same rate of growth as the previous quarter. As for the labour market, employment fell 3.8% in the first quarter, half a point more than in the previous quarter, meaning a net reduction of 655 thousand full-time jobs in one year.

Weakening internal demand, slowing oil prices and contained unit labour costs have helped to contain inflation during the first five months of 2012, at a level of about 2%. On the other hand, underlying inflation, which excludes unprocessed food and energy products, held its falling trend and stands at 1.1% in May. It should be noted that the inflation differential with the eurozone is still favourable to Spain, as in May inflation in the eurozone was 2.4%. This inflation differential combined with contained unit labour costs results in increased competitiveness in the Spanish economy which encourages exports.

In this context of economic recession, the Spanish government agreed with the EU to lower the deficit target for 2012. It is expected that the public administrations' deficit will fall from 8.9% of GDP in 2011 to 6.3% in 2012. To reach this target the State has passed very restrictive budgets relating to expenditure and taken tax measures to increase tax income. Specifically, the State expects to collect 12,300 million Euros by raising the IRPF (to 7%), from corporate tax (with which, among other measures, it eliminates large companies' freedom to depreciate, limits the reduction in business capital and also limits the deduction of financial costs) and by passing a temporary tax amnesty. On the other hand, it expects to reduce non-financial expenditure by 6.7% in relation to the 2011 budget, with major cuts in the fields of transport investment, RDI, health and education.

Apart from measures to reduce the deficit, the new Spanish government, in the early months of 2012, passed a whole series of structural reforms with which it aims to improve competitiveness and access to credit. These are reforms of the labour market and the financial sector (in two stages, one in February and another in May) and also the organic Law on budget stability and financial sustainability for the public services, with which it intends to guarantee fulfilment of the new constitutional mandate and strengthen Spain's commitment to the EU on budget stability matters. Equally, it put the mechanism into operation for financing debts which regional governments have with their suppliers.

In April and May the turbulence in financial markets returned and this time the epicentre was in Spain. Doubts about the Greek elections and the possibility of Greece leaving the Euro, the crisis in the Spanish banking system and the public administrations' financing difficulties put the Spanish bond risk premium at a new historic high at the end of May, above 540 base points. The European Commission responded by giving Spain one more year to reduce the deficit to 3% - a target that should have been reached in 2013 and is now required in 2014. But the situation became unsustainable at the beginning of June and finally, on 9 June, the Eurogroup, at Spain's request, passed a financial aid package for 100,000 million Euros to directly recapitalize the Spanish banking sector.

Not long after, on 13 July, the Spanish Government passed a package of measures to reduce the largest >

public deficit in its democracy. The package includes major tax increases, such as the increase in VAT from 1 September (from 8% to 10%, for the reduced type and 18% to 21% for general VAT, including changes in category for some products which change from 8% to 21%) partly compensated by a reduction in social contributions by one point in 2013 and another point in 2014, and also includes the increase in IRPF retentions for professionals and the increase in corporate tax. In total, it is estimated that the tax measures will have an impact over their two and a half years implementation (2012-2014) of about 29,500 million. In relation to expenditure, measures have been taken in the field of public administration (eliminating extra pay at Christmas, less public holidays and fewer wages during the first days of temporary leave) and unemployment, dependents and housing benefits have been reduced. The adjustment in expenditure has been calculated at 27,000 million Euros. Therefore, in total, there would be about 56,500 million Euros, plus 8,500 million from a new environmental tax. In other words, the total deficit adjustment is estimated at 65,000 million, equal to six GDP points, which is the target set by the European Commission to lower the deficit from 8.9% of GDP in 2011 to 2.8% in 2014.

For the whole of 2012, the overall prospects indicate that the Spanish economy will see a fall in GDP of about 1.7%, the most negative level of all advanced countries after Greece, Portugal and Ireland. This downturn is based fundamentally on the major tax adjustment that all the public administrations must carry out. So, in 2012, it is expected that the most significant contribution to contraction in internal demand will come from public spending, although all the variables in internal demand will probably maintain a contractive trend at least during the first half of the year. This contraction in internal demand will be passed on to imports, so that even with the context of recession in Europe, foreign demand will have, for the fifth consecutive year, a positive contribution to growth. Private consumption will deepen the fall begun in 2011, as a consequence of the effects of the reduction in employment, slowing wages and rising taxation.

In the business context, the problems of access to credit and the need to lower debt will continue, and this will be added to the impact of reductions in public spending and tenders, as well as the increase in corporate tax passed in April. Nevertheless, some businesses in the building sector related to public works may benefit from the payment plan to suppliers set up by the Government, aimed at

paying the debt owed by the public administrations to these businesses.

Neither will the labour market see any improvement. OECD prospects indicate a marked fall in employment and the unemployment rate will reach 24.5% in 2012 and 25.3% in 2013, the highest in all advanced countries.

In summary, the Spanish economy will be in recession for at least the first half of 2012, aggravated by the fact that the unemployment rate, which is the main economic and social problem in the country, will continue to rise. Added to the contractionary fiscal policy that all public administrations will have to implement and which will affect consumption and public investment overall are other elements that make recovery difficult, such as the slowdown in European economies, implementation of the bailout of the Spanish banking system and the impact on growth of the supplementary measures taken to reduce the public deficit.

SPAIN. MAIN MACROECONOMIC AGGREGATES Interannual variation rates

	2009	2010	2011
Components of demand			
Private consumption	-4.4	0.7	-0.1
Public consumption	3.7	0.2	-2.2
Gross fixed capital formation	-16.6	-6.3	-5.1
Internal demand (a)	-6.4	-1.0	-1.8
Exports of goods and services	-10.4	13.5	9.0
Imports of goods and services	-17.2	8.9	-0.1
Components of supply			
Agriculture, livestock and fishing	-1.4	-1.1	0.6
Industry	-10.9	0.6	1.9
Construction	-8.0	-7.8	-3.8
Commerce, transport and hotels & catering	-2.4	0.9	1.5
Information and communications	-1.2	1.2	0.7
Financial activities	-3.8	6.6	-1.0
Real estate activities	-1.0	1.5	1.1
Professional activities	-3.1	0.4	2.5
Public administration, health and education	2.9	1.6	1.0
Artistic, leisure and other activities	-0.3	-3.2	-1.8
GDP at market prices	-3.7	-0.1	0.7

(a) Contribution to growth from GDP at market prices

Chart 3.1

Source: National Institute of Statistics (INE)

THE ANDORRAN ECONOMY: OVERALL TRENDS

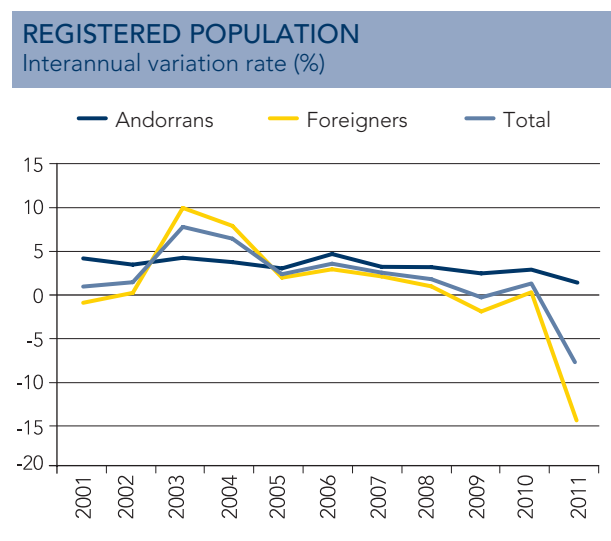
4. POPULATION, EMPLOYMENT AND EDUCATION

4.1. Population and migratory flows

In 2011, the Andorran population was 78,115, according to official figures. This represents a decline of 8.1% compared with the previous year and can basically be explained by the census check carried out by the Communes. This census check was started in early 2011, although the population decline did not only occur last year but reflects a progressive decline over the last four years, motivated by the economic recession, which led many foreigners who lost their jobs to leave the country.

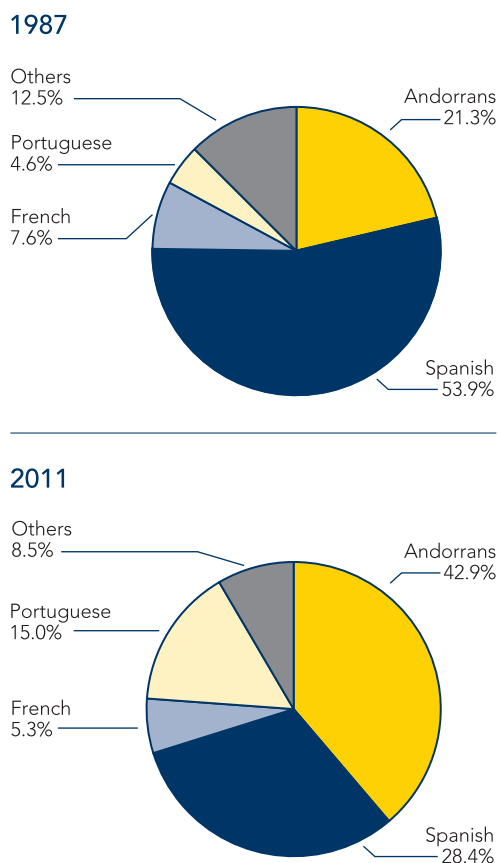
As a result, the annual decline in official population figures in absolute terms was 6,900, a variation that cannot be compared with previous years due to the singularity of this financial year owing to the above-mentioned census check. In historical terms, the revised population figure in 2011 represents a return to the population levels of 2005, just when the economic cycle started to turn.

By nationalities, the drop in the total population of Andorra can be explained solely by the trend in the foreign population, while the number of Andorrans continued to grow, but at a slower rate. Specifically, the number of Andorran nationals showed an increase of 1.6% in 2011, 1.1 points lower than in the previous year, and a trend that establishes the historic annual



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

low in the series, available since 1980. So, average annual growth in the last decade was 3.1%, much less than the average for the period 1980-2001 (4.5%).

Consequently, there have already been seven consecutive financial years in which the numbers of Andorran nationals grew more positively than the foreign population. So, the 2011 revised figures show a steep downturn in the number of foreigners, by 14.3%, although, as has been said, this drop should be spread over the last four years, as can be seen in the trend in other related variables, such as the number of immigration permits for residence and work and the number of foreign employees, which have fallen since 2008 and 2007, respectively. This steep fall in the numbers of foreign residents in Andorra contrasts with the dynamic period seen between 2003-2008, and can >

be explained by the economic crisis in Andorra, which has forced many foreigners who lost their jobs to leave the country.

Within the group of foreigners, it should be noted that the reduction affected all nationalities and had a special impact on the group of French nationals, with a downturn of 19.3%. Next is the group of Spanish nationals, the most numerous in the foreign population, which fell 16.9%, while the Portuguese population fell more slowly (-10.6%), after a period between 2002-2008 in which the number of Portuguese registered in Andorra doubled. To complete the analysis, the group of residents of other nationalities showed the least negative behaviour, with a reduction of 7.6%, and are therefore the group that appears to have been least affected by the crisis.

The result of this trend was that the percentage of foreigners in the total population fell 4.1 points, to 57.1%, gradually falling further from the high reached in 1987 (78.7%). On the other hand, in 2011, the percentage of the group of Andorrans increased on a similar scale - now 42.9% - and so continues the rising trend seen since 1988, only interrupted by the process of regularising foreigners in 2003 and 2004.

As for the natural population movements, in 2011 natural growth of 518 persons was recorded, rather less than in the previous year (-12.1%), a figure that represents a rate of 6.6 per thousand, also lower than that of 2010. This trend in the natural population growth is the result of a rise in the number of deaths (15.1%) and a fall in the number of births (-4.2%), added to three consecutive years of falls. Nevertheless, the birth and death rates have risen due to shrinking population figures, and have reached 10.2 and 3.5 per thousand, respectively. To these

data should be added the negative balance of migratory movement, by 7,418, which, as mentioned before, is a result of the census check.

As for population distribution by parish, the change in the figures in 2011 has not broken the underlying trend that the high, less-populated parishes are increasing their percentage to the detriment of the low parishes, a persistent but slow trend since the beginning of the nineties. Specifically, the parishes in which the decline in population was smaller in 2011 were Ordino (-1.7%) and La Massana (-1.9%), while in Encamp the decline (-5.8%) was slower than average, compensating the major reduction in the Canillo population (-22.1%). The drop in the population was also very significant in Escaldes-Engordany (-14.9%) and a little less steep in Sant Julià de Lòria (-6.7%) and Andorra la Vella (-5.3%).

Nevertheless, Andorra la Vella remains by far the most populated parish, with 28.5% of the total Andorran population, and Ordino is the parish with the smallest population (5.5% of the total). Moreover, the percentage of the population of the high parishes has increased by half a point to represent 41.5% of the total, compared with 29.1% at the beginning of the nineties; on the other hand, the low parishes have fallen in the ranks, although 58.5% of the total population is still concentrated there. All in all, this means that Andorra is still slowly progressing towards a less uneven distribution of the population over the territory.

The structure of the population by sex has changed a little due to the census check, with the male population becoming less predominant. So, men still outnumber women in all working age groups, with the exceptions of the population over the age of 70 and the population

NATURAL POPULATION MOVEMENTS		
	2010	2011
Births	828	793
Deaths	239	275
Natural growth	589	518
Birth rate (per thousand)	9.739	10.152
Death rate (per thousand)	2.811	3.520
Rate of natural growth (per thousand)	6.928	6.631
Increase from migration or census regularization	344	-7,418
Total increase in population*	933	-6,900
Marriages	287	283

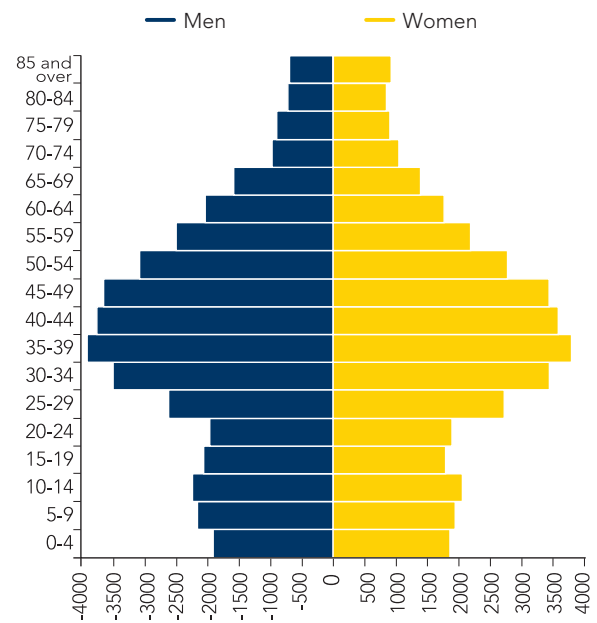
* Natural growth plus increase from migration.

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

between the ages of 25 and 29. However, the difference between the percentages of the male and female populations narrowed to reach 2.1 percentage points, compared with the 4 calculated in 2010. The male presence is still marked in the 40-69 age bracket due to the greater proportion of foreign workers, which has traditionally been mostly male. More specifically, 73.1% of the foreign population is concentrated in the 25-64 age bracket, while the Andorrans in this age bracket are 47.5%. So, the presence of foreigners clearly exceeds that of Andorrans in all age brackets from the age of 25. On the other hand, the proportion of Andorrans is preponderant in the age brackets 0-9 (84.9%), 10-19 (71.7%) and 20-24 (60.6%); on the other hand, the presence of Andorrans falls to 28.5% in the over-65 age bracket, a percentage that, nevertheless, has risen considerably compared with before (23.8% according to 2010 official figures), no doubt the result of the census check.

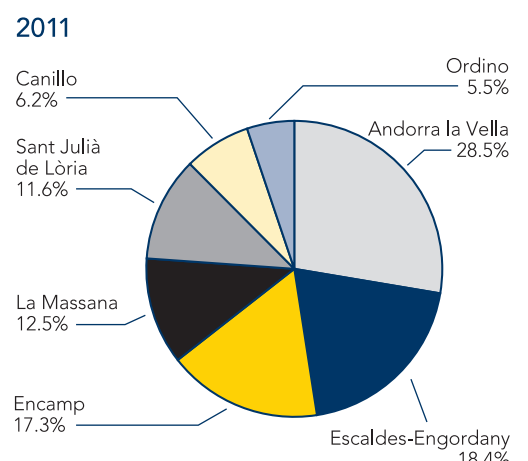
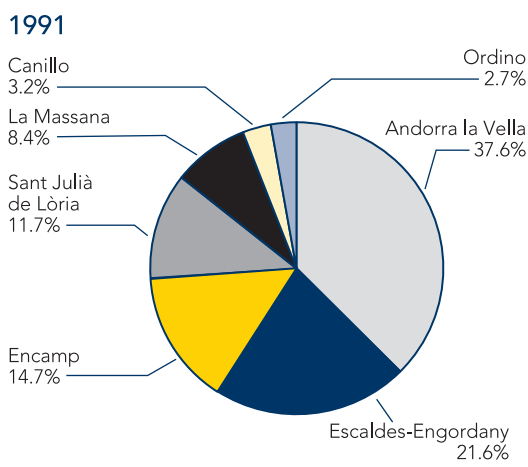
This census check also affects the analysis of changes in population distribution by ages. So, the greatest

STRUCTURE OF THE POPULATION BY GENDER AND AGE. 2011



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

ANDORRAN POPULATION BY PARISH



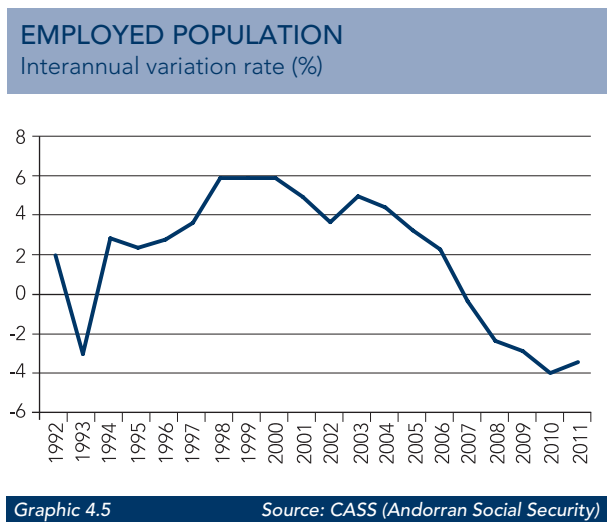
Graphic 4.3 Source: Commune parish census / Department of Statistics. Government of Andorra

reductions were recorded in the population brackets over the age of 20 and above all among the most elderly, so that the working age population bracket (15-64) fell 8.6% and that of 65+ by 12.9%, both over the average (-8.1%). As a result, their percentages fell 71.9% and 12.6%, respectively. On the other hand, the population up to the age of 14 only fell 1.1% and its percentage of the total increased to 15.5%. These data imply that the Andorran population is getting younger, which is not a natural population trend but the adjustment after checking the population census. The average age of the population stands, therefore, at 39.3, while before the census check it was 40.1.

4.2. Employment and unemployment

Employment performed negatively in Andorra in 2011, for the fifth consecutive year, in keeping with Andorran economic activity and despite the measures contained in the active job policies passed at the end of 2010, which consisted of two programmes: one to promote employ ability and practical and theoretical training within businesses, and another to promote the employment of workers from the construction sector and related industries.

According to data from the CASS (Andorran social security), waged employment fell 3.5%, to 38,031 >



employees on annual average, a figure that represents a return to the employment levels of the period 2002-2003. This fall is the second worst in the historical series, after 2010 (-4%), and puts the accumulated fall in employment, compared with the high of 2006, at 12.3%, a reduction that represents the loss of work of more than 5,300 employees and the destruction of nearly one third of the jobs created in the expansionist phase between 1993-2006. As a result, the employment rate - measured as the number of employees in relation to the population aged 15-64 - stands at 67.7%, a level that cannot be compared with the previous year due to the reduction in the population which led to the census check and created a knock-on effect to push up the employment rate. Equally, this check put the Andorran employment rate over the European Union average (64.3%).

The analysis of distribution by major sectors demonstrates that employment has fallen in all the major sectors, except agriculture, following the same pattern as in 2010. To begin with, the rate of job destruction in construction has continued to accelerate, for the fifth consecutive year, to reach a historically low level of employment. Moreover, it was the sector that destroyed most jobs in absolute terms and percentage (-15.6%). The falling number of employees in industry was also significant and faster than in the previous year (-6.5%), due to the decrease in manufacturing industries (-7.5%), which was only partly counterbalanced by rising employment in the field of production and distribution of electricity, gas and water, as happened in 2010. In contrast, the primary sector was the only one to see a rise in employment for the third consecutive year, by 4.3%, favoured by the increase in tobacco production. In any case, the trend in this sector had a much lower impact on the economy, since it is an activity with a very low percentage of the Andorran job market, with only 159 employees.

Falling employment in services - the sector with the highest job concentration in Andorra - was 1.6%, slower than in the total economy and than in the previous year (-2.4%), when it reached a historic level. Altogether, this has resulted in an increase in its percentage of the total, by 1.6 points, to 84.7% of employees, a figure that sets a new historic high, exceeding that set in 2010, while construction lost 1.5 points to reach 10.3%, another historic low. For their part, the percentage of industry and agriculture remained stable, around 4.6% and 0.4%, respectively.

NUMBER OF EMPLOYEES

	2011	Var. 11/10	% total 2011
Agriculture, livestock, hunting and forestry	159	4.3	0.4
Industry	1,731	-6.5	4.6
Extraction industries	2	-28.6	0.01
Manufacturing industries	1,561	-7.5	4.1
Production and distribution of electricity, gas and water	168	4.0	0.4
Construction	3,932	-15.6	10.3
Services	32,210	-1.6	84.7
Commerce and motor vehicle repairs (etc.)	9,574	-4.0	25.2
Hotels & catering	4,877	-1.6	12.8
Financial system	1,695	1.4	4.5
Public admin., defence and compulsory social security	4,452	-0.8	11.7
Others	11,612	-0.3	30.5
Total	38,031	-3.5	100.0

Chart 4.2 Source: CASS (Andorran Social Security)

Within tertiary activities, it can be seen that the subsector for commerce and motor vehicle repairs remains the most important services subsector, with 25.2% of the total number of employees in Andorra, one tenth less than in the previous year, which implies a slight resumption of the falling trend seen since 2004, which had stopped in 2010. In second place is hotels and catering, with 12.8% of employees, a percentage which has risen for the third consecutive year, after five years of falls. Then there is Public administration, defence and compulsory social security (11.7%), recovering its percentage due to a very slight cut in employment (-0.8%), having shrunk a little for the first time last year. Then there are real estate and rental activities and business services (10.7%) and the section "other social activities and community services; personal services" - which do not include health and education - (6.5%). In the rear are health and veterinary activities (4.7%), finance (4.5%) - which was one of the few to increase employment, households employing domestic staff (3.5%), and transport, storage and communications (3%). The other tertiary activities have percentages below 3%.

The job destruction seen in 2011 resulted in an increase, for the third consecutive year, in the number of jobseekers (21.1%), which reached 802, the highest level in the historical series available since 2007. In parallel, the number of jobs offered by the job service has seen a steep downturn of 38.7%, as only 167 jobs were offered, a low in the series, and a trend that reduces the chances of placing applicants as the ratio of jobseekers to supply has doubled (from 2.4 to 4.8). It should be added that the number of people receiving unemployment benefit has also risen significantly (43.6%), for the second consecutive year, although coverage is limited - only reaching 9.9% of applicants.

By ages, the worsening unemployment situation has affected the older age brackets in particular, with rises of 38.9% among those over the age of 60 and 25.1% in the 40-59 age bracket, compared with the approximate increase of 18% recorded in the 18-39 age bracket. In this way, jobseekers are concentrated mostly among those between the ages of 40 and 59 (44.1% of the total) and between 26 and 39 (31.4% of the total). The only age bracket that saw a fall in the number of jobseekers was the youngest, with a decrease of 19%, although the percentage of the total is hardly significant (2.1%).

Analysis of jobseekers by nationalities shows that the largest increase in 2011 was Andorrans, increasing 30% to represent 27.6% of the total, a percentage

that, nevertheless, is smaller than that of the total working age population (37.1%). In contrast, the smallest increase was among the French (4.8%), so their percentage is limited to 2.7%, also lower than their share of the total working age population (5.4%), making theirs the nationality with the smallest number of jobseekers in Andorra. At the other extreme are the Spanish, the largest number of jobseekers (33.4%), outweighing their percentage of the total working age population (29.7%), after a steep rise in 2011, of 22.9%. Next are the Portuguese, growing 14.5% with 21.7%, also greater than their percentage of the total working age population. Lastly, it should be noted that the group of other nationalities has seen a rise in the numbers of jobseekers of 14.7%, putting their total contribution at 14.6%. So, it can be said that unemployment in Andorra affects proportionally more foreigners than Andorrans, although the former tend to leave the country when they reach this situation, as was demonstrated by the check on the population census carried out in 2011.

4.3. Education

In the school year 2010-2011, the population in education in Andorra, including school, university and non-university population abroad, was 12,563, 0.4% more than the figure recorded in the previous year - which was revised in relation to what was first published. This increase has been driven, mainly, by the rise in university population (4%), a group which includes higher vocational education and, to a lesser extent, non-university students abroad (9.7%) which, despite growing more than the university students is a less numerous group; on the other hand, the school population fell 0.3%. Consequently, the percentage of the non-university population abroad in relation to the global population of school age rose one tenth to reach 2.2%.

The distribution by country of study of the total school population shows that the number of students studying in Andorra has fallen for the second consecutive year (-0.8%) to reach 11,230. As a result, their percentage of the total school population fell one point to 89.4%, halting the trend for the school population to be concentrated in Andorra, which had been seen, with ups and downs, in recent years. In contrast, the population studying abroad rose more steeply (11.1%), a trend that can be explained basically by the increase in the number of university students abroad - those who most study abroad (70.8%).

The Andorrans who study in other countries mostly do so in Spain (8.9% of the total) and their percentage has increased compared with the last academic year, thanks to a 9% increase in the number of students. The presence of Andorran students in France is limited to 1.4%, although it also rose in relation to last year, with a significant rise in students of 16.8%. The distribution by countries of study is completed by 45 students spread over other countries (0.4% of the total), a figure that also exceeds that of the 2009-2010 academic year (29 students).

4.3.1. School population

In the 2010-2011 school year, the number of students at school was 10,802, 0.3% less than in the previous year, a trend that contrasts with the increase seen in the last school year (0.4%) and which has caused the percentage of the school population to fall in relation to the total population in education, by six tenths, to 86%. In the same way, the rate of schooling - calculated as the percentage of the school population in the overall population at this stage - has fallen 55%, compared with 56.1% in the previous year.

The levels with the greatest number of students at this stage are kindergarten and primary and secondary education, with a concentration of 88.3% of students, four tenths less than in 2010, so accumulating four years of falling percentages, in line with the aging trend in the Andorran population. This fall can be explained by the decrease, for the third consecutive year, in the number of students in primary education (-2.4%), to which are added kindergarten students (-1.3%), resuming the falling trend that started in the school year 2005-2006 and which had stopped in the year 2009-2010. In contrast, secondary education saw an increase of 2.2%, the same as in the previous year.

At the following stage of education, the baccalaureate, the number of students also rose (4.1%), for the fourth consecutive year, to encompass 8.2% of the total population in education, the highest level since the school year 1999-2000. Finally, vocational training maintained its percentage of 3.4% of the population in education, after seeing a small increase in the number of students, by 0.8%, which is clearly a slowdown compared with the steep rises recorded over the previous three years.

In relation to the behaviour of the school population by type of education, it can be seen for yet another year that in the school year 2010-2011 the gradual implantation of the Andorran educational system continued, with an increase in students of 0.8%, contrasting with the fall in the total population at this stage (-0.3%), increasing its percentage by half a point to 38.5% of total students. So, the school population of the Andorran educational system has grown uninterrupted since the beginning of the nineties, to reach a new historic high in 2011. It should be pointed out that growth in 2011 was driven by the Andorran School (1.4%), while vocational training saw a downturn (-13.1%), breaking the trend of strong growth seen in the last three years, although the relatively low percentage of the latter system of education greatly limits its impact in absolute terms.

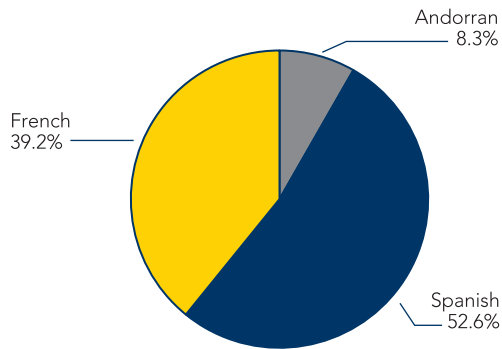
In contrast to the trend in the Andorran educational system, the number of students in the Spanish educational system fell 1.3%, linking seven falls in the last eight years. Consequently, its percentage of the total shrank three tenths to 30%, a figure that sets a new historic low. This trend can be explained by the fall, for the eighth consecutive year, in the number of students in Spanish schools (-6.7%), partly balanced by the increase in congregational schools (1.3%), as happened in the previous three school years; the numbers of students at the one private school also

SCHOOL POPULATION BY LEVELS			
	2010-2011	% variation 10-11/09-10	% in 2010-2011
Kindergarten	2,380	-1.3	22.0
Primary education	4,263	-2.4	39.5
Secondary education	2,900	2.2	26.8
Baccalaureate	889	4.1	8.2
Vocational education	370	0.8	3.4
Total	10,802	-0.3	100.0

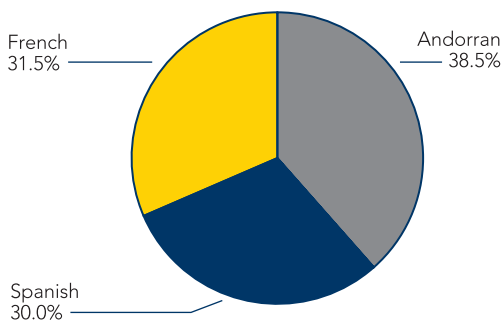
Chart 4.3 Source: Ministry of Education and Youth

ANDORRAN SCHOOL POPULATION BY EDUCATIONAL SYSTEM

1991



2011



Graphic 4.6

Source: Ministry of Education and Youth

saw a fall of 0.9%, continuing the trend begun in the 2006-2007 school year.

As a result of these data, the percentage of traditional Spanish schools fell six tenths to 8.6% of the total Andorran school population, while that of congregational schools rose three tenths to 19.5%. At the same time, the percentage of the private school remained stable at 2% of the total. Finally, the French educational system has suffered a fall in the numbers of students for the sixth consecutive year, of 0.8%, cutting its percentage of the total by two tenths to reach another historic low of 31.5%, although this remains higher than the percentage of the Spanish educational system.

4.3.2. University population

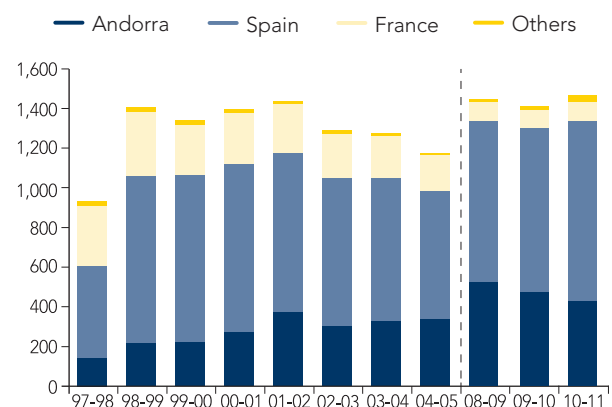
The university population of Andorra in the 2010-2011 academic year was 1,466 students, 4% less than the previous year. Its distribution by sex reflects that the female population is still predominant, representing

57.5% of the total, the same as the previous year. The analysis by country of study demonstrates that the increase in students was concentrated abroad, while the University of Andorra saw a decrease, for the second consecutive year, of 10.6%, so that its percentage fell 4.8 points to represent 29.2% of total Andorran university students, meaning a return to the level of the 2004-2005 academic year. This trend contrasts with the continuous trend of gaining percentage which characterised it since it was created and was interrupted for the first time last year. Nevertheless, Andorra remains in second place in the ranking, only behind Spain, which is first, with 60.9% of Andorran university students, having seen growth in 2010-2011 of 9.7%, higher than that of the total.

A long way behind is France, where the number of university students rose even more significantly than in Spain (17.5%), so that its percentage increased nine tenths to 7.8% of the total. Finally, 2.1% of the remaining students - 31 of them, 11 more than in the previous school year - are spread between other countries (Portugal, Great Britain, Argentina, Belgium, Germany, USA, Canada, Switzerland and Uruguay).

Finally, the analysis by area of study shows that the area with most university students from Andorra is still that of legal and economic sciences, with a concentration of 29.8% of the total university students. Then there are health sciences (18.8%) and technical sciences (15.6%) and, with a much lower percentage, the areas of human and social science (11.7%) and educational science (10.7%). At the other extreme are the areas of tourism, experimental sciences and maths, and communications and public relations, with only 37, 79 and 81 students, respectively.

UNIVERSITY POPULATION BY COUNTRY OF STUDY



Graphic 4.7

Source: Institute of Andorran Studies

5. ACTIVITY AND DEMAND

5.1. The evolution in economic activity in 2011

2011 was another negative year for the Andorran economy, linking five consecutive financial years of recession. Nevertheless, available indicators suggest that the rate of decline in activity slowed a little for the second consecutive year, after the historic downturn seen in 2009. The improvement in the economy was limited by a rather unfavourable international context, above all in the eurozone and in particular the Spanish economy, where the financial tensions and fiscal adjustment policies inhibited recovery. In relation to demand, this developed unfavourably in Andorra in all components, especially in the case of both public and private investment, which fell steeply. Equally, exports of tourism services and consumption by foreigners in the country continued to fall significantly. As for supply, indicators show a depressing performance in industry, construction and services linked to tourism, while the financial sector and agriculture improved in relation to 2010.

The indicators of activity that point to a slight slowdown in the rate of decline in Andorran economic

activity in 2011 are basically the slower decline in the number of employees (-3.5%, compared with -4% in 2010) and the gentle acceleration in credit to 4.1%. Also the behaviour of imports improved slightly, rising by 0.7%, three tenths more than in the previous year, although this trend can be explained more by the increase in fuel prices than real growth in the volume of imported products. Another indicator that increased was government operating costs (0.3%), but the major cut in public investment easily compensates this factor as a driving force for the economy. The rise in the number of tourists (visitors who spend the night) by 7.7%, after nine consecutive years of falls, is also a variable that points in the right direction, even though the average stay and consumption fell, limiting its positive contribution to the economy.

On the other hand, there are many other indicators that behaved worse than in 2010, such as the number of companies (-1.7%), electricity consumption (-3.2%) and vehicle registrations, both for cars (-11.2%) and industrial vehicles (-25.7%) - contrasting with the increases seen in 2010. Imports of capital goods and

SUMMARY OF INDICATORS OF ACTIVITY - Interannual variation rates (%)

	2010	2011
Activity		
Companies	-1.4	-1.7
Employees	-4.0	-3.5
Industry	-3.7	-6.5
Construction	-13.9	-15.6
Services	-2.4	-1.6
Number of visitors ⁽¹⁾	-5.4	-2.2
Electricity consumption ⁽²⁾	1.2	-3.2
Imports	0.4	0.7
Demand		
Car registrations	8.9	-11.2
Industrial vehicle registrations	4.2	-25.7
Imports of capital goods ⁽³⁾	-14.1	-7.1
Imports of building materials ⁽⁴⁾	-17.4	-14.3
Credit from banking entities ⁽⁵⁾	3.5	4.1
Operating costs of the Administration	-1.2	0.3

(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 absolutely equivalent. 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.

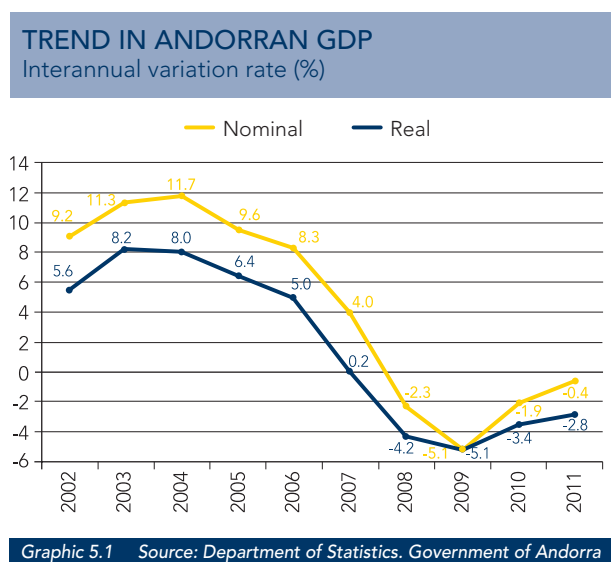
Chart 5.1

Source: own preparation

building materials also fell steeply, but at a slower rate than in 2010 (-7.1% and -14.3%, respectively). In summary, the overall balance indicates still unfavourable economic development, with further contraction in the rate of activity, although slower than in the last financial year.

This conclusion is also corroborated by the official GDP data that the Government has published since last year, according to which the decline in activity in Andorra in 2011 was 2.8% in real terms (which the effect of inflation reduces to -0.4% in nominal terms), compared with the fall of 3.4% seen in the previous year. In this way, the economy has already accumulated five years of economic crisis and financial losses that leave the present real GDP value at 2004 levels. Along the same line, the GDP estimate produced by the Chamber also points to a slowdown in the rate of fall in GDP, although still at slightly more negative levels. In any case, the trend in Andorran GDP was clearly worse than the one seen in European, French and Spanish GDP in 2011 and, as a result, Andorra continued to lose points in relation to neighbouring economies, in terms of wealth levels.

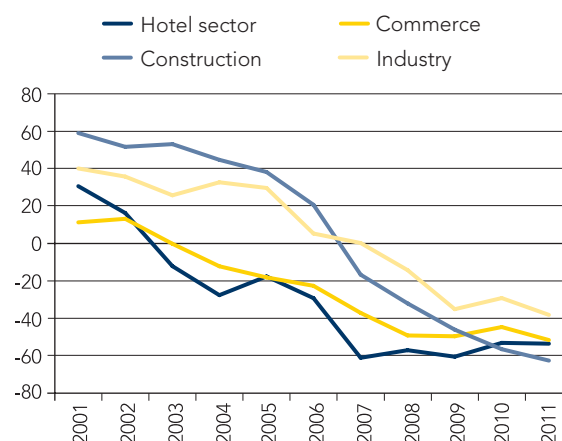
It should be specified, however, that the methodology used to make these GDP estimates has certain serious limitations, considering that it is based on a method of indirect estimation based on variables correlated to the trend in GDP, i.e., it is not the result of integrating all suitable data in the sense of national accounts, as the statistical data available to Andorra still does not allow this. So, for example, among other circumstances, application of the Government's method assumes that Andorran economic productivity is identical to that of the reference area, which in the case of



Graphic 5.1 Source: Department of Statistics. Government of Andorra

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

this estimate is the eurozone, which is clearly very questionable. Nevertheless, leaving to one side the specific values obtained every year, it can be seen that the Government's data profile is closely correlated to that of the Chamber of Commerce, and that, in turn, this is also closely correlated to the main indicators of economic activity for the country, so that, despite its limitations, the Government's estimate can be said to be a new, significant contribution to the statistics and should be taken into account in the analysis of economic development in Andorra.

The analysis by sectors shows that the downturn in Andorran GDP in 2011 can be explained, firstly, by the steep downturn in construction, accumulating five years of stagnation and decline, after the long expansionary cycle experienced between 1997 and 2006. So the available sectoral indicators of activity show, with a reduction in the number of employees of 15.6%, greater than in the previous year, and major reductions in imports of building materials (-14.3%), energy consumption (-6%) and the number of companies (-6.3%), although in the latter three cases the decline was less than in 2010. Along the same lines, the results of the Chamber's surveys reflect further deterioration in business progress - setting a new historic low in the series, available since 1997 - serious contraction in works taken on and carried out and a drop in sales figures (-19.5%) and investment (-19.4%), although the latter are a little less steep than in 2010. The only indicator linked to this sector that clearly improves is that of authorised surface area for building, with an increase of 28.7%, although this is still at very low levels, historically speaking.

Industry is another sector that helps to explain why Andorran GDP shrank in 2011. So, companies' replies to the Chamber's surveys indicate that business progress and the climate of confidence deteriorated to very negative levels, with major reductions in turnover, investment and production over the whole year, although a little less than in 2010. Moreover, sectoral energy consumption fell steeply (-10.4%), as did the number of companies (-7.7%) and employees (-6.5%), trends that in these cases were worse than those of the previous year.

As for services, 2011 was also a negative year for the sector, except for the branch of finance, which performed more favourably. This trend can be explained, mainly, by results obtained for tourism and commercial activities, sectors that continued to be affected by the negative trend in incoming visitors (-2.2%), although the fall was slower than in 2010 (-5.4%). This is due to the fact that the declining numbers of day-trippers (-4.9%) was partly compensated by an increase in tourists (7.7%), breaking a nine-year phase of falls. Equally, the average stay by tourists fell from 2.7 to 2.3 days, so that the total number of overnight stays fell 4.6%, reflected in the level of hotel occupation and sectoral results. The Chamber's surveys also reflected this weakness in tourism and commercial activity, with worsening business progress and a further decline in turnover in commerce (-11.6%), the same as in the previous year, and hotels and catering (-13.4%), in this case much steeper than in 2010. Another indicator that shows unfavourable behaviour in these two sectors is the drop in employment in commerce by 4%, much greater than in the previous year, and by 1.6% in the hotel sector, compared with the drop of 3.5% in 2010. Equally, the number of companies in both sectors fell (-2.2% and -0.2%, respectively), as did energy consumption and skiing days sold (-9.9%).

As for the finance subsector, 2011 was a year of recovery, despite the growing financial tensions which marked the international context, with growth in both the volume of deposits, by 4.3%, a figure that contrasts with the decline of the previous year (-7.1%), and bank credit, in which the rate of growth accelerated six tenths to 4.1%. Moreover, the number of employees in the sector increased 1.4%, compared with the fall recorded in the last financial year, although the number of financial companies and bank branches shrank (-1.6% and

BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2011

Results of the survey on the situation in industry

- 2011 compared with 2010 (as % of companies)

*Turnover	Higher	21
	Equal	24
	Lower	54
	Average variation (%)	-9.6

*Volume of investment	Higher	26
	Equal	46
	Lower	28
	Average variation (%)	-3.3

*Number of employees	More	11
	Equal	59
	Less	30

- Prospects for 2012 (as % of companies)

*Trend in turnover	Upward	9
	Stable	41
	Downward	51

*Trend in volume of investment	Upward	10
	Stable	59
	Downward	31

Results of the survey on the situation in construction

- 2011 compared with 2010 (as % of companies)

*Turnover	Higher	4
	Equal	24
	Lower	72
	Average variation (%)	-19.5

*Volume of investment	Higher	2
	Equal	39
	Lower	59
	Average variation (%)	-19.4

*Number of employees	More	4
	Equal	35
	Less	61

- Prospects for 2012 (as % of companies)

*Trend in turnover	Upward	8
	Stable	18
	Downward	74

*Trend in volume of investment	Upward	4
	Stable	33
	Downward	63

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

-10.7%, respectively). Nevertheless, it should be pointed out that sector profits suffered from a slight decline (-1.8%), for the second consecutive year, which can be explained by the difficulties

BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2011

Results of the survey on the situation in the retail trade

- 2011 compared with 2010 (as % of companies)

		Total retail trade	Food	Clothing & footwear	Household equipment	Health & hygiene	Electronics	Vehicles & accessories	Other trades	Superm. & dept. stores
*Sales figures	Greater	12	0	7	24	0	10	12	15	31
	Equal	15	13	14	24	35	0	23	13	0
	Lower	73	88	79	52	65	90	65	72	69
	Average variation (%)	-11.6	-16.5	-15.8	-11.7	-7.4	-14.3	-9.7	-8.6	-11.8
*Volume of investment	Greater	13	13	4	16	0	35	4	13	31
	Equal	56	68	58	64	75	50	68	43	46
	Lower	31	19	38	20	25	15	28	43	23
	Average variation (%)	-2.7	-0.4	-7.0	4.5	-4.1	-0.2	-7.2	-3.1	-4.8
*Number of employees	More	4	0	0	4	5	15	0	5	8
	Equal	77	94	71	70	90	60	69	79	69
	Less	19	6	29	26	5	25	31	16	23

- Prospects for 2012 (as % of companies)

*Trend in sales figures	Upward	7	9	7	14	0	5	4	5	8
	Stable	44	56	33	46	70	20	56	40	38
	Downward	49	35	59	39	30	75	40	55	54
*Trend in volume of investment	Upward	8	6	11	15	10	0	4	6	15
	Stable	57	59	37	56	70	60	69	55	54
	Downward	36	35	52	30	20	40	27	39	31

Chart 5.3

Source: Chamber of Commerce, Industry and Services of Andorra

affecting the international markets, the increase in provisions and the costs associated with opening branches abroad.

To complete the sectoral analysis, it should be highlighted that the primary sector was one of the few segments of activity that showed a positive trend in 2011, as indicated by some related indicators of activity. This is the case for tobacco production, which increased 3.1%, in contrast with the decline of 7.2% recorded in the previous year, and the number of employees in the sector (4.3%). In contrast, the number of companies fell (-5.7%) and the number of livestock remained practically stable (-0.2%). In any case, it should be noted that the contribution from the primary sector to global economic growth is very small considering its low percentage of total GVA (gross value added).

By components of demand, in general the indicators of internal demand are following a downward path. On the one hand, private consumption continued to suffer from the contraction in available income, deriving from the steep fall in employment and intensified loss of purchasing power of wages. Specifically, the differential between growth in nominal average wages of employees (1.2%) and inflation measured

in December (2.5%) was -1.3 points, a significant loss which compounds that of 2010 (-0.2%). On the other hand, available indicators for analysing the trend in investment also show a continuation of the falling trend of previous years. So, in the field of investment in transport material, a steep downturn in lorry and van registrations was seen (-25.7%), contrasting with the increase in 2010, while the rate of fall in investment in capital goods seems to be slowing, considering the smaller decline in imports of these goods (-7.1%) compared with the previous year (-14.1%). It should be noted, however, that this smaller decline is considerably influenced by the increase in re-exports and the slower decline in sales of consumer electronics. In any case, these levels are still at negative values, so we cannot say that the situation has notably improved. Along the same line, investment in construction saw a slightly less negative trend than in the previous year, from what can be gathered from the slower rate of fall in imports of building materials (-14.3%) and energy consumption (-6%), from the increase in authorised surface area for construction (28.7%) and from the less unfavourable results of the Chamber's situation surveys.

As for the contribution from the public sector, the performance of the central government in 2011 was still marked by its spending adjustment policies, >

BUSINESS OPINION OF ECONOMIC PROGRESS IN THE 2011

Results of the survey on the situation in the hotel sector

- 2011 compared with 2010 (as % of companies)

*Turnover	Higher	11
	Equal	13
	Lower	77
	Average variation (%)	-13.4

*Volume of investment	Higher	18
	Equal	64
	Lower	18
	Average variation (%)	1.8

*Number of employees	More	2
	Equal	43
	Less	55

*Origin of clients according to contract model (%)	T.O. & travel agencies	47.1
	Individual clients	46.7
	Others	6.2

*Average stay of clients (nights)	2.3
-----------------------------------	-----

- Prospects for 2012 (as % of companies)

*Trend in turnover	Upward	2
	Stable	46
	Downward	52

*Trend in volume of investment	Upward	6
	Stable	63
	Downward	31

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

concentrating especially on real investment (-40.9%), bringing it down to minimum levels. Moreover, growth in operating costs slowed from 2.1% to 0.9% which, together with the downturn in investment, enabled the public deficit to be contained. Equally, the Communes (local authorities) continued to implement austerity policies which were reflected in a cut in spending (-3.3%) for the fourth consecutive year, although this was much lower than in 2010. This, together with the reduction in revenue, led to a reduction in their joint surplus. As a result, the overall performance in the public sector was contraction, for the third consecutive year, especially in relation to public investment, with a reduction in aggregate real investment of 35.3%, which compounds the two-figure cuts in the previous three years and leaves it at its lowest level since 1994. On the other hand, there was less containment in relation to public consumption, with a slight increase in aggregated operating costs of 0.3%, compared with the reduction of 1.2% in 2010. In summary, the performance of the public sector meant that the

rate of Andorran economic activity slowed in 2011, following the pattern of the last two years.

In the foreign sector, 2011 was marked by a slight reduction in the commercial deficit, by 0.7%, representing a change in trend compared with the gentle increase in the previous year and a slight improvement in its traditionally negative contribution to national GDP. This behaviour is the result of a steep increase in exports (36.3%), which easily compensated the slight acceleration in imports (0.7%). In any case, it should be remembered that the Andorran economy is characterised by her strong dependence on her foreign environment, linking her closely to economic trends in neighbouring countries, especially Spain and France, her main clients and suppliers. Therefore, the less favourable trend in the international context in 2011, compared with 2010 and, in particular, Spain's economic problems, were factors that limited Andorra's rate of economic activity. This resulted in a fall in the number of visitors - the main source of national revenue - from Spain (-8.7%), partly compensated by growth in French visitors (5.1%) and other nationalities (33.2%). Nevertheless, apart from the overall development, it should be noted that there are other factors of a structural nature that have undermined this country's attractiveness to tourists for years, such as growing competition from other winter destinations. The results of the Chamber's surveys in the hotel sector have been pointing to this for years, with a majority of business replies indicating rising competition, loss of attractiveness in the area and rising operating costs among the main factors limiting business progress in the sector.

The fall in the number of visitors (-2.2%), despite being less steep than in 2010, was combined with a decrease in the average stay and the average level of hotel occupation, so that the trend in income from tourism services was still unfavourable and, consequently, the contribution from this component to GDP growth was negative.

To complete the general analysis of the economic situation, company expectations for 2012 are markedly more pessimistic than one year ago and indicate stronger, more generalised contraction in economic activity, which will continue to register the decline in consumption and investment. By sectors, construction will still present the most negative behaviour, with forecasts of a still very notable decline in turnover and a significant reduction in the

volume of investment. The other sectors - industry, the retail trade and, especially, hotels and catering - will also suffer from a more marked downturn in activity which, it is reckoned, will result in greater declines in turnover and the rate of investment. Moreover, demand from neighbouring countries will also work against economic activity in the Principality, taking into account Spain's relapse into recession and the prospects of a slowdown in growth in France and the eurozone. Therefore, the prospects for the Andorran economy are a new decline in GDP for 2012, which is unlikely to be slower than levels reached in 2011.

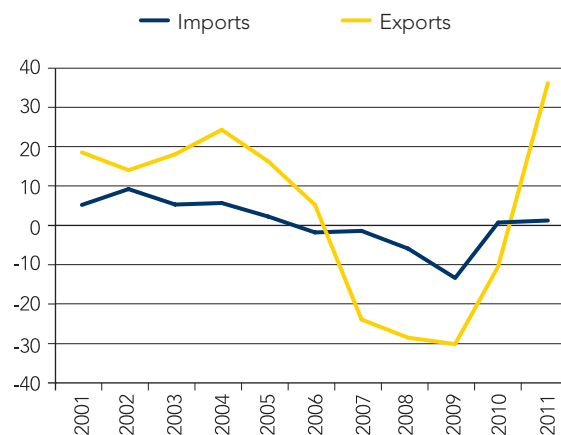
Trends in the main indicators of activity available for the first months of 2012 point in this direction, with the rate of fall in the number of employees intensifying and a reduction in total imports and car registrations until May. The only advance indicator that is presently positive is electricity consumption, although growth is moderate. In conclusion, the prospects for 2012 are for a decrease in global economic activity in Andorra, delaying its emergence from recession for another year.

5.2. Foreign trade flows

In 2011, Andorra imported goods for a value of 1,149.2 million euros, a figure that represents an increase of 0.7%, slightly higher than that of the past financial year (0.4%), so accumulating two years of small rises, after four of relatively steep falls. By chapter, the most positive contribution was from fuels (2.1 points), driven by the increase in energy prices. The only other chapters that made a significant positive contribution were perfumery and toiletries (0.4 points) and beverages (0.3 points).

In contrast, the chapters which most undermined import growth were electrical machinery and equipment (-0.6 points) and vehicles (-0.4 points), reductions that reflect the weakness of electricity consumption and investment in capital goods and transport material. This weakness can also be seen in the negative contribution from the chapters for mechanical apparatus and articles of iron and steel (-0.3 points each). Another chapter with an important percentage that showed a negative trend was tobacco and manufactured tobacco substitutes, although the fall was small, so if these are excluded from the total, growth in imports without tobacco

FOREIGN TRADE - Interannual variation rate (%)



Graphic 5.3

Source: Andorran Customs

are still 0.7%. Altogether, this has caused an increase in the sectoral concentration of Andorran imports, in contrast with 2010, so that the first three groups (food products, mineral products and products of the chemical industries) represent 40.8% of the total, 1.8 points more than the first three groups represented in the previous year.

As for Andorran exports in 2011, these were characterised by a steep increase of 36.3%, breaking the four-year trend of very notable falls. So, total exports rose to a figure of 55.8 million euros, the highest level in the last three years.

Distribution by sectoral groups shows an increasingly high concentration of exports, with the first three groups (transport material, electrical machinery and equipment and pearls, precious stones and metals) having 55.2% of the total sales, 3.5 points up on the previous year, but still far from the historic high reached in 2005 (69.2%). It should be added that two of these groups, transport material and electrical machinery and equipment, are also among the most important import groups, demonstrating that a significant part of Andorran purchases of these goods are intended for re-export. This has been favoured by euro appreciation, which has encouraged imports of products from countries outside the monetary union, to then re-export them into the EU, as the trade flows analysis by geographical areas below shows.

The rise in exports, combined with the slight increase in imports, raised the coverage ratio to 4.9%, so breaking the four-year trend of decline.

5.3. The geographical distribution of foreign trade

5.3.1. Imports

In 2011, Andorran imports from Europe, the main geographical origin of Andorran foreign purchases, represented 92% of the total, two tenths less than the previous year, so that their percentage fell for the second consecutive year, from the high obtained in 2009 (92.7%). This falling trend is the consequence of an increase in imports from the European Union (0.2%), lower than the total, which was partly compensated by the growth in purchases from European countries outside the union (20%).

The trend in imports from the other continents was positive in all cases, although to a different extent, favoured by a euro exchange rate that on annual average was higher than in 2010 and therefore brought down the cost of products from outside the monetary union. The increase in purchases from Asia, the second biggest supplier to Andorra, was fairly modest (1.4%) and less than that of the previous year, so that its percentage of the total remained at 6.6%. Growth in imports from America was much more significant (12.6%) and broke three consecutive years of falls, resulting in a one tenth increase in their share

of the total, to 1.1%. The increase was even greater in the case of the African continent (17%) and revived the rising trend that marked it during the period 2006-2009, which had been reversed in 2010. However, its percentage of the total did not vary because of its insignificant value (0.2%).

Within the context of the EU-27, Spain continued to strengthen its role as main supplier to Andorra, with an increase in imports of 1%, higher than the average, increasing its share to 60.7% of Andorra's foreign purchases, two tenths more than in the previous year and a level that sets a new historic high. On the other hand, imports from France fell for the eighth consecutive year (-0.6%), causing a two-tenth reduction in its percentage of the total, to 17.5%. However, France is still easily the second most important supplier to Andorra, although its percentage is far from that that it had in the nineties, which was over 30%.

In relation to the other EU-27 countries, Germany's share of total Andorran imports also decreased by two tenths, to 4.3%, the result of a downturn of 2.4%, contrasting with the increase in the previous year, but not preventing it from remaining the third country in the ranking of suppliers. Behind this

FOREIGN TRADE BY GEOGRAPHICAL AREAS

	IMPORTS			EXPORTS		
	M euros 2011	% var. 2011/10	% total 2011	M euros 2011	% var. 2011/10	% total 2011
Spain	697.1	1.0	60.7	32.2	24.9	57.7
France	201.1	-0.6	17.5	13.4	55.1	24.0
Germany	49.8	-2.4	4.3	1.9	513.2	3.5
Italy	28.4	-10.3	2.5	0.4	2.5	0.7
United Kingdom	16.4	4.8	1.4	0.2	-15.6	0.3
Portugal	10.5	-2.3	0.9	0.3	-32.2	0.5
Belgium	4.9	11.5	0.4	0.5	206.3	0.9
EU-27	1,040.4	0.2	90.5	50.1	36.3	89.8
Switzerland	13.7	20.0	1.2	3.5	11.1	6.3
Europe	1,057.5	0.4	92.0	53.8	34.6	96.4
USA	8.1	23.0	0.7	0.0	347.6	0.1
America	12.7	12.6	1.1	0.5	-3.2	0.9
China	48.8	3.6	4.2	0.0	-100.0	0.0
Japan	8.7	-17.3	0.8	0.0	-89.7	0.0
Vietnam	4.3	12.0	0.4	0.0	-100.0	0.0
Asia	76.4	1.4	6.6	1.4	278.4	2.4
World total	1,149.2	0.7	100.0	55.8	36.3	100.0

Chart 5.5

Source: Andorran Customs

are imports from Italy, despite falling significantly (-10.3%), cutting its share by three tenths to 2.5%. In contrast, purchases from the United Kingdom have increased (4.8%), for the second consecutive year, although its percentage stayed at 1.4%, a trend that was favoured by euro appreciation, unlike in the cases of Germany and Italy.

The other EU-27 countries hold very small percentages, below 1%. Within this group, there is a notably positive trend in purchases from Luxembourg (195.8%), Denmark (49.5%), Ireland (31.7%), Sweden (31%), Romania (12.9%), Belgium (11.5%) and the Czech republic (11.2%). On the other hand, Andorran imports fell from Poland (-39.8%), the Netherlands (-15%), Austria (-6.3%) and Portugal (-2.3%).

Outside the European Union, imports from Switzerland rose 20%, abandoning the continuously falling trend experienced since 2001, with the sole exception of 2009. As a result, its share of the total increased two tenths to 1.2% of the total, the highest level since 2005. Moreover, there was a notable increase in imports from Turkey (18.9%), after two years of falls, leaving its share at 0.2%.

In relation to imports by countries from the rest of the world, it should be remembered that only those from the USA and some Asian countries are of any note. The trend with the former was positive, with strong growth of 23%, favoured by the euro appreciating against the dollar on annual average, breaking the three-year trend of decline. Consequently, its percentage of the total increased one tenth to 0.7%.

In the case of purchases from Asian countries, the increase in imports from China, by 3.6%, holds a notable first place, a continuation of the rising trend recorded for the period 2000-2010, only broken temporarily in 2006 and 2009. Consequently, its percentage of the total rose to a new historic high of 4.2%, confirming China as the main Asian supplier to Andorra and fourth in the world ranking, only behind Spain, France and Germany. In contrast, Japan's percentage continued to fall, the result of a reduction in imports for the fourth consecutive year, of 17.3%, cutting its share of the total to a new historic low of 0.8%. On the other hand, other countries like Vietnam and India are gaining ground as suppliers to Andorra, with increases of 12% and 5%, respectively, putting their percentages at 0.4% in both cases.

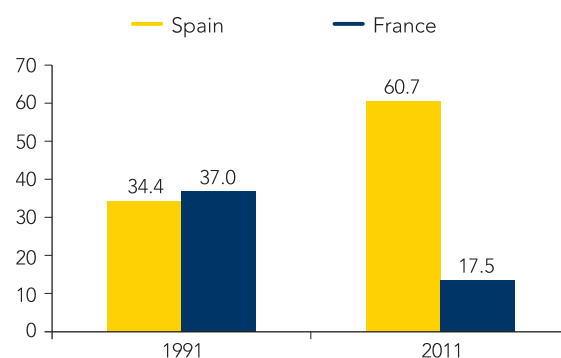
5.3.2. Exports

The trend in Andorran exports in 2011 was marked by a strong increase, of 36.3%, breaking with four years of major falls. By geographical areas, such a significant increase can be explained, on the one hand, by similar growth in sales to the EU-27 (36.3%) - the main destination of Andorran exports - which contrasts with the steep decline they had seen over the last four years, and on the other hand, by the spectacular increase in exports to the Asian continent, which almost multiplied by four. As a result, the EU-27's percentage of the total stabilised at 89.8%, the lowest level in the last ten years.

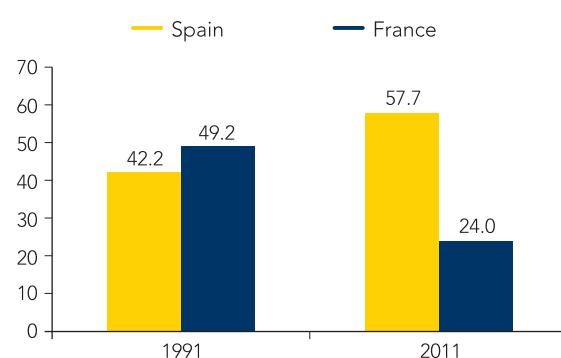
By country, Spain is still the main consumer of products from Andorra in 2011, with an increase in exports of 24.9% which, although significant, is lower than the average. For this reason, its percentage of the total fell 5.3 points to 57.7%, the lowest level in the last seven years. Sales to the second largest Andorran market, France, increased at a still stronger rate of 55.1%, after six consecutive years of falls, leading to an increase in its share of the total of 2.9 points, to 24%, >

IMPORTS AND EXPORTS FROM ANDORRA'S NEIGHBOURS - Percentage of the total (%)

Imports



Exports



Graphic 5.4

Source: Andorran Customs

the highest level in 2002. Nevertheless, the balance between Andorra's two main partners tends clearly in favour of Spain, in contrast with the similar shares held by both countries at the beginning of the nineties.

Of the other EU-27 countries, we must highlight the strong growth in sales to Germany (513.2%), resulting in its percentage of the total increasing from 0.8% in 2010 to 3.5%, which raises it a rank to third place in the ranking of markets for products from Andorra and recovers the position it had lost two years ago. Exports to the Netherlands also saw a significant increase (22.1%), but slower than the average, a trend that lowered its percentage of the total by one tenth to 1.3% and brought it down in the ranking of export markets, to fourth place. Another country that greatly increased its purchases in Andorra was Belgium, which tripled them, representing 0.9% of the total, half a point more than in 2010. Behind it is Italy with 0.7%, three tenths less than the previous year and the lowest in the last five years, the result of a modest increase of 2.5%. In contrast, it should be noted that Portugal was one of the few European markets to which exports fell (-32.2%), limiting its percentage to 0.5%.

Sales to the rest of Europe saw more modest growth than in the EU-27 (15.5%) and than the average, after multiplying by five in 2010, so that their percentage of the total fell to 6.6%, leaving behind the historic high reached last year (7.8%). This trend is the result of slower growth in exports to Switzerland (11.1%), cutting its percentage 1.5 points to 6.3%, while the other countries in this group have a very small percentage.

As for exports to the rest of the world, their share of the total increased, for the second consecutive year, 1.2 points to 3.6%. The area that wholly explains this rising trend is Asia (278.4%), following the pattern of the previous year. As a result, the percentage of this continent rose from 0.9% to 2.4%, the highest level in the last three years. By countries, this steep rise was concentrated in two destinations: Hong Kong, where sales multiplied by more than seven, a trend that continues a strong rising trend begun in 2008 and puts its percentage at 1.3%, the highest level in the last decade; and Israel, a country where exports have gone from being insignificant in 2010 to representing 0.9% of the total, a level that had never been seen before.

In contrast, America was the only continent where Andorran exports shrank (-3.2%), interrupting the

continuous four-year rising trend. Consequently, its percentage of the total fell four tenths to 0.9%. This decline can be explained mostly by falling sales to Argentina (-28.1%) and Chile (-37.1%), cutting the percentage of both by two tenths to 0.3% and 0.2%, respectively. These are the only countries on the continent with any significant percentage, together with the USA, Nicaragua, Colombia and Uruguay – which each only represent 0.1%.

Finally, it should be pointed out that Andorran exports to Africa saw progress of 28.5%, contrasting with the downturn in 2010, and putting their percentage at 0.2%, the same as in the previous year. By countries, the only ones that individually managed to represent 0.1% of the total in 2011 were Tunisia and Equatorial Guinea.

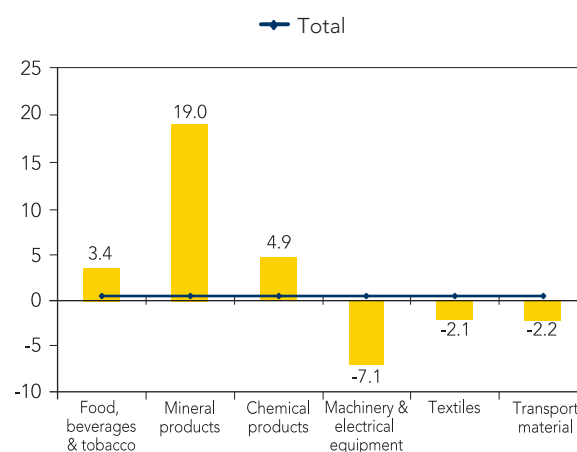
5.4. The sectoral composition of foreign trade

5.4.1. Imports

The modest progress in Andorran imports in 2011 (0.7%) can be explained mainly by the positive contributions from mineral products, products of the chemical industries and food, beverages and tobacco. There were other groups that also saw different rates of increase, although their contribution to the total was not as great as that of the three groups mentioned, due to their lower percentage. In contrast, the groups that deducted most from the trend in imports were electrical machinery and equipment, miscellaneous manufactured articles and base metals and articles thereof.

ANDORRA'S MAIN IMPORT SECTORS. 2011

Interannual variation rate (%)



Graphic 5.5

Source: Andorran Customs

Specifically, imports of “food, beverages and tobacco” saw an increase of 3.4%, lower than the previous year (5%), but over the average. In this way, their percentage of the total increased by four tenths to 15.3%, a level that reaffirms their position in first place in the imports ranking in 2011. The chapter that basically explains this progress is beverages, alcoholic liquids and vinegars – the most important in the group with 5.4% of total Andorran imports – which saw a rise of 5.2% and was the third chapter among those contributing most to growth in imports in 2011, after fuel and perfumery. This trend is related, in turn, to the positive performance in exports of these products, i.e. to the fact that part of the imports of beverages was destined for re-export. On the other hand, the chapter of tobacco showed a drop of 1.4% and so cut its percentage one tenth, to 2.7%.

It was purchases of “mineral products” that made the most positive contribution to the variation in imports in 2011 (2.1 points), following the same pattern as the previous year, with a strong increase of 19%. As a result, this group’s share of the total rose 2 points to

13%, the highest level in the available historic series, raising it two places in the import ranking, to second place. This trend can be explained basically by the increase in imports of fuel, oils and mineral waxes (20.8%), the most important chapter in the group – with 12.3% of total imports – which was driven by the increase in fuel prices. In fact, imports of fuel measured in litres fell 5.2% in relation to 2010, so that, despite the increase in imports in this chapter, this must be attributed to rising prices. Therefore, if you deduct this chapter from total imports, you find that these still underwent a reduction of 1.7% in 2011. Moreover, purchases of salt, sulphur, earths and stone, plastering materials, lime and cement, the second most important chapter in this group, underwent a fall (-5.6%) for the fifth consecutive financial year, which can be explained by the continued deterioration in the rate of construction activity.

The third group in the ranking was still “chemical products”, with an increase in purchases of 4.9%, contrasting with the decreases in the past three years >

FOREIGN TRADE BY SECTORS						
	IMPORTS			EXPORTS		
	M euros 2011	% var. 2011/10	% total 2011	M euros 2011	% var. 2011/10	% total 2011
Live animals & animal products	59.2	0.6	5.2	0.3	-20.2	0.6
Vegetable products	23.1	-5.8	2.0	0.0	-78.9	0.0
Fats & oils	4.8	7.7	0.4	0.0	92.3	0.1
Food products, beverages & tobacco	175.4	3.4	15.3	0.2	35.3	0.3
Mineral products	149.8	19.0	13.0	0.2	-34.0	0.3
Products of the chemical industries	143.7	4.9	12.5	3.9	99.5	7.1
Plastics, rubber & articles thereof	23.6	-2.2	2.1	0.5	35.0	0.8
Fur, leather & articles thereof	16.6	3.7	1.4	0.7	7.5	1.3
Wood, cork & articles thereof	6.9	-19.9	0.6	0.7	-15.7	1.3
Paper & graphic arts	26.9	-1.8	2.3	3.4	7.0	6.1
Textiles	112.7	-2.1	9.8	3.8	12.4	6.7
Footwear, headgear, umbrellas, etc.	37.1	-0.7	3.2	2.7	71.8	4.9
Articles of stone, cement, ceramic products	13.9	-16.9	1.2	0.4	-29.7	0.6
Pearls, precious stones and metals	11.4	10.8	1.0	5.4	69.2	9.7
Base metals & articles thereof	34.3	-10.8	3.0	3.6	-0.5	6.5
Machinery & electrical equipment	129.0	-7.1	11.2	9.4	15.5	16.9
Transport material	82.9	-2.2	7.2	16.0	71.0	28.6
Optical, photographic, precision app.	44.1	3.1	3.8	2.2	72.6	3.9
Arms & ammunition	1.0	-0.7	0.1	0.1	27.7	0.2
Miscellaneous manufactured articles	51.7	-12.8	4.5	1.3	-6.7	2.2
Works of art, antiques	1.2	77.4	0.1	0.9	75.7	1.7
Total	1,149.2	0.7	100.0	55.8	36.3	100.0

Chart 5.6

Source: Andorran Customs

and putting its share of global imports at 12.5%, half a point more than in 2010. This trend was driven by the 6% increase in perfumery – the most important chapter in the group, with 7.9% of total imports – and 6.2% of pharmaceutical products – the second most important, with 2.5%. In both cases, it can be seen that growth in imports went hand in hand with strong expansion in re-exports of these products.

In contrast, imports of “machinery and electrical equipment” saw a reduction for the seventh consecutive year, of 7.1% in 2011, although this was less intense than that of the previous year (-14.1%), a trend that maintained its position as the group that deducted most points off growth in Andorran foreign purchases (-0.9 points). As a result, its share of the total fell one point to 11.2%, the lowest level in the available historical series (since 1991) and the group lost two places in the ranking of Andorran imports, to reach fourth place. This unfavourable trend was, above all, the result of the reduction in purchases of electrical machinery and equipment (-7.4%), linking four years of steep consecutive falls. Equally, the trend in the chapter of mechanical apparatus continued the decline that began in 2005, with a drop in imports of 6.7%. Among the reasons for this falling trend is notably the major crisis that has been suffered by the consumer electronics trade for years and the weakness of private investment in the context of economic recession.

As for the group “textiles”, foreign purchases showed a moderate reduction of 2.1% in 2011, contrasting with the increase on the same scale seen in the previous year. So, its share was cut by three tenths to 9.8% but it remains in fifth place in the imports ranking. Within this group, the chapter that most explains the decline is that of knitted or crocheted clothing and accessories (-4.4%), which is the second largest in the group, with 2.8% of total imports, while the first, which is non-knitted or crocheted clothing and accessories saw a small increase of 0.2%, putting its share at 6.3%. This performance derives from weak sales of clothing, as reflected in the Chamber’s surveys.

As for imports of “transport material”, it should be pointed out that they are in the same position as last year, sixth place, despite having lost a small percentage, dropping from 7.4% to 7.2%, a drop of 2.2% and a return to the falling trend of the period 2006-2009, temporarily interrupted by a moderate rise in 2010. The explanation for this trend can be

found basically in the fall in imports in the chapter of vehicles, tractors, motorcycles and bicycles (-5%), the most important in the group, in line with the reduction in registrations in Andorra, which was partly compensated by a significant increase in re-exports of vehicles.

Behind these are imports of live animals and animal products, which in 2011 saw slight increases of 0.6%, after two years of declines, so that their percentage of the total remained at 5.2%. This trend is the result of very small growth in imports of meat and edible meat offal and dairy produce, the two most important chapters (1.3% and 0.2%, respectively).

Finally, in relation to the main groups of products with a share of foreign purchases below 5%, the trend varied significantly according to the case. On the one hand, there were notable falls in imports of miscellaneous manufactured articles (-12.8%) and base metals and articles thereof (-10.8%), which are the groups that deducted most points from total growth (seven and four tenths, respectively) after machinery and electrical equipment. The contribution was also negative, by two tenths, in the case of wood and cork (-19.9%) and articles of stone, cement and ceramic products (-16.9%). Other groups that saw decreases in foreign purchases, yet smaller, were footwear, headgear, umbrellas and feathers (-0.7%); arms and ammunition (-0.7%); paper and graphic arts (-1.8%); plastics and rubber (-2.2%), and vegetable products (-5.8%). The other groups saw increases that varied between 77.4% in works of art and antiques, and 3.1% in optical, photographic and precision apparatus, although their small percentage limits their contribution to the total.

5.4.2. Exports

The strong growth in Andorran exports recorded in 2011, of 36.3%, can primarily be explained by the very positive contribution from the group “transport material”, of 16.2 points, the result of a strong increase of 71%. Far from this figure but also notable is the positive contribution from the groups: pearls, precious stones and metals, products of the chemical industry, machinery and electrical equipment, and footwear, headgear, umbrellas and feathers (5.4, 4.8, 3.1 and 2.8 points, respectively). In contrast, the most negative contributions were from exports of stone, cement and ceramic products, and wood and cork.

The trends in the main groups of exported products are detailed below.

“Transport material” retains and strengthens its position as the largest Andorran exports group in 2011, with 28.6%, 5.6 points more than in the last financial year, and the highest it has had since 2002, thanks to growth in exports of 71%. This trend should be attributed, on the one hand, to the performance of the chapter of vehicles, concentrating 92% of the group’s total, with growth of 59.1%, and on the other hand, to the increase in sales in the chapter of ships and boats, which multiplied by seventeen, from representing only 0.2% of total exports in 2010 to 2.2% in 2011. It should be specified that in both cases, these are products that, to a large extent, were imported for re-export to other countries.

The group “machinery and electrical equipment” - especially electronics - remains in second place, growing 15.5%, less than the total, so its share fell 3.1 points to 16.9%, far from the record level it reached in 2007 (38.1%). The increase in this group can be explained by the trend in the chapter of mechanical apparatus, which increased 50.7% to represent 7.4% of the total, while foreign sales of electrical machinery and apparatus, the most important in this group, with a 9.5% share, fell 2.3%, contrasting with the increase recorded in the previous year.

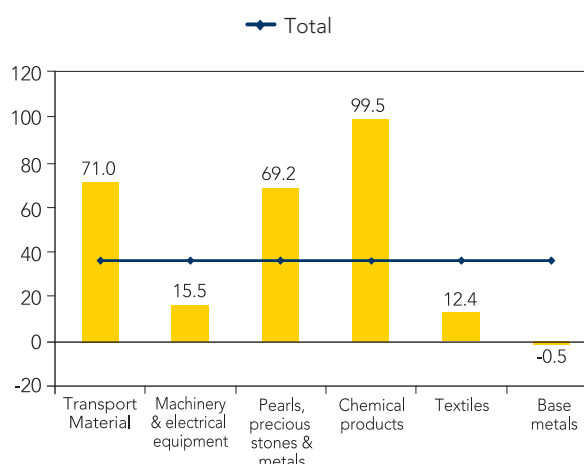
Then comes the group “pearls, precious stones and metals” which, thanks to strong growth of 69.2%, increased its share of the total 1.9 points to 9.7%, a level that it had never reached before and which raised it two places in the exports ranking. Moreover, this trend made it the group with the second most positive contribution to exports growth in 2011 (5.4 points), only behind transport material.

Another group that made an important contribution to the increase in exports (4.8 points) was “products of the chemical industries”, with a major rise, specifically 99.5%. As a result, its share of the total rose 2.3 points to 7.1% and its place in the ranking went from seventh place to fourth. This strong growth can be explained basically by expanding sales of perfumery and toilet preparations (87.1%), the largest chapter in this group, and pharmaceutical products, which multiplied by almost thirteen.

In the case of the group “textiles”, progress in exports was slower, with an increase of 12.4%, lower than the

ANDORRA'S MAIN EXPORT SECTORS. 2011

Interannual variation rate (%)



Graphic 5.6

Source: Andorran Customs

total, although this is an improvement when compared with the decline seen in 2010 (-2.9%). Consequently, its share of the total fell 1.5 points to 6.7%. Within this group, the increase in foreign sales of non-knitted clothing and accessories - the largest chapter in this group - is notable (15.5%), while exports of knitted clothing and accessories - the second largest chapter - grew more slowly (3.7%).

In contrast, foreign sales of “base metals” saw a drop of 0.5%, contrasting with the strong increase recorded in the previous year (20.7%), and reducing its share by a total of 2.4 points, to 6.5%. This decline can be explained mainly by the reduction in the chapter of copper and articles thereof (-27.4%) and articles of iron or steel (-7.8%), which was partly compensated by the rise in sales of iron and steel (9.5%), the most important chapter in this group.

Another group whose share fell in 2011 was “paper and graphic arts”, the result of export growth (7%) being lower than the total, and therefore slower than the previous year. In this way, its share of global Andorran exports shrank 1.7 points to reach 6.1%. This trend was the result of a drop in sales of paper and paperboard (-6.3%), combined with increased sales of products of the printing industry or graphic industries (1.9%) and wood pulp (24.1%), making the latter the largest chapter in the group and outranking products of the printing industry for the first time since 1993.

As for the remaining groups, with a share of less than 5% of total exports, their performance varied. On >

the positive side are notably the more than average increases in exports of footwear, headgear, umbrellas and feathers, which added 2.8 points to total growth, and also optical, photographic and precision instruments, with a further contribution of 2.3 points, and finally works of art and antiques. Also growing, but more slowly, were food products, beverages and tobacco; plastics, rubber and articles thereof, arms and ammunition, and furs, leather and articles

thereof. The other groups with any significant share saw falls, in some cases significant, such as articles of stone, cement and ceramic products, which deducted four tenths from exports growth, and wood, cork and articles thereof, which deducted three tenths. Sales also fell in mineral products; miscellaneous manufactured articles and live animals and animal products, although their negative contribution was more limited, due to their small share.

6. PRICES AND COSTS

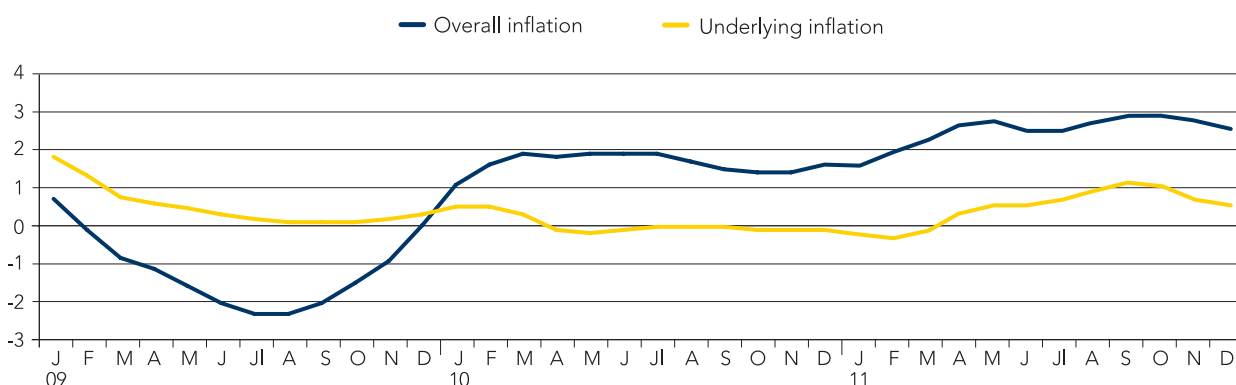
6.1. Consumer prices

Despite the context of weak demand in 2011, the Andorran economy saw increased inflationary pressures, mainly deriving from rising energy costs, food prices and tax increases. Specifically, consumer prices showed a steeply rising trend until May, easing off slightly in June and July, then continuing upward in August until October, when the interannual rate reached a level of 2.9%, although in November and December this slowed again to end the year at 2.5%. It should be noted that this value represents an increase in inflation of nine tenths compared with the previous year, and the highest level in the last four years. Moreover, unlike in the two previous financial years, Andorran inflation was higher than in Spain (2.4% harmonised inflation), from where most consumer goods come, but still slightly below France (2.7% in December) and the eurozone average for the same period (2.7%). This behaviour implies that Andorra's prices have not become more competitive in relation to Spain, in contrast with the past two years, while they have improved a little with respect to the rest of the eurozone.

By components, the behaviour varied greatly. First was the notably steep fall in prices of clothing and footwear (-5.3%), for the second consecutive financial year, becoming the only component to show a negative trend, undoubtedly motivated by weak demand. In contrast was transport, which was the most inflationary component, with prices rising by 5.6%, driven by rising oil prices, followed by housing (3.8%), which also suffered from the impact of energy costs, as these are two basic services with a very inflexible demand in relation to price, so the context of rising energy costs that marked 2011 had the usual rapid effect on prices. Other components which also grew more than the average were education (2.7%), which slowed in relation to 2010, and food, beverages and tobacco, which grew faster (2.6%).

Prices also rose in the other components, but at slightly lower rates than average. This was the case of health (0.9%), for which price growth slowed substantially in relation to the previous year, and hotels, cafes and restaurants, for which prices rose 0.9%, compared with 1.2% in the previous year, a very gentle trend that undoubtedly reflects the continuing

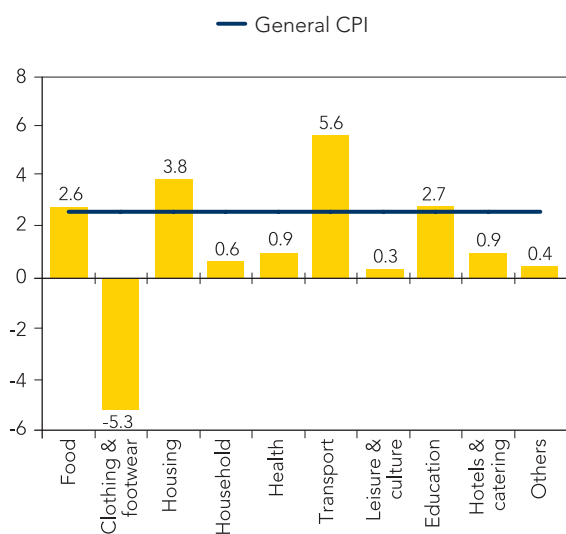
CONSUMER PRICE INDEX FOR ANDORRA - Interannual variation rate (%)



Graphic 6.1

Source: Department of Statistics. Government of Andorra

CONSUMER PRICE INDEX BY COMPONENTS. DECEMBER 2011 - Interannual variation rate (%)



Graphic 6.2 Source: Department of Statistics. Government of Andorra

downturn in the number of visitors. Price rises were also more moderate in the fields of furniture, domestic appliances and household services (0.6%), despite showing a recovery in relation to the decline that occurred in 2010; miscellaneous goods and services (0.4%), and leisure, entertainment and culture (0.3%), which also meant acceleration in comparison to its behaviour in the previous year.

As for the analysis of prices by special groups, a major increase can be seen in the energy group, of 14.9%, higher than that of the previous year and deriving from the rising trend in oil prices seen in 2011. Prices also rose, but much more slowly, in the case of food (1.9%), although this trend means acceleration compared with the slight increase of 0.1% seen in the previous year. On the other hand, the rise in prices of services without rentals slowed, from 0.8% to 0.4%, influenced by weak demand.

As a result, if we consider just the nucleus of inflation, measured by underlying inflation - which excludes energy and food - a gentle acceleration can be seen, from a negative level of -0.1% in 2010 to an increase of 0.5% in December 2011, a trend that breaks with the four consecutive financial years of slowdown. This value, much lower than overall inflation, is also lower than the underlying rate of inflation registered in Spain (1.5%), a factor that should be regarded positively from the point of view of improving Andorran economic competitiveness, but is the result of contracting demand, a negative situation that it would be better to end.

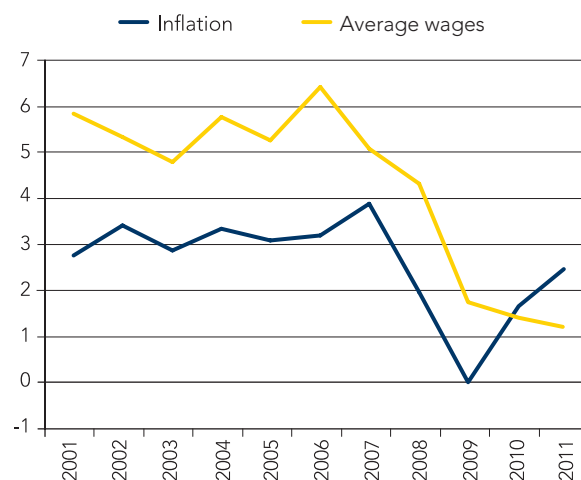
6.2. Wages

The statistics on wages published by the CASS (Andorran social security) reflect that rising inflationary pressures in 2011 did not affect wages, as the average wage increase was 1.2%, two tenths lower than in 2010, implying a slowdown for the fifth consecutive financial year, and the slowest progress since the historical series became available (1992). Moreover, wage rises were, for the second consecutive year, lower than the rise in inflation, so employees suffered a loss of purchasing power of 1.3 points, compounding that of 2010 (0.2 points).

This interrupted the pattern of wage increases being well over inflation, which had been repeated in recent years in Andorra and represented a significant, continuous increase in costs for Andorran companies, forcing them to reduce business margins or pass costs on to prices, resulting in a loss of competitiveness for the whole economy. In this way, it can be said that the Andorran economy has established a system that favours competitiveness, although it is still early to pinpoint the contribution that this factor may make to encouraging economic recovery.

As for the minimum wage, the trend was slightly more inflationary than for the average wage as, in compliance with the law, it is updated every year using the consumer price index of the previous year, which in 2010 was 1.6%, more than the 1.2% wage average in 2011. Consequently, the minimum hourly wage remained at 5.36 euros per hour in 2011 (for workers aged 18 and over), the equivalent of 929.07 euros per month, for a 40-hour working week. >

AVERAGE WAGES AND INFLATION Interannual variation rate (%)



Graphic 6.3

Source: CASS / Department of Statistics. Government of Andorra

As is usual, the breakdown by sector shows that the behaviour of wages varied greatly between sectors. The most notable increase was applied to the financial sector (3.5%), although this was a little slower than in 2010. In second place are the manufacturing industries, with an increase of 2.7%, contrasting with the 0.6% decline in the previous year, followed by transport, storage and communications, in which wage increases accelerated two tenths to 2%. Other sectors with above-average wage rises were construction (1.7%), households employing domestic staff (1.6%) and public administration (1.3%). In the latter two cases, these were slower than the increases recorded in 2010, while the opposite occurred in construction, in which wages had fallen, and this rise is surprising if you consider the major reduction in employment in the sector.

The other sectors showed below-average growth, in some cases even negative. Within this group, there were modest wage increases in the field of real estate, rental activities and business services (0.7%), in commerce and motor vehicle repairs (0.6%) and in activities of a social nature such as education (0.6%), domestic work for the community (0.6%) and health and veterinary services and social services (0.5%). In all of these cases, except real estate and rental activities, the trend in wages was

slower than that of the previous year. The wage increase was even smaller in the case of hotels and catering and extraterritorial bodies (0.3% and 0.2%, respectively). It should be remembered that hotels and catering and commerce, two of the most important sectors of the Andorran economy, have already accumulated three years of very small rises, the result of the context of weak demand that has been affecting them for several years. To complete the analysis, it should be added that wages fell in agriculture (-0.6%), the production and distribution of electricity (-3%) and other social activities and community services (-3.6%), all sectors in which wages fell for the first time. Moreover, in the case of the extraction industries, the average wage fell 53.7%, although this trend cannot be considered in the analysis for statistical purposes, as it is a sector only employing two people.

In parallel, the data relating to wage levels reflect quite important differences between sectors, inequalities that have widened a little in 2011, with an increase in the difference between the highest and lowest wages in relation to the previous financial year. In this way, the highest wages can be found, once again, in the financial sector, where wages easily double the average. As has been said, this level contrasts with that of domestic work

AVERAGE WAGES - Euros			
	2011	Var. 2011/10	Average index in Andorra=100
Agriculture, livestock, hunting and forestry	1,452.10	-0.6	73.57
Extraction industries	1,404.41	-53.7	71.16
Manufacturing industries	2,038.43	2.7	103.28
Production and distribution of electricity, gas and water	3,161.40	-3.0	160.18
Construction	1,952.70	1.7	98.94
Commerce and motor vehicle repairs (etc.)	1,697.23	0.6	85.99
Hotels & catering	1,476.32	0.3	74.80
Transport, storage and communications	2,223.76	2.0	112.67
Financial system	4,535.97	3.5	229.82
Real estate & rental activities; business services	1,851.16	0.7	93.79
Public administration, defence & compulsory social security	2,449.42	1.3	124.10
Education	2,083.17	0.6	105.55
Health & veterinary activities, social services	2,318.05	0.5	117.45
Other social activities & community services; personal services	1,622.66	-3.6	82.21
Households employing domestic staff	1,236.93	1.6	62.67
Extraterritorial bodies	2,411.81	0.2	122.20
Domestic work for the community (communities of owners)	1,149.60	0.6	58.25
Average	1,973.69	1.2	100.0

Chart 6.1

Source: CASS (Andorran Social Security)

for the community which, with wages below 41.8% on average, is the lowest paid sector. The second sector in the wage ranking is production and distribution of electricity, gas and water, with wages 60.2% over the average, followed by public administration, which pays 24.1% more, and extraterritorial bodies, with wages 22.2% above the average. Much further behind are health and veterinary activities and social services; transport, storage and communications; education and manufacturing industries, with wages between 17% and 3% over the average.

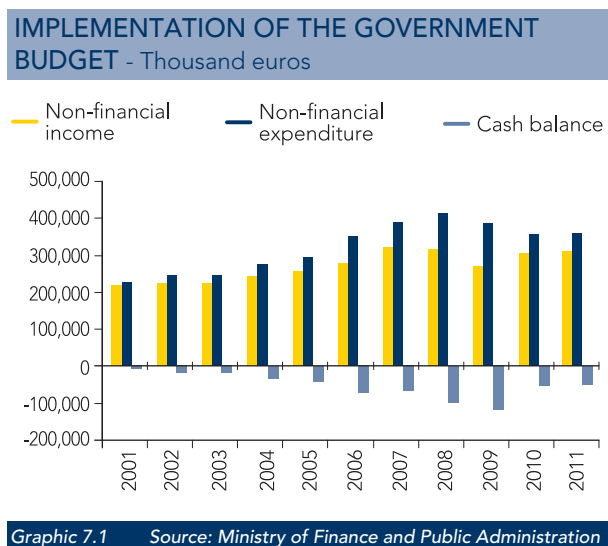
The other branches lay below the average wage level, with percentages between 1% in construction, a sector

with below-average wages for the second consecutive year, and domestic work for the community at 42% below the average. Within this group of sectors are notably the cases of commerce and hotels and catering, which employ a large part of the Andorran population (38% of total employees), with wages at 14% and 25.2% below the average, respectively. Moreover, it can also be seen that in 2011, the gulf between wages in both sectors and the average continued to widen, for the seventh consecutive year in the case of hotels and catering and the fourth consecutive year in the case of commerce. In this way, since 2004, both sectors have lost 5 points in relation to the average.

7. THE PUBLIC SECTOR

7.1. Central government performance

According to the provisional settlement of the central government's accounts, 2011 ended, for the fourteenth consecutive year, with a non-financial cash deficit of 50.9 million euros, a figure that means a fall of 3.9% in relation to the deficit settled in 2010 and represents about 2% of Andorran GDP. This cut is smaller than the one implemented in the previous year (-54.6%), but links two consecutive years of deficit reductions, after reaching a historic low in 2009. Just as in the previous year, in 2011 analysis of the deviation in the settlement cannot be made in relation to the budget because the projected budget was not passed, being impossible to reach a sufficient majority in the General Council to support it, so it was necessary to extend the 2009 budget again.



When the movements of financial assets and liabilities in 2010 are incorporated into the cash deficit, a positive final budget result of 13.9 million euros is obtained, a much lower figure than that of last year, of 38.7 million euros. This trend is the result of lower growth in the central government's debt. Moreover, there were changes in the composition of this debt, as the Government issued new 18-month Treasury bonds for a nominal total value of 120 million euros, raising the total outstanding balance of long-term debt to 380 million and, on the other hand, reduced the short-term debt on two sides: on the one hand, the volume of short-term loans went from 150 to 100 million euros, and on the other hand, the balance available on 31 December from credit policies fell from 206.7 to 187.9 million. Altogether, the total of the central government's debt rose to a new historic record of 767.9 million euros, 7.1% more than in the previous financial year and more than double that of four years ago. Now, in proportion to GDP, this volume of debt only reaches the threshold of 30%, a much lower level than that of the great majority of European governments. Moreover, its composition improved in 2011 because the average term of issued debt was extended, so that the percentage of short-term debt was reduced 13.2 points to represent 50.5% of the total, a trend that improves the sustainability of public finances.

The reduction in the Andorran deficit in 2011 was made possible by an increase in revenue that was higher than expenditure, although in both cases this was rather modest. The moderate rise in expenditure can be explained by the major reduction in capital >

expenditure, by 29%, greater than in the previous year and continuing the downward trend started in 2008. In contrast, current expenditure recorded a quite significant increase of 16.3%, much higher than in the previous year (3.5%). In parallel, the rise in income was driven by the increase in revenue from both direct and indirect taxes.

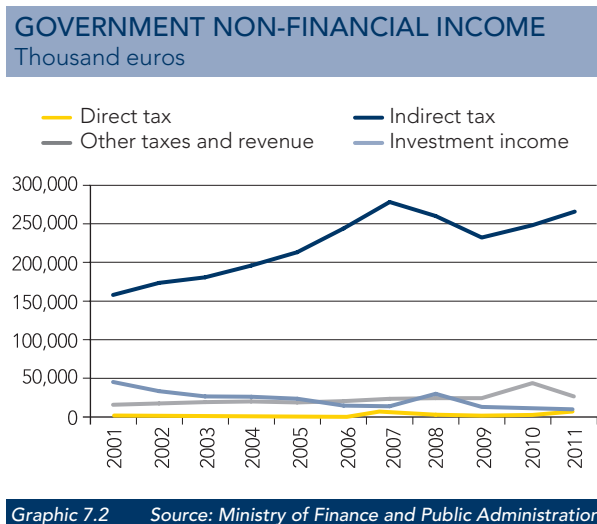
As for new fiscal developments, it should be remembered that 2011 was the first year that non-residents' income tax was implemented, passed in December 2010, together with corporate tax and tax on income from economic activities, although the last two were not implemented until 2012, after some amendments were passed in 2011. These new tax systems, for the first time, tax the financial income generated in the country with a single generalised rate of tax of 10%, which in comparison with EU countries, is among the lowest.

In parallel, in 2011, Andorra continued to progress with implementation of the Law on the exchange of information on tax matters with prior request, passed in 2009 according to the principles set out by the OECD, by signing an information exchange agreement with Australia, bringing the total number of signed agreements since 2009 to nineteen, until the end of 2011. Moreover, in June 2012, another agreement was signed with Poland. It should be remembered that the result of this process was to gradually remove Andorra from the list of tax havens of these countries and of the OECD.

7.1.1. Revenue

Non-financial income settled in 2011 rose to a total of 308.2 million euros, a figure that represents an execution rate of 86% for the entry relating to the extended budget and an interannual increase of 1.4%, much slower than the 12.1% increase in 2010. This increase can be explained, basically, by the 7% increase in indirect taxes, identical to the previous year's rate, and direct taxes, which more than tripled, in contrast with the decline seen in the previous three years. Current transfers also increased significantly (103.5%), although their low volume makes their contribution to the total almost insignificant. The other chapters on revenue saw negative trends in 2011, with varying rates of decline.

More specifically, there was a steep increase in income from direct taxes, by 231.6%, interrupting a



three-year phase of falls. The reason for this change in trend was the entry into force in April 2011 of the new non-residents' income tax, bringing 4.1 million into the public coffers, to which were added 1.5 million obtained from the capital gains tax on property transfers, an entry that has seen four years of reductions, due to the major crisis in the real estate sector. So, the budget execution rate, calculated on the basis of the extended budget, rose to 90%, and this chapter's share of total non-financial income more than tripled to reach 1.8%.

As for the performance in collecting indirect taxes, progress in 2011 (7%) was equal to that of 2010, and the execution rate reached 85.1% of the budgeted amount, more than in the previous year. Moreover, this entry's percentage of total non-financial income rose 4.6 points in comparison with 2010, to reach 86.2%, a trend that reaffirms its importance as the main source of Government finance.

This growth in indirect taxes can basically be explained by the strong increase in revenue from foreign trade taxes (155.8%) which, in turn, is the result of the increase in revenue from tax on consumption (which taxes import chapters 1-24) of close to 165%. Within this entry, the most important items refer to imports of beverages, practically the same as in 2010 (0.4%), and tobacco imports, which rose 71.7%, above all from the provision due to the increase in taxes on consumption. It should be highlighted that, of the almost 67 million euros collected for this item, 26 million were collected in just two months: February and June. As a result of this tax increase, taxes on foreign trade became the second largest entry in Government revenue in 2011, only behind the ISI.

The other component that contributed to growth in income from indirect tax, despite being much smaller, was that of taxes on the consumption of goods (IMI and IAC), with an increase of 2.7%. It should be pointed out that the most important chapter to which the IMI is applied is 27, dedicated to fuel, through which an increase in revenue of 1.8% was obtained, favoured by rising energy prices.

The other entries for income saw falls. In the case of the indirect tax on the provision of services (ISI) - the first tax system in Andorra - the fall was 4%, contrasting

with the increase of 20.7% in the previous year, with a budget execution rate of 80.8%. This reduction is the result of declines in all its components: banking and finance ISI (-3.5%), ISI on the provision of business and professional services (-4.6%) and ISI on insurance (-6.7%), in line with the fall in economic activity which marked 2011.

Another important component that showed a negative trend was that of special taxes, with a reduction of 25.2%, which pushed them from second to fourth place in the ranking of revenue from indirect taxes. It should >

IMPLEMENTATION OF THE GOVERNMENT BUDGET ⁽¹⁾ - Million euros			
	Settlement 2011	Variation % settlement 11/10	% execution 2011 ⁽²⁾
Direct taxes	5.64	231.6	90
Capital gains on property	1.50	-11.8	24
On non-residents' income	4.13	-	-
Indirect taxes	265.76	7.0	85
On property transfers & doc. legal acts	7.55	-11.1	61
On consumption of goods	54.66	2.7	39
-Indirect goods tax	44.68	2.6	49
-Tax on commercial activities	9.98	3.3	68
On consumption of services	75.78	-4.0	81
On production	2.79	-28.2	77
Special taxes	48.16	-25.2	-
On foreign trade	67.62	155.8	147
Levies	7.02	-34.2	54
On gambling	2.18	-2.3	74
Other taxes and revenues	27.47	-36.3	111
Current transfers	0.04	103.5	56
Investment income	9.32	-14.4	65
Non-financial revenue	308.23	1.4	86
Current expenditure	271.56	16.3	91
Personnel costs	95.23	2.0	99
Consumption of goods and services	40.90	-1.6	87
Financial expenditure	18.80	76.0	87
Current transfers	116.62	32.6	86
Capital expenditure	87.57	-29.0	39
Real investments	34.14	-40.9	20
Capital transfers	53.43	-18.6	98
Non-financial expenditure	359.13	0.6	69

(1) Settlement of the budgets for 2010 and 2011 are provisional.
(2) Calculated from the extended budget for 2009, as the General Council did not pass the projected Budget for 2010 and 2011. In the case of expenditure, this is calculated from the final budget, which includes current spending credit in twelfths of the budget for 2009 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 2011, these modifications represented an increase of 117.1% of the extended 2009 initial spending budget.

Chart 7.1

Source: Ministry of Finance and Public Administration

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 items IMI and IAC and also as taxes on consumption (variable rate and foreign trade).

Along the same line, the trend in revenue from property transfer tax saw a fall of 11.1%, which reflects the climate of recession still felt by the sector, and which left the tax execution rate at 60.8%. Equally, income from levies on the semi-public entities (FEDA and Andorra Telecom) fell for the second consecutive year, by 34.2%, a trend that lowered the budget execution rate by 53.9%. This decrease is mostly due to the discount applied to the levy on the consumption of electricity and telephones, 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 in order to help reactivate the economy.

To complete the analysis of indirect taxes, it should be said that revenue from the tax on internal production (IPI) also shrank significantly, by 28.2%, another indicator of the lack of economic impetus in the country, while the tax on bingo fell more slowly (-2.3%).

In the field of other taxes and revenue, their progress in 2011 was very negative, with a downturn of 36.3%, contrasting with the increase of 77.6% in the previous year, although the budget execution rate was equally high (110.6%). This trend was clearly worse than that of total settled income, resulting in a reduction of 5.3 points on their percentage, to 8.9%.

A more detailed analysis by entries shows that the steep decline in 2011 was basically the result of progress in the entry "unplanned", as in the previous year there was special revenue relating to sums confiscated on behalf of the Andorran state in accordance with the decisions of the Criminal Court on money laundering operations, which in 2011 were much smaller. For this reason, the entry for other revenue, which includes this entry, shows a drop of 46.4%, compared with the growth of 774.5% in 2010, a decrease that might have been greater if it had not been compensated by growth in income from sanctions (147.3%) and surcharges (8.8%). Likewise, to provide a less distorted view, we should take the entry "unplanned" out of the analysis, so that the

total settled revenue for other taxes and revenue in 2011 grows 97.3%.

As for the other entries, a trend can be seen towards a fairly generalised reduction. Firstly, income from taxes fell 28.5%, in contrast with the growth in the previous year, a change in trend that can be explained by the progress in revenue from court fees, which fell 86.5%, after multiplying by almost seven in 2010. In this case, as was explained in relation to unplanned income, progress is strongly influenced by special income obtained in 2010 from confiscations on behalf of the Andorran state. Therefore, if we also exclude court fees from the analysis, the result is that revenue from other taxes and revenue actually saw a gentler decline, of 3.9%, instead of the downturn of 36.3% that appears if the two special entries are included.

As for the remaining taxes, slight increases in income from the tax on economic activities (2.3%) and vehicle tax (0.3%) stand out, in a context of stable charges for the third consecutive financial year. On the other hand, falls of about 11-12% occurred in the job application tax - reflecting the weak job market - and the trademark tax, while the reduction in notarial tax was much more limited (-0.6%).

Equally, the behaviour of income from the provision of services was negative, for the second consecutive year (-33.2%). The most important income in this entry refers to withholding tax on savings, 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. For this item, the withheld sum for 2010 was paid in, 1.9 million euros, representing a reduction of 58.7% on the previous year.

The other two major components included in the group of other taxes and revenue saw increases, although their small volume involves a very limited contribution to the total, in absolute terms. This is the case of income from refunds (5%) and sales of goods, which rose 18%, contrasting with the fall seen in the previous year, and can be explained mostly by the positive trend in the entries for forms and other goods.

The trend in investment income in 2011 showed a fall of 14.4%, linking three consecutive financial years

of falls, reducing its percentage of the total to 3%, compared to the more than 9% it had represented in 2008. The largest entry in this section is the distribution of profits by semi-public entities (87.4% of the total in 2011), which saw a decrease of 22.4%, to 8.1 million euros. This factor was compensated slightly by the increase in income from interest on bank deposits and accounts (156%), the results of commercial transactions (MOT levies and Bus Exprés canopies), property income (75%), interest on late payments and other investment income.

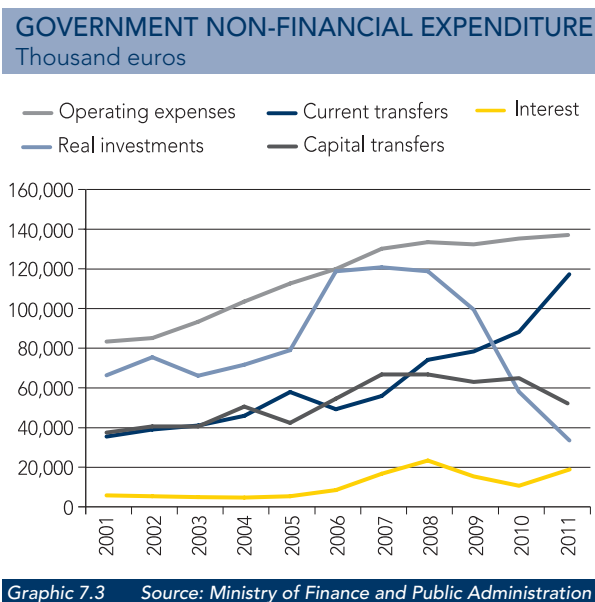
To end the analysis of revenue, it should be added that current transfers more than doubled, although the effect on total revenue is very small, due to its minimal percentage (0.01%).

7.1.2. Expenditure

In 2011, non-financial expenditure was settled for a sum of 359.1 million euros, 0.6% more than the last financial year, a trend that interrupts two consecutive years of falls. This trend seems to indicate that the central government has slightly relaxed the degree of austerity in its fiscal policy, contrary to what is happening in other neighbouring eurozone economies. Nevertheless, the execution rate for expenditure provided for in the final budget (the extended budget plus the modifications and increases passed during the financial year) was 68.6%, lower than the previous year and than the income execution rate.

The moderate growth in expenditure in 2011 can be explained by the major rise in current expenditure (16.3%), which was partly counterbalanced by the fall in capital expenditure (-29%), which fell for the fourth consecutive year. The strong increase in current expenditure is the result, on the one hand, of strong growth in financial expenditure (76%), resulting from the higher volume of Government debt and rising interest rates; and on the other hand, from the growth in current transfers (32.6%). Consequently, the percentage of these two entries of total non-financial expenditure rose 2.2 and 7.8 points, to 5.2% and 32.5%, respectively.

The increase in personnel costs - the most important entry in current expenditure, with 26.5% of the total non-financial expenditure - was much slower (2%) and slowed down with respect to 2010 (4.5%), in keeping with the slower average wage growth (1.3% for all administrations) and the reduction in the number of employees.



The only entry for current expenditure that shrank, for the fourth consecutive year, was consumption of goods and services (-1.6%), so that its percentage fell two tenths to 11.4%. Briefly, current expenditure represented 75.6% of the Government's non-financial expenditure, over 10 points more than the previous year, and its execution rate increased to 90.5%.

As for capital expenditure, the trend in 2011 was very negative, for yet another year, with a record downturn of 29%. So, four years of falls have already accumulated, bringing down the total volume of capital expenditure to only 87.6 million euros, a level that had not been seen since 1999, while its percentage of the total was limited to 24.4%, 10.2 points less than in 2010, and the budget execution rate remained at only 39.2%, a much lower level than for current expenditure. By chapters, the cut in capital expenditure can be explained by the decline in its two components. So, real investments fell 40.9%, a trend that continues the decline begun in 2008. Consequently, its total amount was the lowest since 1996, with a budget execution rate of only 20.2%, and its percentage of total non-financial expenditure shrank 6.7 points to 9.5%. Along the same line, capital transfers underwent a major decline (-18.6%), which contrasts with the increase in the previous year (4.6%). As a result, the budget execution rate for capital transfers stood at 98.4%, and its percentage of Government total non-financial expenditure in 2011 was 14.9%, 3.5 points less than in the last financial year, a rate that exceeds that of real investments for the second consecutive year.

7.2. Communes (local government) performance

According to the data for settlement of the budgets of the commune administrations, commune revenue for 2011 reached 128.9 million euros, a higher figure than the 125.1 million euros of settled expenditure. As a result, the commune governments as a whole ended the financial year with a budget surplus, for the fourth consecutive year, of 3.8 million euros, although this positive balance has fallen 14.8% with respect to that of 2010. This reduction in the fiscal surplus of the communes was the result of a fall in income that was greater than the cut in expenditure, following the pattern of the last two years.

The breakdown of the data shows that there are five communes with a surplus that improves on the predictions of fiscal equilibrium or surplus that they budgeted for, and two that ended the financial year with a deficit (Encamp and Escaldes-Engordany), in contrast with the surplus they obtained in 2010. Among the five communes with surpluses, there are three - Ordino, La Massana and Sant Julià de Lòria – for whom it increased since last year, while the other two (Canillo and Andorra la Vella) saw their positive budget balance shrink. La Massana became the Commune with the largest surplus (1.54 million euros), practically double that of 2010. In second place was Sant Julià de Lòria, with a surplus of 1.48 million euros, a figure that multiplies by nine that of the previous year. Close to this is Ordino (1.42 million), which also substantially increased its surplus (131.1%) and Andorra la Vella, for whom it shrank slightly (-2.1%) to 1.37 million, having been first in the ranking last year. Canillo's surplus shrank faster (-76.8%) while, as was said, Encamp and Escaldes-Engordany went from having positive balances in 2010 to ending 2011 with deficits (1.68 and 0.41 million, respectively), something which had not happened to the latter since 2006.

As for debt, the communes ended 2011 with an accumulated debt of 238.9 million euros, according to the data they published, which are still provisional because they are pending review by the Court of Accounts. If this figure is compared with the 2010 commune debt, according to the data reviewed by the Court, a drop of nearly 6% can be seen, which is added to the drop of 4.9% seen in the previous year, and which was possible thanks to the fiscal surplus obtained. In this way, the communes represent 23.7% of the total public debt (being the sum of the central government's and communes' debts), reasonably in

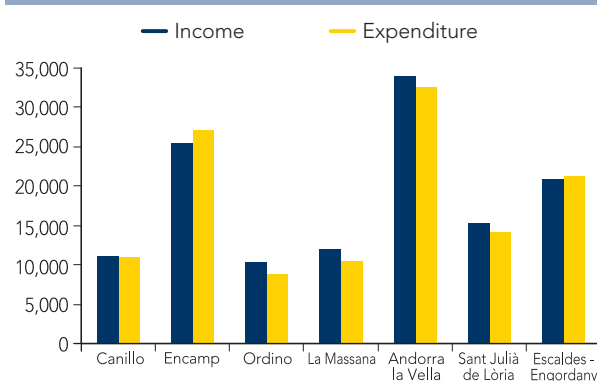
proportion with their share of the administrations' global public expenditure and involving about 9% of Andorra's GDP. By parish, all reduced their debt, except for Encamp, which increased it slightly (0.4%), due to the deficit recorded in 2011. It should be added that the most indebted commune is Andorra la Vella (24.4% of the total commune debt), in keeping with its higher economic weight, while Sant Julià de Lòria has the lowest level of public debt (7.3% of the total).

7.2.1. Revenue

In 2011, the total revenue settled by the communes saw a fall of 3.7%, continuing the falling trend begun in 2009, although slowing, and in line with the persistently quite negative, overall economic context. As a result, the settlement remained below the budgeted figure, with an execution rate of 97.4%, and the commune's percentage of total public sector revenue (combining the central administration's and the communes') shrank two tenths to represent 17%. It should be said, however, that this low level was much distorted by the volume of financial liabilities of the central administration, as a result of its debt requirements, and that from 2009 its total revenue increased substantially, artificially lowering the communes' share of the total.

By parish, the steepest downturn in revenue was recorded by Escaldes-Engordany (-19.6%), for the second consecutive year, which explains how it happened to have a deficit. Then there are Encamp and Canillo, with falls of 6.8% and 6.6%, respectively, so that both accumulate three consecutive years of decline, explaining the worsening situation in their

BUDGET SETTLEMENTS FOR THE COMMUNE ADMINISTRATIONS 2011 - Thousand euros



Graphic 7.4

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

budget balance. The reduction in revenue was slightly slower in La Massana (-5.4%) and Ordino (-4.6%), which was also lower than that of 2010, and despite accumulating three years of falls they still managed to obtain a higher surplus than in the previous year.

On the other hand, Ordino remained the commune with the lowest volume of revenue in Andorra, equal to 10.3 million euros (8% of the total). In contrast, Andorra la Vella saw its revenue increase 2.8%, after two years of falls, which enabled it to maintain first place in the commune ranking by volume of revenue, with a figure of 34 million euros (26.4% of the total) and contain the fall in its fiscal surplus. Finally, Sant Julià de Lòria also increased its revenue, specifically 24.1%, a very significant rise that explains the major improvement seen in its surplus, and contrasts with the steep reduction it suffered in 2010.

7.2.2. Expenditure

The total expenditure settled by the communes in 2011 showed a decline, for the fourth consecutive financial year, of 3.3%, a figure that represents a slowdown in the rate of fall compared with 2010, when by far the worst trend in the available historical series was recorded. This downturn left the percentage of execution in relation to the budget at 95.6% and lowered the communes' share of total public sector expenditure (combining the central administration's and the communes') in Andorra by 0.8 points, to 16.9%, a very similar percentage to that of revenue. It should be added that the communes' low share of the total public sector expenditure is artificially

influenced, as has already been said under revenue, by the variations in the central government's financial liabilities, linked to its debt requirements. So, if only non-financial expenditure is taken into account, the communes' expenditure as a percentage of total expenditure falls to 23.9%.

By chapters, the drop in commune expenditure can be explained by the reduction in both current and capital expenditure. More specifically, current expenditure fell, for the third consecutive year, at the rate of 0.6%, which is slower than 2010 (-7.1%). Within this section, personnel costs - the largest chapter, with a percentage of 41% of total expenditure - fell 1.9%, the first time this has ever happened and demonstrating the communes' effort to contain fiscal costs. Another chapter that contracted was current transfers (-11.4%), after four years of high rises. These cuts were partly compensated by increased spending on consumption of goods and services, by 1.2%, and financial expenditure (20.5%), encouraged by rising interest rates.

As for capital expenditure, the communes maintained their policy of cuts, implemented over the last three years, with a drop of 8%, so that the accumulated fall in relation to 2007 was 82%, demonstrating the fact that investment is the focus of a good part of fiscal adjustment policies. As a result, the level of the communes' capital expenditure in 2011 (13.9 million euros) is the lowest recorded since 1991. The reduction in capital expenditure is solely the result of contraction in real investment (-10.6%), while capital transfers increased 7.3%, contrasting with the steep downturn last year (-55.4%), though less important in volume.

>

BUDGET SETTLEMENTS FOR THE COMMUNE ADMINISTRATIONS - Thousand euros

	Income			Expenditure		
	2011	Var. 11/10	% 2011	2011	Var. 11/10	% 2011
Canillo	11,052.54	-6.6	8.6	10,983.56	-4.8	8.8
Encamp	25,032.66	-6.8	19.4	26,714.16	-0.0	21.4
Ordino	10,262.63	-4.6	8.0	8,844.20	-12.8	7.1
La Massana	11,992.33	-5.4	9.3	10,455.66	-12.2	8.4
Andorra la Vella	33,989.41	2.8	26.4	32,615.19	3.0	26.1
Sant Julià de Lòria	15,678.77	24.1	12.2	14,196.88	13.8	11.3
Escaldes-Engordany	20,871.10	-19.6	16.2	21,280.53	-14.5	17.0
Total	128,879.44	-3.7	100.0	125,090.17	-3.3	100.0

Chart 7.2

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

Finally, the analysis by parishes shows that there are five communes that cut expenditure and two that increased it (Andorra la Vella and Sant Julià de Lòria), coinciding with their respective performance in revenue. The greatest downturn was in Escaldes-Engordany (-14.5%), just as in the previous year, a trend that complements the fact that it was also the commune whose revenue fell most. Then comes Ordino (-12.8%) and La Massana (-12.2%) while the reduction was slower in the case of Canillo (-4.8%). For its part, Encamp's expenditure remained practically stable. In this way, Ordino remained the commune with least expenditure in 2011 (7.1% of the total). In contrast, Andorra la Vella implemented an increase of 3%, reaffirming its position as first in the ranking of communes by volume of expenditure, just as in revenue, with a percentage of 26.1%. Finally, we should add that Sant Julià de Lòria was the commune that most increased expenditure (13.8%), in keeping with its strong growth in revenue, although at a slower rate, helping to explain the significant increase in its surplus.

THE ANDORRAN ECONOMY: DEVELOPMENTS IN THE MAIN SECTORS

8. THE PRIMARY SECTOR

In the last financial year, we already drew attention to the attempt to introduce changes in agriculture and livestock production in the Principality in order to improve economic yields. Now various initiatives are being tried to relaunch the primary sector, which is a relatively small part of the whole national economy.

So, the cultivation of vines was consolidated, clearly on a small scale due to the geography of the country, with four vineyards producing quality wine with a high added value. This year, the efforts to produce quality local potatoes were also consolidated. They were sown in May and a harvest of 130,000 kg collected at the end of September, which it was possible to sell in restaurants and shops. This initiative was promoted by the Cooperative of Farmers, Flavours and Scents of Andorra, an institution that also began tests for cultivating aromatic and medicinal plants, which it expects might be collected and sold in 2012.

On the other hand, Andorra has been developing the production of quality veal for a long time, and for the last couple of years has set itself the target of being awarded an EU Protected Geographical Indication (PGI) which, at the time of writing this report, has still not been achieved. Finally, actions have also been started to promote the consumption of horsemeat.

In contrast to the 2010 tobacco harvest, which was seriously damaged by the weather, hail and frost - half of the production was classified as bad - the 2011 harvest was better, especially in the low parishes. The

TOBACCO HARVEST BY PARISH		
Kilogrammes		
	2011	Var. 11/10 (%)
Canillo	16,798.8	0.9
Encamp	28,153.0	0.3
Ordino	34,518.0	-2.1
La Massana	46,335.9	2.7
Andorra la Vella	30,869.1	3.4
Sant Julià de Lòria	81,759.9	8.0
Escaldes-Engordany	11,871.5	-1.5
Total	250,306.2	3.1

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

total volume was 250,306 kg, 3.1% more than 2010. It increased in all the parishes except Ordino and Escaldes-Engordany, especially in Sant Julià de Lòria (+8.0%), and the quality was much higher than in the previous year.

Livestock, as in recent years, remained practically stable on the whole. The number of heads only increased 0.2%: cattle increased 0.4%, horses 1.5%, but sheep increased 6.6% - they have been increasing for four years, while there was a steep downturn in the number of goats.

The number of people working in the primary sector also remained stable, only gaining seven employees. Wages hardly changed either, only falling 0.6%.

9. INDUSTRY

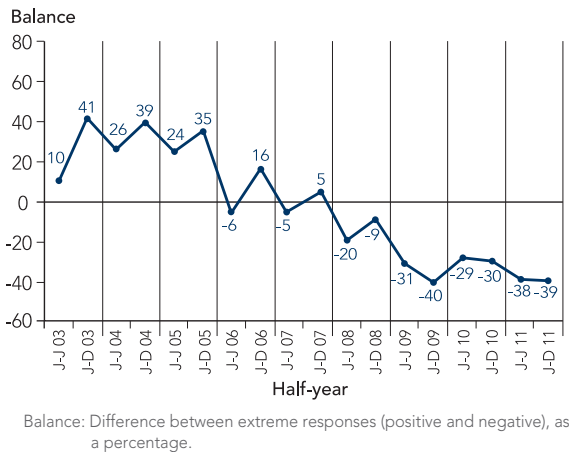
Both the results of the Chamber's situation surveys and the sector figures show that in the 2011 financial year, the decline in activity in the industrial sector became more marked and the climate of low confidence deepened.

So, the number of companies fell by 18 and the number of employees, which only increased slightly

in the subsector of production and distribution of electricity, gas and water, also fell 6.5%. Average wages increased 2.3%.

The results of the situation survey on industry relating to the first half of 2011 reflect growing pessimism and point to deepening contraction in industrial activity, a circumstance that interrupts the stabilisation in the >

BUSINESS PROGRESS - Industrial sector



Graphic 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

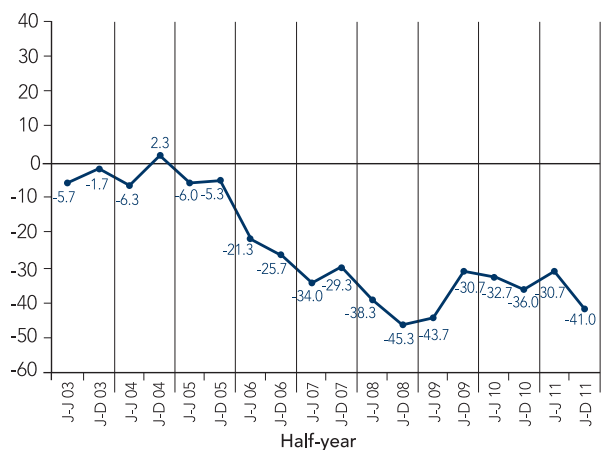
rates of deterioration in the sector detected at the beginning of 2010. In this way, analysis of the trend in business progress, with mostly bad evaluations from companies, much more negative than those of the two previous half-years, demonstrates this major downturn in business confidence, regaining low levels close to those of 2009.

For its part, the rate of fall in production continued to intensify and has now accumulated nine consecutive half-years of steep interannual decline. The fact that many businesses suffered a considerable reduction in demand for their products is the result, on the one hand, of the less dynamic foreign market - with weak, uncertain prospects of recovery in the global economy - and on the other, the stagnation in internal demand, characterised by a notable drop in consumption and both public and private investment. The process of adjustment by businesses to falling demand resulted in a much lower use of productive capacity, of 56.7%, which represents the lowest percentage in the series available since 1997, easily lower than the historic average, which lies around 70%. In parallel, the performance of the order book, which is usually a good advance indicator of future production, continued to show a very negative trend in the first half of 2011, discouraging the hope of a change in trend towards an improvement in activity over the next few months. Stocks of finished products were considered suitable for the time of the year and, in relation to the labour market, the contraction in hiring sector personnel continued. Finally, companies continued to reduce sales prices in order to try to improve their indices of competitiveness and so promote productive capacity in the presently weak economic context.

In the second half of 2011, industry continued to show growing signs of weakness, in a context in which the notable lack of impetus in demand and the difficult international economic recovery motivated increased business pessimism, especially in relation to the future trend in activity. So, according to the opinions gathered in the Chamber's situation survey, the course of business progress maintained a clearly unfavourable profile and again matched the results noted in the second half of 2009, the most pessimistic time in the present economic crisis.

In parallel, and as a result of the significant downward adjustment in consumer demand and investment, businesses indicated a notable interannual fall in volumes of production, of a similar intensity to that of the previous half-year. Moreover, this feeling of a downturn in activity that characterised the sector resulted in a quite generalised decline in the use of productive capacity, which on average lay below 56% of the total installed, the lowest level in the historical series, available for the last 15 years. The status of the order book also worried industrial businessmen, who put it mostly at very low levels, a circumstance that does not imply a short-term emergence from the downturn in activity. On the other hand, stocks of finished products slightly exceeded the levels that are considered normal at that time of the year. Finally, this scenario of weakening business continued to have repercussions in the labour market, with a falling trend in hiring sector personnel and also in the behaviour of sales prices which, despite growing pressure from production costs, maintained its path of decline as in previous half-years.

CONFIDENCE INDICATOR⁽¹⁾ - Industrial sector



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

Graphic 9.2

Source: Chamber of Commerce, Industry and Services of Andorra

The opinions of businesses for the first half of 2012 lead one to think that the negative trend in industry has not hit rock bottom. Specifically, pessimism over the trend in business progress in the next few months has risen considerably and more marked reductions in the order book and production volumes are expected. Likewise, the use of productive capacity will continue at minimal levels (under 60%). Employment will tend to fall and sales prices will maintain a downward course to protect competitiveness.

The industrial climate indicator also reflects the worsening situation. So, the value of this index shrank 10.3 points compared with the previous half-year and reached the negative level of -41.0 points, the worst level in the last two and a half years.

Among the factors limiting good business progress, weak demand remains the main obstacle to improved activity (cited by 88% of those surveyed). On the other hand, 32% of the industries surveyed expressed their concerns about other obstacles, among which are

notably: the increase in unlicensed practices and unfair competition through prices, liquidity problems through non-payment by clients, and the difficulty of maintaining competitive prices in a scenario of rising costs and increasing fiscal pressure on businesses.

The tobacco industry also felt the effects of the pessimistic climate and the lack of confidence in all industrial activity. Tobacco imports went from 31.4 million euros, in 2010, to 30.9 million in 2011, representing a reduction of 1.4%. The average number of employees went from 274 to 280 and average wages grew 4.2%.

A year of irregular weather brought down hydroelectric power production, which went specifically from 100,034 MWh in 2010 to only 78,915 MWh this year, representing a reduction of 21.1%, after two rather good previous years. Thermal energy production from urban waste was 12,323 MWh, slightly less than that of the previous year, -2.7%. Altogether, Andorran electricity production fell >

COMPANY OPINIONS ABOUT TRENDS IN INDUSTRY - % of companies

		2009			2010			2011		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	7	12	9.5	12	14	13	14	10	12
	Normal	55	36	45.5	47	42	44.5	34	41	37.5
	Poor	38	52	45	41	44	42.5	52	49	50.5
	Balance	-31	-40	-35.5	-29	-30	-29.5	-38	-39	-38.5
2. Orders (half-year reviewed)	High	0	5	2.5	6	7	6.5	3	6	4.5
	Normals	24	22	23	32	25	28.5	34	25	29.5
	Low	76	72	74	62	68	65	63	69	66
	Balance	-76	-67	-71.5	-56	-61	-58.5	-60	-63	-61.5
3. Stocks of finished products (half-year reviewed)	Excessive	13	11	12	9	14	11.5	6	13	9.5
	Adequate	31	46	38.5	34	44	39	38	36	37
	Insufficient	0	2	1	3	5	4	5	1	3
	No stocks	56	42	49	54	37	45.5	52	50	51
	Balance	13	9	11	6	9	7.5	1	12	6.5
4. Average degree of use of productive capacity (in %) (half-year reviewed)		63.7	60.0	61.8	58.7	62.9	60.8	56.7	55.6	56.2
5. Production (compared with same half-year of previous year)	Higher	7	9	8	14	14	14	14	10	12
	Similar	24	24	24	33	28	30.5	22	35	28.5
	Lower	69	67	68	52	58	55	64	55	59.5
	Balance	-62	-58	-60	-38	-44	-41	-50	-45	-47.5
6. Sales prices (compared with previous half-year)	Higher	2	0	1	3	2	2.5	8	3	5.5
	Equal	65	66	65.5	53	75	64	58	67	62.5
	Lower	33	34	33.5	44	24	34	34	31	32.5
	Balance	-31	-34	-32.5	-41	-22	-31.5	-26	-28	-27
7. Personnel employed (compared with previous half-year)	More	6	5	5.5	8	3	5.5	9	8	8.5
	Equal	67	83	75	74	85	79.5	70	68	69
	Less	28	12	20	18	12	15	20	24	22
	Balance	-22	-7	-14.5	-10	-9	-9.5	-11	-16	-13.5

Chart 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

19.0%. Despite this fall in national production, imports did not increase, in fact they shrank 0.4%, as a result of the steep fall in real electricity consumption, which shrank 3.5%. This reduction in consumption happened in practically all sectors, except public lighting and the public sector, but the decline was especially steep in the demand from the industrial sector (-10.4%) and ski resorts

(-12.2%). Finally, domestic electricity consumption also fell significantly.

On the other hand, total fuel consumption also fell. Overall, fuel imports fell 5.2%. By type, imports of domestic heating oil fell significantly (-18.7%) and, to a lesser extent, imports of unleaded fuel (-1.7%); on the other hand, diesel imports rose slightly (+2.8%).

10. CONSTRUCTION AND RELATED INDUSTRIES

This sector was the hardest hit by the crisis. For many years it was one of the driving forces behind the Andorran economy, but from 2008 it went into deep recession and at present there are no prospects of a potential emergence. All available indicators are clearly negative: the number of employees, behaviour of wages, energy consumption, works carried out, public investments, results of the Chamber's surveys, etc.

So, the average number of active employees in 2011 was 3,932, 725 workers less than the average in 2010, which means a reduction of 15.6%; if we compare this figure to that of 2006, the highest level reached, we can see that employment fell by almost half, to be precise, -43.1%. Electricity consumption fell 6.0%. As a consequence, imports of building materials also fell steeply (-14.3%): from a value of 38 million euros in 2010 to 32.6 million in 2011, less than half the value of imported materials in 2006.

Clearly, this context of overall contraction in activity has an obvious effect on applications for and grants of new building permits. In 2011 new building permits were for 72,853 square metres, far from the figures in the period 1998-2005 and also the crisis years, except the data for 2010, against which an increase of 28.7% occurred.

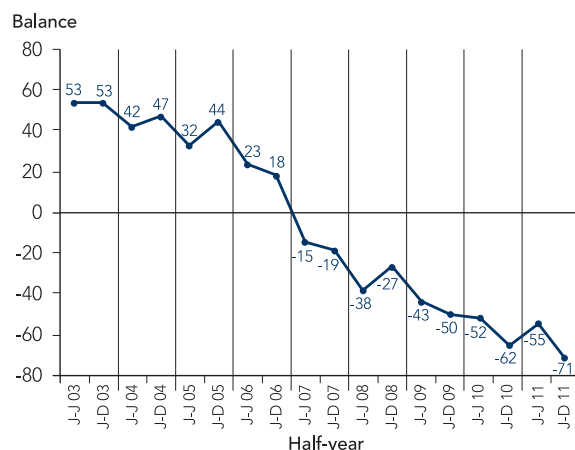
As is usual in recent years, the behaviour of public investment did not favour the construction sector. In this financial year, the Andorran government's real investments were 34.1 million euros, compared with 57.7 million in 2010; the downturn is important, after major contraction in 2010 too. The communes' real investments were 11.6 million euros, 10.6% less than those in 2010. Not all public real investment is in public works but it is an important part and reflects how the public sector has influenced the situation in the construction sector.

The replies to the Chamber's surveys from businesses in this sector clearly indicate the situation they were going through in 2011: five consecutive years of decline, year after year.

According to the results of the Chamber's situation survey, construction maintained a very high rate of fall in activity in the first six months of 2011, although it is true that timid signs of a slowdown can be seen in the major decline suffered by the sector since the beginning of the crisis. Companies' opinions on business progress sound very negative, but altogether not as pessimistic as those of the previous half-year, something that had not happened since the end of 2008 and that points to a certain tendency for the rate of contraction to stabilise.

The volume of works carried out again saw a step downturn in relation to the previous two half-years, as a result of the cuts in public investment and also the scarce demand for new residential construction, in an environment in which the major halt in property

BUSINESS PROGRESS - Construction sector



Balance: Difference between extreme responses (positive and negative), as a percentage.

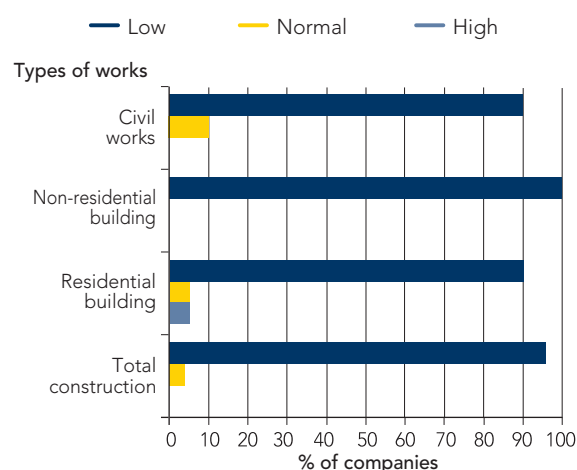
Graphic 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

transfers continues to increase the stocks of housing pending sale. For its part, the volume of works contracted continued to record a very unfavourable path, in line with the very negative levels of previous half-years. By type of works, the decline in contracts for residential building confirms the severe correction in demand in this segment of works, very depressed by the weak labour market and growing limitations on the real purchasing power of families, in the present scenario of economic weakness and credit restrictions. The other branches - non-residential building and civil works - continued the path of contraction of recent half-years and so helped to aggravate the falling profile of activity in the sector. This adverse situation suffered by the construction sector was strongly reflected in the labour market, with a significant loss of jobs, and in the trend in sales prices which continued to progress clearly downward.

The results of the situation survey for the second half of 2011 confirm a clearly negative end to the financial year in construction, in which the aggravation of problems that have already been known for five years - the constant fall in demand and clearly excessive supply - helped to accentuate the decline in sector activity. The evaluations of the trend in business progress reflect a new historic downturn in business confidence, which reached exceptionally low levels. Specifically, a record percentage of businesses (71% of the total) indicated that the business situation is worsening and, on the other hand, no business has offered a favourable view of its progress.

CONTRACTED WORKS - Construction sector half-year July-December 2011



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

The indicator of the volume of works carried out recorded a significant drop in relation to the previous half-year and its rate of fall also intensified with respect to the same period of 2010. This fact partly reflects the exhaustion of certain inertia in activity, due to the completion of most of the works contracted in the early months of the crisis, when the supply's capacity to react to market conditions was more limited. In parallel, the impressions of agents in the sector on the trend in contracted works was the most negative in the survey's whole series of results and anticipate a continuation of the steep, generalised downturn in activity in the next few months. By type of construction, the persistence >

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

		2009			2010			2011		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	0	4	2	2	0	1	4	0	2
	Normal	57	42	49.5	45	38	41.5	37	29	33
	Poor	43	54	48.5	54	62	58	59	71	65
	Balance	-43	-50	-46.5	-52	-62	-57	-55	-71	-63
2. Volume of works carried out (compared with same half-year of previous year)	Higher	4	6	5	9	4	6.5	4	4	4
	Equal	20	12	16	9	13	11	22	15	18.5
	Lower	76	82	79	81	83	82	74	81	77.5
	Balance	-72	-76	-74	-72	-79	-75.5	-70	-77	-73.5
3. Contract unit prices (compared with previous half-year)	Higher	0	0	0	0	0	0	0	0	0
	Equal	22	35	28.5	34	40	37	36	38	37
	Lower	78	65	71.5	66	60	63	64	63	63.5
	Balance	-78	-65	-71.5	-66	-60	-63	-64	-63	-63.5
4. Personnel employed (compared with previous half-year)	More	0	2	1	5	2	3.5	2	4	3
	Equal	40	41	40.5	43	47	45	57	50	53.5
	Less	60	57	58.5	52	51	51.5	41	46	43.5
	Balance	-60	-55	-57.5	-47	-49	-48	-39	-42	-40.5

Chart 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

of an especially severe adjustment in contracts for residential works stands out. So, lower availability of credit and the overall deterioration in expectations of income and employment continued to influence very depressing behaviour in demand which, at the same time, continues to feed the excess supply existing in the property market. Moreover, the beginning of a downward demographic adjustment, in a context marked by the lack of dynamism in the labour market, also makes it hard for the property sector to recover and, therefore, forces activity down on the whole.

As for the other branches - non-residential building and civil works - the downturn in contracted works was also notable and suggested a very sudden halt in activity in these segments of works. The severity of the crisis that the construction sector is undergoing has continued to affect the labour market, with a steep fall in employment levels and sales prices, which continued to contract in recent half-years.

The prospects for the first half of 2012 maintain a very high level of despondence and indicate a notable worsening of the business situation, without signs, for the time being, of a slowdown in the fall in activity. According to businesses, business progress will get worse and the rate of decline in works carried out will continue to be notable. Likewise, the expected volume of contracts is very unfavourable both in the subsector of building and civil works, due to the continuation of weak economic dynamics and public sector austerity plans for infrastructure projects. Prices will maintain their falling profile of recent months and the process of job destruction will continue to be intense.

Finally, in relation to factors limiting improvement in business, weak demand - cited by 88% of those surveyed - remained the main obstacle to increased activity, with a much higher rate than other factors, such as increased competitiveness (33%) or problems of financing or treasury (27%).

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND. Works awarded in 2011 or in previous years and finished in 2011

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2012)
Mountain huts	Construction of Judcar hut. Proj. 0059/2005	CONSITECH	Sept-06	2 months	533,014.55 €	Finished
CG2 - CS220 - Mollereres bridge	Works lane for widening and straightening CG2; Pregó stream - Mollereres bridge; section II. Proj. 0053/2006	TP ARMENGOL	Aug-07	21 months	5,825,954.95 €	Finished
Mountain infrastructures	Equipping Judcar hut, phase II. Proj. 170/07	CONSITECH	Dec-07	2 months	91,280.53 €	Finished
Main roads. Infrastructures	Widening and straightening CG2, on section from Mereig bridge to Canillo; phase II A: Perecaus zone - Canillo. Proj. 0036/2008	TREBISA	Sept-08	21 months	7,074,454.07 €	Finished
Road signs	Horizontal road network signs. 2011 campaign.	MULTISERVEIS COPRINCEPS	Apr-09	8 months	116,952.37 €	Finished
Transport infrastructures	Works on directional, cultural and tourism signs on basic Andorran network. Proj. 0017/2009	MULTISERVEIS COPRINCEPS	Apr-09	8 months	183,878.34 €	Finished
Dos Valires tunnel	Dos Valires tunnel; phase III - access roads to east mouth. Proj. 28/2004	UTE COPSA / ACSA	May-09	20 months	15,779,960.39 €	Finished
CG2; Miquel Mateu roundabout - Coprincep Episcopal roundabout	Widening and straightening CG2, 4th section: Valira Nova estate - crossroads on Encamp bypass. Proj. 40/2008	UTE TP ARMENGOL / TP MONTANÉ	May-09	25 months	7,973,677.06 €	Finished
Natural risk protection reports	Protective avalanche gully on CG3, Basers del Corb zone; phase IV. Proj. 2/2009	DRAGASA	May-09	26 months	1,067,387.61 €	Finished
Stream and river protection	Improving crossroads at CG1 - CS101, Tobira bridge zone. Channelling Comella river and Forn stream	UTE COMESA / APESA	June-09	7 months	1,606,177.39 €	Finished
CG2; Ransol - Soldeu	Widening CG2 at end of Soldeu; phase I, from PK 17+000 to PK 17+525. Proj. 0014/2008	LOCUBSA	June-09	19 months	4,339,988.04 €	Finished
Avalanche and risk protection	Supplying and installing avalanche protection on slope of Àvier de Percanela. Proj. 0020/2008	TREPOSA	Jul-09	14 months	1,950,671.00 €	Finished
Isolated functional improvements to network	Widening left-hand pavement on Paris bridge. Proj. 0030/2009	PROGEC	Dec-10	3 weeks	33,218.20 €	Finished
Avalanche and risk protection	Direct stabilisation of slope from Roc dels Corbs to Solana d'Andorra la Vella. Proj. 0013/2010	INACCÉS	Dec-10	4 months	864,541.45 €	Finished
Construction (sewers)	Actions to repair sewer on north-east drainage system; phase II. Proj. 0018/2010	TP LA COMA	Dec-10	4 months	207,982.43 €	Finished
CG2 - Mollereres bridge - Canillo	Widening and straightening 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 €	Finished

Chart 10.2

Source: Department of Land Planning. Government of Andorra

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2012)
CG3; CG4 crossroads - CS340 crossroads	Widening and straightening CG3 from PK 6+290 to PK 6+530; phase I. Proj. 0028/2009	TP ARMENGOL	Feb-11	2,5 months	254,998.20 €	Finished
Repairs, masonry, roads	Fixing retaining wall of platform of CG4 on edge of Pal, near PK 6+400; phase I. Proj. 0054/2008	DRAGASA	Mar-11	2 months	41,424.36 €	Finished
Repairs, masonry, roads	Fixing retaining wall of platform of CG4 on edge of Pal, near PK 6+400; phase II. Proj. 0055/2008	CONSTRUCCIONS MODERNES	Mar-11	3 months	145,541.15 €	Finished
Repairs, masonry, roads	Stabilising road from Puiol del Piu CS500; phase I. Proj. 0015/2010	CONSTRUCCIONS LOAN	Mar-11	3 months	252,780.99 €	Finished
Repairs, masonry, roads	Stabilising CS520 at PK 4. Proj. 0016/2010	COPSA	Mar-11	4 months	117,620.21 €	Finished
Repairs, masonry, roads	Wall, installing barriers on CG2, PK21+000 roundabout Envalira tunnel	CAPICSA	May-11	1 month	10,298.45 €	Finished
Repairs, masonry, roads	Replace wall / barrier CG2; Envalira pass at PK 29+000	CAPICSA	Nov-11	8 days	11,125.00 €	Finished
Repairs, masonry, roads	Repair retaining wall CG3 - Llorts	CONSTRUCCIONS PURROY	Nov-11	15 days	9,360.00 €	Finished
Repairs, masonry, roads	Retaining wall CG3 at PK 15+000 - Ordino	TP CIANSA	Nov-11	2 weeks	14,777.22 €	Finished
Repairs, masonry, roads	Retaining wall CS140 - Fontaneda	TP A.VINYAL	Nov-11	20 days	18,470.40 €	Finished
Repairs, masonry, roads	Retaining wall CS140 - Fontaneda road	COPITRAN	Nov-11	1 month	32,328.40 €	Finished
Repairs, masonry, roads	Stabilisation of bank at PK4+200 of CS340 - Coll d'Ordino road. Proj. 0010/2011	CONSTRUCCIONS MODERNES	Nov-11	5 weeks	53,689.45 €	Finished
Repairs, masonry, roads	Wall CS140 - Fontaneda, PK+900	TP COMESA	Dec-11	3 weeks	13,878.28 €	Finished

Chart 10.2

Source: Department of Land Planning. Government of Andorra

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND.

Works awarded in 2011 or previous years, finished or in progress in 2012

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2012)
New seat of Justice	New seat of Justice and extension to the Government administrative building; phase I (structure, closures, floors and dividing walls). Proj. 0018/2002	LOCUBSA	Jan-05	89 months	18,073,121.10 €	In progress
Sectoral plan new infrastructures	Dos Valires tunnel; phase II - accesses western mouth. Proj. 0027/2004	UTE DRAGADOS / DRAGASA / TP ARMENGOL	Nov-07	24 months	31,273,452.88 €	Finished
Sectoral plan new infrastructures	Sant Julià de Lòria bypass, 3rd section: link with Ave. Francesc Cairat in zone of Lauredia Sq. to north mouth of Tàpia tunnel. Proj. 9/2005	UTE CEVALLS / COPIA / TP MONTANÉ	Jan-09	30 months	24,422,774.63 €	In progress
Isolated functional improvements to road network	Roundabout on CG3 at exit of Escaldes-Engordany from PK 2+200. Proj. 47/2008	CEVALLS	May-09	20 months	4,035,213.71 €	In progress
Sant Julià de Lòria bypass	Sant Julià de Lòria bypass, 4th section: link with Ave. Francesc Cairat from north mouth of Tàpia tunnel until link with CG1 in zone of Grau Vell. Proj. 10/2005	UTE CEVALLS / TP MONTANÉ / CEACSA	May-09	22 months	15,002,982.20 €	In progress
Drainage plan (sewers)	Main sewer along edge of river Valira del Nord from Pla bridge to area of bridge on Carrer Josep Viladomat. Proj. 0021/2009	TP ARMENGOL	Dec-09	18 months	1,207,572.98 €	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
Avalanche and risk protection	Protective dyke against rockfalls at Solana d'Andorra la Vella and zone of Forat Negre. Proj. 0014/2010	COMESA	Dec-10	2 months	166,056.16 €	Finished
Avalanche and risk protection	Direct stabilisation of points on Roc del Quer; phase II. Proj. 0025/2009	HC PIRINEUS DELTA	Dec-10	4 months	241,080.94 €	Finished
Link-road between CG2 - Encamp bypass	Link CG2 - from Encamp bypass to Ave. Joan Martí; phase II: zone 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: zone of roundabout at Prat del Genil. Proj. 0010/2010	PROGEC	Dec-10	5,5 months	770,638.70 €	In progress
Ordino sports area	Ordino sports area; phase III: service building (sports facilities). Proj. 0012/2010	UTE COPSA / LOCUBSA	Dec-10	20 months	3,240,534.79 €	In progress

Chart 10.3

Source: Department of Land Planning. Government of Andorra

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2012)
Resurfacing of CG, CS and streets	Resurfacing or reinforcement of road surfaces of CG and CS and streets - 2011.	PAVAND	Mar-11	10 months	3,245,500.00 €	Finished
Schools, sports and other infra.	French schools playground. Proj. 0012/2011	CEVALLS	Nov-11	4 months	313,715.03 €	In progress
Repairs, masonry, roads	Platform road surface CS329; Cortals Sispony. Proj. 0014/2011	DRAGASA	Dec-11	12 weeks	93,468.80 €	Finished

Chart 10.3

Source: Department of Land Planning. Government of Andorra

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND. Works awarded in 2012 and in progress

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2012)
Resurfacing of CG, CS and streets	Resurfacing of CG, CS, in 2012. Proj. 001/2012	PAVAND	Mar-12	9 months	2,922,014.16 €	In progress
Isolated functional improvements to network	Modification roundabout of Unió PK 0. Proj. 0007/2012	PIDASA	May-12	6 weeks	42,010.20 €	In progress
Schools	Anchors Encamp and Fiter i Rossell schools	GEOTECH	May-12	8 weeks	21,184.80 €	In progress
Schools	Anchors Margineda Institute	PIRINEU INSPECCIÓ i CONTROL	May-12	8 weeks	71,385.60 €	In progress
Winter roads	Reinstate COEX base in La Cortinada. Proj. 0006/2012	COANSA	May-12	8 weeks	84,726.64 €	In progress
Stabilise banks	Sow banks road network. Proj. 0001/2011	INACCÉS	May-12	6 months	542,696.19 €	In progress
Link CG2 - Encamp bypass	CG2 road; Encamp bypass - Ave. Joan Miquel; phase III. Proj. 0021/2010	TP COMESA	May-12	12 months	750,409.07 €	In progress
CG3; crossroads CG4 - crossroads CS340	CG3; PK 6+290-PK 6+530; phase II. Proj. 0004/2012	TP ARMENGOL	June-12	5 months	369,986.41 €	In progress
Schools	Installation of lift in French school in Sta. Coloma. Proj. 0016/2012	LOCUBSA	Jul-12	8 weeks	69,612.44 €	In progress
Schools	Repair toilets in Andorran school in St. Julià de Lòria. Proj. 0017/2012	EMPUB	Jul-12	8 weeks	240,029.52 €	In progress
Schools	Installation of lift in French school Roc d'Andorra la Vella, fit adapted access from road and perimeter fence for school compound. Proj. 0019/2012	CONSTRUCCIONS LOAN	Jul-12	8 weeks	120,531.60 €	In progress
Schools	Construction of emergency stairs and repair playgrounds in Fiter i Rossell school. Proj. 0018/2012	CONSTRUCCIONS MODERNES	Jul-12	8 weeks	274,966.93 €	In progress
Stream and river protection	Fixing walls for channelling river Montaup upriver from Canillo. Proj. 0023/2012	DRAGASA	Jul-12	2 months	67,856.08 €	In progress

Chart 10.4

Source: Department of Land Planning. Government of Andorra

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND. Works to start in 2012

	Budget project name	Works title
Canillo	Construction (sewers)	Sewer north-east main drains, section Bordes Envalira - Soldeu; phase II: prat de la Borda - prat de Botàs
Ordino	Repairs, masonry, roads	Stabilising and fixing drainage - area of Arcalís
	Repairs, masonry, roads	Fix CG3 at PK15+200 (Farreres stream)
La Massana	CG3; bridge on river Montaner - crossroads CG4	Fix junction of CG3 with CS320 - Sispony crossroads
	Repairs, masonry, roads	Stabilise CS of Puïol del Piu
Andorra la Vella	Roundabout crossroads Ave. Dr. Vilanova - Ave. Tarragona	Roundabout at junction of CG1 with c/ Dr. Vilanova (Casadet bridge)
	CG1; c/ Unió - Sta. Coloma roundabout	Fix left-hand side of CG1 between PK0+600 and PK0+900 at Ave. Tarragona
Miscellaneous	Repairs, masonry, roads	Inventory, main inspection and plan for reforms and maintenance of masonry on road network

Chart 10.5

Source: Department of Land Planning. Government of Andorra

11. SERVICES

The crisis hit the services sector of the country hard, especially the branches making up the basic structure of the Andorran economy - commerce, hotels, restaurants and other activities linked to movements of tourists. In 2010 the steep fall seen in 2009 slowed slightly but in 2011 the crisis reintensified.

Global indicators show that the results were negative. All branches of services saw a drop in employment, except the finance sector - which grew a modest 1.4% - and health and veterinary activities and other social services and personal services, which grew 2.2% and 1.5%, respectively. In contrast, the branch of commerce saw the number of employees fall -4.0%;

transport -2.4% and education -2.3%. The general crisis meant that average wages practically stagnated, except in the finance sector, which has the highest wage level. The analysis is presented below, branch by branch, with the developments in each one for this financial year.

11.1. Commerce

Andorran commerce lives mainly off purchases by tourists. From 2003, the trend in entries of tourists changed: shops noted it, first in lower growth and then, since 2007, in the significant reduction in sales. >

COMPANY OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of companies										
1. Business progress (half-year reviewed)		2009			2010			2011		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Good	5	7	6	7	7	7	7	5	6
	Normal	34	42	38	35	48	41.5	37	36	36.5
	Poor	61	51	56	58	46	52	57	59	58
	Balance	-56	-44	-50	-51	-39	-45	-50	-54	-52
Food	Good	4	15	9.5	10	0	5	15	0	7.5
	Normal	36	39	37.5	26	53	39.5	30	42	36
	Poor	61	46	53.5	64	47	55.5	55	58	56.5
	Balance	-57	-31	-44	-54	-47	-50.5	-40	-58	-49
Clothing & footwear	Good	3	0	1.5	2	3	2.5	5	0	2.5
	Normal	28	35	31.5	32	32	32	18	21	19.5
	Poor	69	65	67	66	65	65.5	78	79	78.5
	Balance	-66	-65	-65.5	-64	-62	-63	-73	-79	-76
Household equipment	Good	7	0	3.5	6	4	5	0	7	3.5
	Normal	36	48	42	27	52	39.5	41	39	40
	Poor	57	52	54.5	67	44	55.5	59	54	56.5
	Balance	-50	-52	-51	-61	-40	-50.5	-59	-47	-53
Hygiene & health	Good	10	26	18	12	5	8.5	9	5	7
	Normal	55	63	59	52	74	63	43	40	41.5
	Poor	35	11	23	36	21	28.5	48	55	51.5
	Balance	-25	15	-5	-24	-16	-20	-39	-50	-44.5
Electronics	Good	0	6	3	6	6	6	0	5	2.5
	Normal	35	41	38	28	29	28.5	44	50	47
	Poor	65	53	59	67	65	66	56	45	50.5
	Balance	-65	-47	-56	-61	-59	-60	-56	-40	-48
Vehicles & accessories	Good	0	3	1.5	4	4	4	0	8	4
	Normal	13	40	26.5	33	54	43.5	40	20	30
	Poor	87	57	72	63	42	52.5	60	72	66
	Balance	-87	-54	-70.5	-59	-38	-48.5	-60	-64	-62
Other trades	Good	8	6	7	11	12	11.5	8	7	7.5
	Normal	31	39	35	41	49	45	40	36	38
	Poor	62	55	58.5	48	39	43.5	51	57	54
	Balance	-54	-49	-51.5	-37	-27	-32	-43	-50	-46.5
Supermarkets & department stores	Good	0	8	4	0	15	7.5	13	8	10.5
	Normal	60	46	53	54	39	46.5	53	46	49.5
	Poor	40	46	43	46	46	46	33	46	39.5
	Balance	-40	-38	-39	-46	-31	-38.5	-20	-38	-29

Chart 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

2011 continued along the same lines. As has been said, employment fell 4.0%, wages stagnated (+0.6%), imports in most types of commerce also fell and the results of the surveys show that the overall drop in activity and the pessimistic climate continued.

The situation survey in the retail trade for the first half of 2011 maintains the pessimistic climate of the last financial years and reflects the continued contraction in consumer demand. In effect, falling expectations about household income, based on the delicate labour and economic situation, continued to push down private consumption, which remained very depressed. In the traders' opinion, the trend in business progress was predominantly bad, in line with the results that the sector has been achieving since 2008, when the

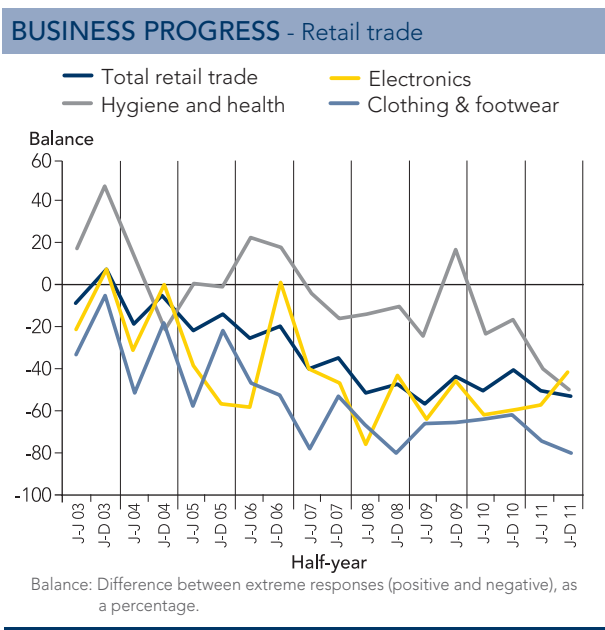
effects of the global crisis began to intensify with the downturn in activity.

From a sectoral point of view, the business situation was more favourable to supermarkets and department stores than to other shops, with evaluations that, despite being bad, were altogether less pessimistic than those for the same period in the previous year. On the more negative side, the very unfavourable behaviour of activity in the branch of clothing and footwear stood out - in which the pessimistic business climate intensified greatly in relation to the previous half-years. In a more moderate but also unfavourable context, the results of the branch of hygiene and health should be noted, interrupting the pattern of gradual decline of recent half-years and tracing a

COMPANY OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of companies										
2. Sales figures (half-year reviewed compared with same half-year of previous year)		2009			2010			2011		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Higher	3	6	4.5	8	9	8.5	9	7	8
	Similar	19	25	22	24	23	23.5	23	20	21.5
	Lower	78	69	73.5	68	69	68.5	68	74	71
	Balance	-75	-63	-69	-60	-60	-60	-59	-67	-63
Food	Higher	4	10	7	13	0	6.5	9	6	7.5
	Similar	22	20	21	15	21	18	25	17	21
	Lower	74	70	72	72	79	75.5	66	77	71.5
	Balance	-70	-60	-65	-59	-79	-69	-57	-71	-64
Clothing & footwear	Higher	3	6	4.5	13	12	12.5	5	7	6
	Similar	17	29	23	23	9	16	23	14	18.5
	Lower	79	66	72.5	64	79	71.5	72	79	75.5
	Balance	-76	-60	-68	-51	-67	-59	-67	-72	-69.5
Household equipment	Higher	4	0	2	10	8	9	12	8	10
	Similar	22	15	18.5	16	24	20	15	35	25
	Lower	74	85	79.5	74	68	71	73	58	65.5
	Balance	-70	-85	-77.5	-64	-60	-62	-61	-50	-55.5
Hygiene & health	Higher	0	16	8	0	11	5.5	5	0	2.5
	Similar	26	47	36.5	42	26	34	23	25	24
	Lower	74	37	55.5	58	63	60.5	73	75	74
	Balance	-74	-21	-47.5	-58	-52	-55	-68	-75	-71.5
Electronics	Higher	12	6	9	6	0	3	0	10	5
	Similar	18	18	18	11	19	15	7	10	8.5
	Lower	71	76	73.5	83	81	82	93	80	86.5
	Balance	-59	-70	-64.5	-77	-81	-79	-93	-70	-81.5
Vehicles & accessories	Higher	4	3	3.5	13	8	10.5	4	4	4
	Similar	9	20	14.5	25	33	29	30	15	22.5
	Lower	87	77	82	63	58	60.5	65	81	73
	Balance	-83	-74	-78.5	-50	-50	-50	-61	-77	-69
Other trades	Higher	2	5	3.5	4	12	8	11	9	10
	Similar	18	26	22	33	26	29.5	24	21	22.5
	Lower	80	69	74.5	62	62	62	65	70	67.5
	Balance	-78	-64	-71	-58	-50	-54	-54	-61	-57.5
Supermarkets & department stores	Higher	0	8	4	0	8	4	33	0	16.5
	Similar	22	25	23.5	23	25	24	27	15	21
	Lower	78	67	72.5	77	67	72	40	85	62.5
	Balance	-78	-59	-68.5	-77	-59	-68	-7	-85	-46

Chart 11.2

Source: Chamber of Commerce, Industry and Services of Andorra



Graphic 11.1 Source: Chamber of Commerce, Industry and Services of Andorra

slightly more marked path of declining activity, but with a less marked profile than commerce as a whole.

On interannual terms, the steep decline in sales figures continued and was fairly generalised in

the majority of branches, only slowing down for department stores, in which the strong contraction in sales in recent years was corrected and followed a much more moderate downward trend. On the other hand, the only branches that saw a more marked interannual downturn in sales figures than a year ago were clothing and footwear, hygiene and health, vehicles and accessories and in particular, the branch of electronics which, after seven consecutive half-years of strong decline, regained a minimal level of sales. Altogether the surveyed shops considered stocks to be suitable for the time of year and, in accordance with the weak activity, indicated a reduction in employees and a downward adjustment in sales prices, which was fairly widespread in all the branches.

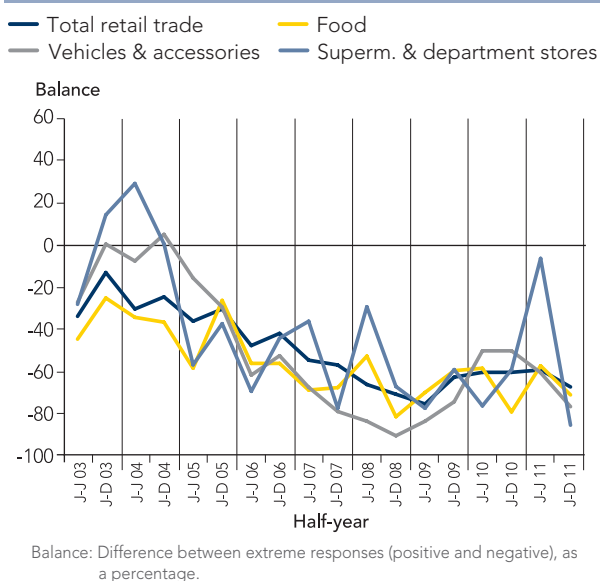
In the second half of 2011, the retail trade again presented a quite disappointing balance. This low note in the sector can no doubt be associated with the negative combination of very depressed domestic demand and a weak, uncertain European economic environment, which continued to motivate a constant downturn in consumer spending by visitors. So, in >

IMPORTS - Thousand euros

	2005	2006	2007	2008	2009	2010	2011
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	64,862.80	65,294.51	65,485.18	67,536.29	62,284.73	58,907.76	59,235.51
Section II (Chapters 06-14) Vegetable products	19,057.22	19,882.47	21,295.74	22,605.94	22,087.89	24,550.12	23,118.05
Section III (Chapter 15) Fats and oils	5,773.31	6,035.06	5,537.94	5,613.66	4,705.33	4,433.04	4,774.08
Section IV (Chapters 16-24) Food products, beverages and tobacco	188,361.85	178,319.43	161,717.34	172,381.93	161,633.98	169,679.09	175,407.59
Section V (Chapters 25-27) Mineral products	81,043.45	100,335.56	108,799.45	138,676.80	107,659.88	125,842.18	149,795.03
Section VI (Chapters 28-38) Products of the chemical industries	145,566.97	148,308.58	153,654.44	148,373.01	139,931.64	136,943.38	143,659.56
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	28,087.73	27,886.57	28,469.40	27,699.87	25,477.20	24,087.08	23,561.97
Section VIII (Chapters 41-43) Furs, leather and articles thereof	23,396.14	23,259.17	23,151.70	20,843.64	15,739.85	16,033.36	16,633.42
Section IX (Chapters 44-46) Wood, cork and articles thereof	16,653.28	16,488.65	15,039.67	12,173.31	9,945.09	8,672.18	6,946.32
Section X (Chapters 47-49) Paper and graphic arts	24,897.77	23,672.36	24,120.96	24,034.86	22,652.34	27,344.74	26,853.16
Section XI (Chapters 50-63) Textiles and articles thereof	123,204.43	126,283.54	129,900.27	121,536.36	112,692.13	115,109.90	112,735.95
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	39,299.37	37,166.85	37,046.21	34,985.56	34,715.46	37,344.13	37,100.52
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	27,074.08	27,818.24	28,015.20	24,724.21	18,034.19	16,778.57	13,938.81
Section XIV (Chapter 71) Pearls, precious stones and metals	17,785.50	13,482.20	13,543.25	11,738.28	10,820.89	10,284.83	11,390.51
Section XV (Chapters 72-83) Base metals and articles thereof	61,020.83	66,633.94	59,422.25	54,507.73	44,016.87	38,450.39	34,287.19
Section XVI (Chapters 84-85) Machinery and electrical equipment	272,790.04	247,956.79	243,208.35	196,767.22	161,723.01	138,848.30	128,965.07
Section XVII (Chapters 86-89) Transport material	165,661.77	153,130.44	130,727.95	102,218.25	79,694.32	84,694.28	82,863.22
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	53,338.86	53,210.92	54,543.37	50,442.90	39,904.65	42,755.54	44,076.99
Section XIX (Chapter 93) Arms and ammunition	1,427.98	1,281.48	1,370.07	1,293.41	1,142.14	971.16	964.32
Section XX (Chapters 94-96) Miscellaneous manufactured articles	79,418.00	77,187.02	82,282.13	71,093.12	60,464.16	59,317.80	51,701.46
Section XXI (Chapters 97-99) Works of art, antiques	2,858.59	2,047.69	8,018.22	3,433.78	2,025.77	654.47	1,161.34
Total	1,441,579.93	1,415,681.45	1,395,349.11	1,312,680.15	1,137,351.51	1,141,702.31	1,149,170.06

Chart 11.3 Source: Andorran Customs

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



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

global terms, shopkeepers' evaluations of business progress were the most negative for this period since the Chamber started the surveys in 1997 and suggest that the sector has seen very low levels of activity for this time of the year. From a sectoral perspective,

the deterioration in business was common to most branches, but above all was noted with special intensity in the subsector of vehicles and accessories and, in particular, in the branch of clothing and footwear, a trend that was already noted in the previous half-year. In contrast, the branch of electronics, although still presenting very poor results, was the only one to show a slight slowdown in the rate of decline in activity, in comparison with the same half-year of 2010, a slowdown that can be considered induced only by the accumulation of many consecutive half-years of negative developments. On the other hand, the unfavourable behaviour of the branch of hygiene and health should be noted, for which the rate of worsening business intensified strongly, to come closer into line with the rest of commerce, in contrast with previous periods, in which it showed a more contained profile of falling activity.

Global sales figure saw a notable fall in relation to the previous two half-years, despite the major sales and promotions campaign carried out by shops, more aggressive and prolonged than in the previous year. By subsectors, the interannual decline in sales was quite generalised and considerably affected both specialised

STRUCTURE OF IMPORTS - %

	2005	2006	2007	2008	2009	2010	2011
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	4.5	4.6	4.7	5.1	5.5	5.2	5.2
Section II (Chapters 06-14) Vegetable products	1.3	1.4	1.5	1.7	1.9	2.2	2.0
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	13.1	12.6	11.6	13.1	14.2	14.9	15.3
Section V (Chapters 25-27) Mineral products	5.6	7.1	7.8	10.6	9.5	11.0	13.0
Section VI (Chapters 28-38) Products of the chemical industries	10.1	10.5	11.0	11.3	12.3	12.0	12.5
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	1.9	2.0	2.0	2.1	2.2	2.1	2.1
Section VIII (Chapters 41-43) Furs, leather and articles thereof	1.6	1.6	1.7	1.6	1.4	1.4	1.4
Section IX (Chapters 44-46) Wood, cork and articles thereof	1.2	1.2	1.1	0.9	0.9	0.8	0.6
Section X (Chapters 47-49) Paper and graphic arts	1.7	1.7	1.7	1.8	2.0	2.4	2.3
Section XI (Chapters 50-63) Textiles and articles thereof	8.5	8.9	9.3	9.3	9.9	10.1	9.8
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	2.7	2.6	2.7	2.7	3.1	3.3	3.2
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	1.9	2.0	2.0	1.9	1.6	1.5	1.2
Section XIV (Chapter 71) Pearls, precious stones and metals	1.2	1.0	1.0	0.9	1.0	0.9	1.0
Section XV (Chapters 72-83) Base metals and articles thereof	4.2	4.7	4.3	4.2	3.9	3.4	3.0
Section XVI (Chapters 84-85) Machinery and electrical equipment	18.9	17.5	17.4	15.0	14.2	12.2	11.2
Section XVII (Chapters 86-89) Transport material	11.5	10.8	9.4	7.8	7.0	7.4	7.2
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	3.7	3.8	3.9	3.8	3.5	3.7	3.8
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	5.5	5.5	5.9	5.4	5.3	5.2	4.5
Section XXI (Chapters 97-99) Works of art, antiques	0.2	0.1	0.6	0.3	0.2	0.1	0.1
Total	100	100	100	100	100	100	100

Chart 11.4

Source: Andorran Customs

commerce and supermarkets and department stores. Moreover, depending on the type of articles, both the food component and other products saw a very significant reduction in sales figures, demonstrating the increased downturn in consumption in all areas of family spending.

In the opinion of companies, stocks of products were considered rather low, especially in the branch of food, and quite high in the branch of clothing and footwear. Finally, falling activity continued to affect employment in the sector, with major adjustments in companies' workforces.

The prospects for the first half of 2012 reflect a more negative background trend and discount a scenario of improved commercial activity in the short term. Expectations of business progress are not very satisfactory in general terms and more pessimistic than for the same period of last year. Moreover, companies predict that sales will fall more markedly in the next few months, in line with consumer confidence which would seem to continue to worsen. Sales prices will maintain a downward path for commerce as a whole and, in relation to

employment, shops also point to a slight fall in the number of employees in the sector.

Weak demand is still the main obstacle to prevent improvement in business, with 81% of the total, followed by loss of attractiveness of the area (cited by 46% of surveyed businesses). The latter factor, despite losing a little emphasis in relation to the two previous half-years, remained in front of other obstacles, such as increased operating costs (31%) or increased competition (30%).

This situation of continued overall contraction in commerce, reflected in the replies of businesses to the Chamber's surveys, are corroborated and reaffirmed by import figures, which is what shops most sell to residents and visitors. The total figure for imported products was 1,149.2 million euros, an amount that involves an increase of 0.7% in relation to 2010. However, if we take off the value of imports of building materials, fuels and tobacco, this positive variation becomes negative, reaching -1.2%.

Detailed analysis, chapter by chapter, of the trend in imports shows that there is an important part that remained stagnated at 2010 levels. Among those >

VARIATIONS IN IMPORTS - %							
	2005	2006	2007	2008	2009	2010	2011
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	0.2	0.7	0.3	3.1	-7.8	-5.4	0.6
Section II (Chapters 06-14) Vegetable products	2.2	4.3	7.1	6.2	-2.3	11.1	-5.8
Section III (Chapter 15) Fats and oils	15.3	4.5	-8.2	1.4	-16.2	-5.8	7.7
Section IV (Chapters 16-24) Food products, beverages and tobacco	10.7	-5.3	-9.3	6.6	-6.2	5.0	3.4
Section V (Chapters 25-27) Mineral products	8.0	23.8	8.4	27.5	-22.4	16.9	19.0
Section VI (Chapters 28-38) Products of the chemical industries	2.4	1.9	3.6	-3.4	-5.7	-2.1	4.9
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	1.0	-0.7	2.1	-2.7	-8.0	-5.5	-2.2
Section VIII (Chapters 41-43) Furs, leather and articles thereof	3.7	-0.6	-0.5	-10.0	-24.5	1.9	3.7
Section IX (Chapters 44-46) Wood, cork and articles thereof	7.4	-1.0	-8.8	-19.1	-18.3	-12.8	-19.9
Section X (Chapters 47-49) Paper and graphic arts	2.7	-4.9	1.9	-0.4	-5.8	20.7	-1.8
Section XI (Chapters 50-63) Textiles and articles thereof	1.8	2.5	2.9	-6.4	-7.3	2.1	-2.1
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	5.3	-5.4	-0.3	-5.6	-0.8	7.6	-0.7
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	4.7	2.7	0.7	-11.7	-27.1	-7.0	-16.9
Section XIV (Chapter 71) Pearls, precious stones and metals	15.4	-24.2	0.5	-13.3	-7.8	-5.0	10.8
Section XV (Chapters 72-83) Base metals and articles thereof	0.2	9.2	-10.8	-8.3	-19.2	-12.6	-10.8
Section XVI (Chapters 84-85) Machinery and electrical equipment	-7.6	-9.1	-1.9	-19.1	-17.8	-14.1	-7.1
Section XVII (Chapters 86-89) Transport material	4.2	-7.6	-14.6	-21.8	-22.0	6.3	-2.2
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	-0.4	-0.2	2.5	-7.5	-20.9	7.1	3.1
Section XIX (Chapter 93) Arms and ammunition	1.5	-10.3	6.9	-5.6	-11.7	-15.0	-0.7
Section XX (Chapters 94-96) Miscellaneous manufactured articles	8.9	-2.8	6.6	-13.6	-15.0	-1.9	-12.8
Section XXI (Chapters 97-99) Works of art, antiques	10.9	-28.4	291.6	-57.2	-41.0	-67.7	77.4
Total	2.2	-1.8	-1.4	-5.9	-13.4	0.4	0.7

Chart 11.5

Source: Andorran Customs

which grew are notably imports of alcoholic and non-alcoholic beverages (+5.2%), pharmaceutical products (+6.2%), perfumery (+6.0%), furs (+40.6%), jewellery, pearls, precious stones and metals (+10.8%), clocks and watches (+11.7%) and works of art, collectors items and antiques (+19.4%). In contrast, imports fell significantly for coffee (-2.6%), photographic and cinematographic articles (-41.7%), products of the printing industry and graphic arts (-9.5%), knitted clothing (-4.4%) and other textile articles (-16.0%), cutlery and knives (-3.4%), electrical and electronic apparatus (-7.4%), vehicles (-5.0%), optical and photographic apparatus (-2.0%), furniture and lighting (-13.2%) and toys and leisure articles (-13.1%).

11.2. The financial system

The financial system is one of the main pillars of the Andorran economy, contributing approximately 16% to the gross domestic product. In relation to other financial markets, the Andorran financial system, mainly focussed on banking, is characterised by its high solvency and liquidity ratios, of 20.96% and 66.58%, respectively, thanks to conservative, prudent management. 2011 was a complicated, convulsive year worldwide, but the Andorran financial system lived through this situation with order and guarantees. The number of employees in the whole financial sector grew 1.4% and the average wage rose 3.5%.

The Andorran banking sector consists of a total of five banking groups and has more than 80 years experience in this activity. It is based on a universal banking model, not forgetting its specialised banking services, private banking and retail banking. Andorran banks can offer all banking services, including credit transactions, wealth management and financial advice, liability transactions, financial analysis and other services (credit cards, transfers, etc.). Likewise, they have specialised subsidiaries for financing, insurance and asset management.

The Andorran financial system has confirmed its solidity throughout 2011, giving continuous demonstrations of solvency in a particularly complex international environment for the banking sector. The excellent solvency and liquidity ratios are among the highest in European countries. These indicators denote good progress in the Andorran financial system, and also its consolidation on the internal market and the good performance in the process of internationalising

Andorran banks, which results in diversification and business growth, and also an increase in its structures and the number of employees aggregated at more than 22%, without undergoing major increases in its efficiency ratios.

Another of the solvency indicators for the banks is the ratings produced by specialised agencies such as Fitch Ratings, Moody's or Standard & Poor's. In the table 11.7 are ratings awarded in 2011 to some Andorran banks.

In 2011, the aggregate balance of the Andorran banks saw an increase of 7.3%, mainly in the chapter "credit investments", with an increase of 4.1% in relation to 2010 (representing 52.1% of total assets) and the chapter "Portfolio of securities" with an increase of 6.3% in relation to 2010 (representing 28.2% of total assets).

The composition of the aggregate liabilities at the 2011 financial year end is characterised by the significant relative share of "Deposits" in the Andorran banks' financing structure, which represents 75.2% of aggregate liabilities (77.4% in 2010). "Own funds (capital + reserves)" represents 9.4% and "Results" 1.4%, while the remaining liabilities consist mainly of the chapters "Other liabilities", with 6.1% and "Financial intermediaries" with 5.9%.

After the slowdown in credit investment in 2009, considering that it went from a rate of growth of 8.4% in 2008 to 2.1% in 2009, mainly due to the effects of the economic slowdown and the entities employing markedly more caution in conceding

THE MOST SIGNIFICANT AGGREGATED DATA FOR ANDORRAN BANKS - Thousands of euros

	2010	2011
Total assets	13,142,190	14,102,898
Gross credit investment	7,136,042	7,431,342
Managed funds	27,519,719	31,089,863
Results ^(*)	200,512	196,541
ROE	14.24%	13.09%
ROA	1.50%	1.48%
Efficiency ratio	40.03%	44.37%
Solvency ratio	21.58%	20.96%
Liquidity ratio	71.90%	66.58%
Default ratio	2.93%	2.96%

(*) Results attributed to the group.

Chart 11.6

Source: Andorran Bank Association

RATINGS AWARDED TO ANDORRAN BANKS				
	Ratings (2011)			Agency
	Long-term	Short-term	Financial strength	
Group Andbank	A-	F2	B/C	Fitch Ratings
Group MoraBanc	A2	P-1	C+	Moody's
Banca Privada d'Andorra	BB+	B	C/D	Fitch Ratings
Group Crèdit Andorrà	A-	F2	B/C	Fitch Ratings
BancSabadell d'Andorra ^(*)	-	-	-	-

(*) 51% owned by Banc Sabadell.

Chart 11.7 Source: Reports from the rating agencies in June 2012

credit transactions, in 2010 and 2011 the aggregate rate of growth was 3.5% and 4.1%, respectively, denoting a certain recovery of confidence in the financial markets.

The aggregate default ratio of the Andorran banks is 2.96% on 31 December 2011 (dubious credit / credit investment to customers). This ratio saw a rising trend in the last few financial years in line with the deteriorating economic situation, although the default ratio of the Andorran banks remains at much lower levels than those recorded by credit institutions in neighbouring countries.

The Andorran banks' managed funds, consisting of clients' deposits and mediation for clients with or without custodied assets, saw growth of 13.0% in 2011 and 0.4% in 2010. The global international uncertainty affected the market feeling, with increased aversion to risk, leading to a positive trend in clients' deposits with an increase of 4.3% compared with 2010. In addition, the negative trend in financial markets in 2011 was counterbalanced by the effect of internationalisation through the purchase of foreign financial entities, which led to incorporation of their client portfolio.

Andorran banking entities altogether received profits of 196.8 million euros in 2011, 1.8% less than in the previous year (2009 vs 2010: -0.5%; 2008 vs 2009: +2.2%). The slight drop in Andorran banks' profits recorded in 2011 was mainly motivated by a significant increase in personnel costs and overall costs due to the major international expansion in which four of the five entities are immersed, and also by a downturn in the financial margin by 1.8%, considering the adverse year on the financial markets. It should be taken into account, however, that the increase in net commissions for services raised the result of the ordinary margin by 3.2% in relation to 2010.

Likewise, the average return on equity of Andorran banks for the financial year that ended on 31 December >

ANDORRAN BANKS BALANCE SHEET DATA, 2010 - 2011 - Thousands of euros												
	GROUP ANDBANK		GROUP MORABANC		BANCA PRIVADA D'ANDORRA		GROUP CRÈDIT ANDORRÀ		BANCSABADELL D'ANDORRA		ANDORRAN BANKS AGGREGATE BALANCE SHEET	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
ASSETS												
Cash and banks	455,253	451,918	213,715	241,387	194,866	321,569	499,748	429,659	74,755	59,085	1,438,337	1,503,618
Credit investment ⁽¹⁾	1,611,225	1,684,136	1,066,574	1,096,393	909,501	1,077,964	3,084,616	3,090,775	390,296	399,449	7,062,212	7,348,717
Portfolio of securities	948,844	940,059	866,144	889,675	547,818	596,708	1,235,854	1,426,527	141,389	121,155	3,740,049	3,974,124
Tangible assets	116,838	128,522	94,977	96,172	92,977	143,153	278,752	281,523	19,060	18,239	602,604	667,609
Intangible assets	12,189	13,053	15,935	16,075	8,465	13,979	41,095	46,053	3,234	3,124	80,918	92,284
Other assets	60,715	149,969	26,092	28,797	34,579	182,065	84,815	143,558	11,869	12,157	218,070	516,546
TOTAL ASSETS	3,205,064	3,367,657	2,283,437	2,368,499	1,788,206	2,335,438	5,224,880	5,418,095	640,603	613,209	13,142,190	14,102,898
LIABILITIES												
Share capital	78,061	78,061	42,407	42,407	70,000	70,000	70,000	70,000	30,068	30,068	290,536	290,536
Reserves ⁽²⁾	296,651	310,842	162,293	180,816	126,016	150,236	370,077	379,998	15,039	19,173	970,076	1,041,065
Results	40,778	54,246	50,629	46,687	25,142	18,809	77,816	70,628	6,135	6,452	200,500	196,822
Subordinated liabilities	-	-	60,000	60,000	32,605	63,667	150,000	150,000	-	-	242,605	273,667
Financial intermediaries	214,389	158,687	50,441	123,981	170,828	362,778	159,686	142,723	34,573	45,280	629,917	833,449
Deposits	2,494,884	2,603,367	1,867,277	1,851,030	1,210,332	1,484,676	4,181,704	4,315,606	417,658	357,442	10,171,855	10,612,121
Other liabilities	80,301	162,454	50,390	63,578	153,283	185,272	215,597	289,140	137,130	154,794	636,701	855,238
TOTAL LIABILITY	3,205,064	3,367,657	2,283,437	2,368,499	1,788,206	2,335,438	5,224,880	5,418,095	640,603	613,209	13,142,190	14,102,898

(1) Net credit investment to customers.
(2) Reserves includes minority interests, dividends on account and results from previous financial years pending allocation.

Chart 11.8 Source: Andorran Banks Association and annual reports by banking entities

2011 was 13.09% (calculated profits / average equity) and the average return on average assets for the financial year that ended on 31 December 2011 stood at 1.48% (calculated profits / average total assets).

11.3. Tourism

Tourists instil life into most productive sectors of the country. If they do not come, all activities suffer. Nor was 2011 a year of recovery. For the last eight years, since 2003, year after year the number of visitors has fallen. The economic situation of neighbouring countries, especially France and Spain, strongly affects the behaviour of their residents.

The numbers of visitors entering the country fell (2.2%), although not as much as in the three previous years. There is a positive aspect in the behaviour of tourism in 2011: visitors spending the night increased 7.7%, benefiting hotels and restaurants. In contrast, the numbers of day-trippers, who do not spend the night, continued to fall, this year -4.9%. Another positive aspect is that visitors from France and other countries showed a positive trend. Previous reports indicated that it was bad that the tourist demand focussed on one country, Spain, and that the efforts made by the Principality - private initiative and public institutions - to diversify the demand, did not get results. This year, the number of French visitors grew 5.1%, both those who spend the night (+5.3%) and day-trippers (+5.0%). Visitors of other nationalities also increased, 33.2% overall - 36.5% spending the night and 31.2% day-trippers. In contrast, in global terms, the number of Spanish visitors fell notably (-8.7%), due to the major downturn in day-trippers (-14.9%).

The weather did not help the ski season. Rainfall was very irregular and this affected the resorts. This season opened on 3 December 2011 and closed on 15 April 2012, but was marked by irregularity. The number of passes/days sold was 1,994,028, representing a fall of 9.9% in relation to the previous season. You would have to look back to the 2006-2007 season to find a similar figure.

As was said in the 2010 Report, the ski resorts have cut their investments in improvements and installations. In the previous year they only invested 6.4 million euros, this year they invested 7 million. On the other hand, they continued their promotional campaigns abroad and efforts were made to organise and diversify many activities to attract customers.

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	2,214,342
2011 – 2012	1,994,028

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

Chart 11.9 Source: Ski Andorra

Caldea is also a centre that attracts visitors to the country. In previous reports it was already indicated that it had also felt the general crisis suffered by the country. This year, the effect was stronger. 312,530 tickets were sold, 8.1% less than in 2010. Income was not affected as much, falling 5.8%. The results, however, are still positive, with 1.9 million euros in profit.

In last year's report, it was indicated that efforts made by the Ice Palace of Andorra were giving positive results. In 2011, income fell 15.2% but current expenditure also fell -12.6%. Investment in improvements was made for 119,562 euros. The installations have received current expenditure grants of 457,385 euros and capital grants of 120,000 euros.

The Ecopark, Naturlandia (Camprabassa SAU), was much affected this year by the lack of snow; activities linked to snow were only able to operate one week. The 2011-2012 winter season had only about 40,000 visitors and invoiced 680,832 euros, 23% less than the previous season, wholly related to activities not linked to snow, especially Tobotronc. Over the whole of 2011, the Ecopark invoiced 2,068,201 euros, 5% less than in 2010, and received about 140,000 visitors.

This year, the Andorran Hoteliers Union did not make their survey of hotel occupancy in national

SUPPLY OF TOURIST ACCOMMODATION BY PARISHES

	2008		2009		2010 ^(*)		2011 ^(*)	
	Establ.	Beds	Establ.	Beds	Establ.	Beds	Establ.	Beds
Canillo	49	6,599	49	6,657	55	7,831	56	7,823
Encamp	61	7,145	56	6,747	65	10,070	66	10,884
Ordino	28	1,989	28	2,013	27	1,914	28	2,002
La Massana	39	5,274	38	5,209	41	5,445	40	5,427
Andorra la Vella	45	6,297	44	6,195	43	6,672	41	6,570
Sant Julià de Lòria	13	1,447	12	1,329	12	1,254	11	1,216
Escaldes-Engordany	35	5,763	33	5,550	34	5,412	35	5,560
TOTAL	270	34,514	260	33,700	277	38,598	277	39,482

Note: Data on 31 December of corresponding year.

(*) 1. From 2010, the data show a significant increase in the number of classified establishments and beds, due to inclusion of a new type of establishment, "Furnished holiday establishments", created by Law 26/2008, on 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. From 2010, data referring to the total number of establishments also includes the authorised commercial companies in charge of managing 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 11.10

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

establishments among their members, so we do not have a significant indicator for this field.

According to Andorra Turisme's indicator, the number of nights for the whole year fell 4.6%,

despite the fact that visitors for more than one day rose, so the average stay decreased. The months in which available rooms are most used are August, December and February, and least used in May, June and November.

>

SUPPLY OF TOURIST ACCOMMODATION BY TYPE OF ESTABLISHMENT AND CATEGORY

		2008					2009					2010 ⁽¹⁾					2011 ⁽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.	193	7	39	85	53	9	185	5	34	84	53	9	183	4	34	84	53	8	183	3	32	84	56	8
	Rooms	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	10,952	74	1,001	4,093	5,083	701
	Beds	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	27,419	175	2,410	9,568	13,261	2,005
Hostals / residences	Establ.	17	7	8	2	-	-	15	5	8	2	-	-	15	5	9	1	-	-	14	6	8	-	-	-
	Rooms	349	103	174	72	-	-	319	73	174	72	-	-	267	84	154	29	-	-	229	88	141	-	-	-
	Beds	781	223	414	144	-	-	719	161	414	144	-	-	620	170	334	116	-	-	486	178	308	-	-	-
Pensions	Establ.	11	9	2	-	-	-	9	7	2	-	-	-	7	5	2	-	-	-	7	5	2	-	-	-
	Rooms	224	193	31	-	-	-	198	167	31	-	-	-	144	111	33	-	-	-	144	111	33	-	-	-
	Beds	401	351	50	-	-	-	361	311	50	-	-	-	293	223	70	-	-	-	293	223	70	-	-	-
Aparthotels	Establ.	25	2	4	16	3	-	24	2	4	15	3	-	24	2	4	15	3	-	22	2	4	13	3	-
	Rooms	814	88	122	446	158	-	808	88	122	440	158	-	863	89	152	455	167	-	812	89	152	404	167	-
	Beds	3,616	313	701	1,830	772	-	3,586	313	701	1,800	772	-	3,388	282	578	1,882	646	-	3,128	282	578	1,622	646	-
Tourist apartments	Establ.	24	5	10	9	-	-	27	6	10	11	-	-	29	4	12	12	1	-	27	3	11	12	1	-
	Apart.	473	74	221	178	-	-	511	80	221	210	-	-	505	39	250	191	25	-	471	33	222	191	25	-
	Beds	2,254	391	1,030	833	-	-	2,406	421	1,030	955	-	-	2,294	164	1,160	870	100	-	2,120	134	1,016	870	100	-
Furnished apartments ⁽²⁾	Establ.	-	-	-	-	-	-	-	-	-	-	-	-	19 ⁽³⁾	-	-	-	-	-	24 ⁽³⁾	-	-	-	-	-
	Apart.	-	-	-	-	-	-	-	-	-	-	-	-	982	419	480	83	-	-	1,229	533	620	76	-	-
	Beds	-	-	-	-	-	-	-	-	-	-	-	-	4,810	1,851	2,557	402	-	-	6,036	2,415	3,243	378	-	-
Total	Establ.	270	30	63	112	56	9	260	25	58	112	56	9	277 ⁽⁴⁾	20	61	112	57	8	277 ⁽⁴⁾	19	57	109	60	8
	Rooms/Apart.	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	13,837	928	2,169	4,764	5,275	701
	Beds	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	39,482	3,407	7,625	12,438	14,007	2,005

Note: Data on 31 December of relevant year.

(1) From 2010, the data show a significant increase in the supply of tourist accommodation, due to the inclusion of "Furnished holiday apartments", a new type of establishment, created by 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) Unlike tourist apartments, which are located in one single 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) Since 2010, data referring to the total number of establishments also includes authorised commercial companies managing furnished holiday apartments.

Chart 11.11

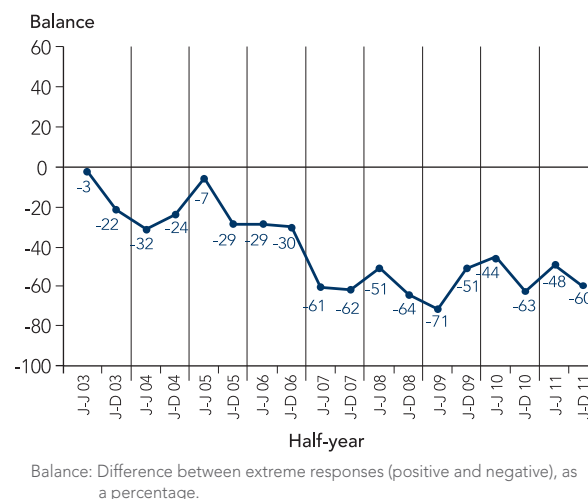
Source: Department of Statistics. Government of Andorra / Department of Tourism. Government of Andorra

In the adjoining tables, data are provided on tourist accommodation by parish and by type of establishment and category. It seems that everything is very stable: as the demand is low, changes in the structure are very small. It can be said that the supply of higher class establishments and beds in private apartments improves.

The Chamber's situation surveys confirm the above-mentioned statistical data. The results of the two half-yearly consultations are rather bad, especially those for the second half of the year.

The results of the situation survey for the first half of 2011 show that the hotel sector again faces a clearly complicated situation, in which the present scenario of economic crisis continues to aggravate the overall adverse situation suffered by the sector for almost a decade, much affected by the constant downturn in tourists. In this way, the difficult economic situation being experienced by neighbouring countries, especially Spain, but above all internal structural factors deriving from the same maturity in the Andorran tourism market, continue to seriously limit the sector's capacity for a recovery in activity.

BUSINESS PROGRESS - Hotel sector



Graphic 11.3

Source: Chamber of Commerce, Industry and Services of Andorra

Hoteliers' opinions about business progress have remained negative in recent half-years and suggested a further downturn in hotel activity throughout the first half of 2011. From a national perspective, the business trend has worsened notably in the parishes that focus their offer on commercial activities, such as Andorra la Vella and Escaldes-Engordany; but there was also a clearly

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

		2009			2010			2011		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	0	0	0	3	2	2.5	6	7	6.5
	Normal	29	49	39	50	33	41.5	41	26	33.5
	Poor	71	51	61	47	65	56	54	67	60.5
	Balance	-71	-51	-61	-44	-63	-53.5	-48	-60	-54
2. Average distribution of clients (%) (half-year reviewed)	Catalonia	40	43	41.5	40	36	38	34	40	37
	Rest of Spain	26	28	27	28	28	28	26	27	26.5
	France	15	16	15.5	15	23	19	17	18	17.5
	Others	19	14	16.5	17	12	14.5	23	14	18.5
3. Level of reservations (half-year reviewed)	High	0	5	2.5	2	4	3	1	0	0.5
	Adequate for the period	12	24	18	24	19	21.5	15	16	15.5
	Low	88	71	79.5	71	75	73	82	84	83
	Reservations not used	0	0	0	3	2	2.5	1	0	0.5
Balance	-88	-66	-77	-69	-71	-70	-81	-84	-82.5	
4. Average rate of occupancy (compared with same half-year of previous year)	Higher	8	20	14	24	13	18.5	4	7	5.5
	Equal	4	20	12	19	23	21	16	25	20.5
	Lower	88	60	74	57	65	61	80	68	74
	Balance	-80	-40	-60	-33	-52	-42.5	-76	-61	-68.5
5. Prices paid by clients (compared with previous half-year)	Higher	6	7	6.5	5	4	4.5	8	7	7.5
	Equal	38	15	26.5	31	43	37	36	41	38.5
	Lower	56	78	67	64	53	58.5	56	52	54
	Balance	-50	-71	-60.5	-59	-49	-54	-48	-45	-46.5
6. Personnel employed (compared with previous half-year)	More	17	7	12	17	4	10.5	13	2	7.5
	Equal	33	42	37.5	41	38	39.5	55	44	49.5
	Less	50	51	50.5	41	58	49.5	32	54	43
	Balance	-33	-44	-38.5	-24	-54	-39	-19	-52	-35.5

Chart 11.12

Source: Chamber of Commerce, Industry and Services of Andorra

negative trend in the other areas oriented towards snow tourism. Specifically, the parishes with ski resorts, despite benefiting from the usual seasonal increase in this half-year, also suffered a major contraction in activity in relation to last year, the result of an unfavourable winter tourism season, which was affected by various negative factors such as the lack of snow at the end of the season and a very late Easter week.

Altogether, the average level of occupancy continued to decline, was worse than the previous half-year and above all lay below the already very negative levels of last year. In this situation of weakening business and strong pressure from the competition, hoteliers continued to make major adjustments to sales prices, in an effort to incentivise the arrival of tourists and mitigate the downturn in activity as much as possible, which, we need not say, continues to weaken the economic and financial situation of businesses, which must face significant reductions in their margins. On the other hand, faced with falling income and growing pressure from operating costs, hotel establishments have indicated new adjustments to cut the numbers of employees in the sector.

The results of the Chamber's opinion survey confirm a negative diagnosis of the hotel situation throughout the second half of 2011. In effect, the hotel sector continues to suffer strongly from the new changes in the pattern of behaviour in tourist demand (shorter stays, looking for a better relation between quality and price or cuts in consumption per tourist), ever more affected by the difficult economic situation that our main tourist markets are undergoing, especially

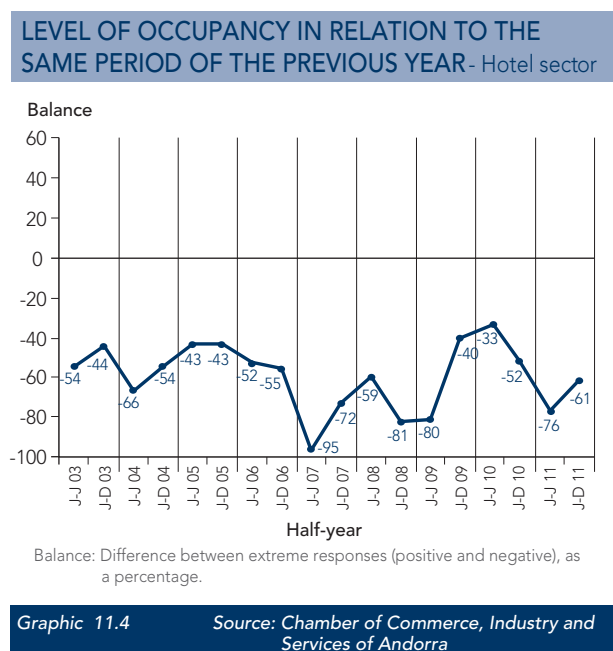
Spain. The evaluations of businesses about business progress are still pessimistic since last year and reflect the continued context of scarce activity that has marked the sector since 2007.

From a national perspective, the business situation weakened significantly in most of the high parishes, with a greater downturn in activity than should be expected for seasonal reasons, but also continued a clearly negative profile in the most commercial areas of the country - Andorra la Vella and Escaldes-Engordany - which usually concentrate most of the tourist flows outside the ski season. The parish of Sant Julià de Lòria also stands out for its bad results, as all the hotels in the area, without exception, showed very bad trends in levels of activity.

Altogether, the average level of occupancy worsened in relation to the previous half-year and also reached levels lower than those noted one year before. This interannual decline, which was very generalised by zones, is the result of quite low numbers of tourists in the summer season and a very disappointing start to the snow season, which significantly undermined the levels of hotel occupancy in the last part of the 2011 financial year.

Faced with weakening activity, hotel businessmen reduced the numbers of workers in the sector. In relation to prices, the efforts to adjust sales prices continued, in an attempt to gain competitiveness and so avoid a greater downturn in activity. As for the distribution of clients by place of origin, Catalans are still the main clients, with a share that rose to 40% of the total, followed by clients from the rest of Spain, for which the percentage remained quite stable (27%). As is usual for this period, French travellers reached third place in the ranking - with 18% of total clients - in front of clients from other countries, which then represented 14% of the total.

The prospects for the first half of 2012 remain on quite a pessimistic level, in accordance with tourist demand which it is expected will remain weak. Companies indicate a substantial worsening in the business situation and a continued decline in levels of hotel occupancy, which are expected to be significant in most parishes. Moreover, the global volume of reserves is considered very low for the time of year and new reductions in personnel are expected in companies' workforces and the falling trend in prices will continue.



The percentage of hotels that indicated weak demand as a factor limiting improvement in business reached 82%, much higher than other obstacles such as increased operating costs (cited by 58% of those surveyed) and the loss of attractiveness in the area (cited by 51%).

11.4. Transport and communications

Evidently, this branch of services also continued to feel the crisis affecting the country. So, in transport, the number of employees fell 2.4%, a similar figure to last year. Average wages grew 2.0%, also similar to 2010. Vehicle registrations fell again, 12.7% (-11.2% in cars and -27.7% in lorries). It should be noted that this steep decline came after 2010, when there was a slight recovery after four years of continuous downturns. It should also be noted that in this financial year, registrations of new vehicles were less than half those registered in 2004 and 2005. The number of registered vehicles remained at the same figures as 2010, as there was only a drop of -0.3%.

As is logical, the bad economic situation experienced by the country is clearly reflected in telecommunications. So, subscriptions fell, both for land-lines and mobiles; the former fell 1.2% and the latter 0.7%. In contrast, broadband subscriptions to Internet increased 5.1%, an increase encouraged by the recent, significant advance in Internet by fibre optic, even though ADSL continued to shrink. National telephone traffic fell 4.1% - for land-lines it fell -4.6% and mobiles -2.8%. International traffic suffered most: incoming calls fell -7.9% and outgoing calls -7.8%. On the other hand, national broadband Internet grew 143.3% and international 24.1%. The low economic activity that, as has been said, affected telecommunications, did not however affect the latest technological innovations.

statistical appendix 2011



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)					
	2007	2008	2009	2010	2011
Andorrans	30,441	31,363	32,085	32,962	33,481
Foreigners	52,696	53,121	51,997	52,053	44,634
Spanish	27,476	27,300	26,662	26,688	22,187
Portuguese	13,519	13,794	13,362	13,100	11,711
French	5,200	5,214	5,099	5,087	4,104
Others	6,501	6,813	6,874	7,178	6,632
Total	83,137	84,484	84,082	85,015	78,115

Registered population by parishes (persons)					
	2007	2008	2009	2010	2011
Canillo	5,422	5,625	5,903	6,194	4,826
Encamp	14,029	14,234	14,263	14,357	13,521
Ordino	3,685	3,947	4,187	4,396	4,322
La Massana	9,357	9,635	9,773	9,937	9,744
Andorra la Vella	24,574	24,678	23,380	23,505	22,256
Sant Julià de Lòria	9,595	9,651	9,715	9,706	9,051
Escaldes-Engordany	16,475	16,714	16,861	16,920	14,395
Total	83,137	84,484	84,082	85,015	78,115

Natural population movement					
	2007	2008	2009	2010	2011
Births	826	875	838	828	793
Deaths	230	237	272	239	275
Natural growth	596	638	566	589	518
Birth rate (per thousand)	9.935	10.357	9.966	9.739	10.152
Death rate (per thousand)	2.767	2.805	3.235	2.811	3.520
Natural growth rate (per thousand)	7.169	7.552	6.732	6.928	6.631
Total population growth	1,915	1,347	-402	933	-6,900
Increase from migration and census regularization	1,319	709	-968	344	-7,418

Population structure by ages (individuals)					
	2007	2008	2009	2010	2011
Up to 14 years	12,155	12,211	12,150	12,229	12,095
From 15 to 64 years	61,044	61,902	61,122	61,463	56,163
65 years and over	9,938	10,371	10,810	11,323	9,857
Total	83,137	84,484	84,082	85,015	78,115

Note: In 2011, there was an exceptional fall in the population compared with the previous year, due to the census check carried out by the Communes of each parish. Nevertheless, be aware that this downturn in the population did not just happen last year but involves a progressive fall in population over the last four years.

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

1.2 Employment

Jobs (annual average)					
	2007	2008	2009	2010	2011
Jobs	49,608	48,380	46,968	45,869	44,405

Note: Data prepared by the Statistics Department of the Government on the basis of employees' contributions provided by CASS.

Source: CASS (Andorran Social Security) / Department of Statistics. Government of Andorra

New CASS registrations (social security - annual total)

	2007	2008	2009	2010	2011
New registrations	5,509	4,811	3,596	3,821	3,548

Note: 2011 data are provisional

Number of employees by main sectors (average)

	2007	2008	2009	2010	2011
Primary	147	147	148	152	159
Industry	1,889	1,900	1,923	1,851	1,731
Construction	6,682	6,094	5,410	4,657	3,932
Services	34,517	34,081	33,538	32,733	32,210
Total	43,234	42,222	41,019	39,393	38,031

Number of employees by sectors (average)

	2007	2008	2009	2010	2011
Agriculture, livestock, hunting and forestry	147	147	148	152	159
Extraction industries	-	-	4	3	2
Manufacturing industries	1,730	1,736	1,765	1,687	1,561
Production and distribution of electricity, gas and water	159	164	154	161	168
Construction	6,682	6,094	5,410	4,657	3,932
Commerce and motor vehicle repairs (etc.)	11,316	10,870	10,362	9,977	9,574
Hotels & catering	5,523	5,242	5,136	4,956	4,877
Transport, storage and communications	1,300	1,291	1,220	1,185	1,156
Financial system	1,609	1,665	1,696	1,671	1,695
Real estate and rental activities; business services	4,215	4,100	4,115	4,132	4,076
Public administration, defence and compulsory social security	4,452	4,675	4,698	4,487	4,452
Education	670	684	594	584	571
Health and veterinary activities, social services	1,431	1,505	1,695	1,762	1,800
Other social activities & community services; personal services	2,441	2,442	2,445	2,419	2,456
Households employing domestic staff	1,334	1,382	1,354	1,326	1,324
Extraterritorial bodies	9	12	23	26	26
Domestic work for the community (communities of owners)	201	204	200	206	203
Voluntary declaration, no activity (volunteers)	16	9	2	1	-
Total	43,234	42,222	41,019	39,393	38,031

Source: CASS (Andorran Social Security)

Registrations with the job service by nationalities (average)

	2007	2008	2009	2010	2011
Andorran	134	136	159	170	221
Spanish	232	163	219	218	268
French	20	18	23	21	22
Portuguese	157	145	162	152	174
Others	86	68	94	102	117
Total	630	529	656	662	802

Registrations with the job service by age brackets (average)

	2007	2008	2009	2010	2011
Up to 17	31	28	28	21	17
18 – 25	125	116	126	109	129
26 – 39	238	185	211	213	252
40 – 59	217	186	261	283	354
60 and over	19	14	30	36	50
Total	630	529	656	662	802

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

1.3 Education

Population in education by education level

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
School	10,804	10,850	10,796	10,837	10,802
University (*)	na	na	1,444	1,410	1,466
Non-university abroad	185	199	265	269	295
Total	10,989	11,049	12,505	12,516	12,563

(*) The university population data relating to the school years 2008-2009 and 2009-2010 have been revised and updated by the Institute of Andorran Studies.

na: Not available

Note 1: In relation to the school years 2006-2007 and 2007-2008 the total population in education does not include university students, so the data is not comparable with other years.

Note 2: The data about Andorran schoolchildren and non-university students abroad relate to students in kindergarten, primary and secondary school, baccalaureate and mid-level vocational education.

Note 3: From the school 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

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Andorra	10,804	10,850	11,327	11,316	11,230
Spain	122	141	998	1,022	1,114
France	58	56	156	149	174
Others	5	2	24	29	45
Total	10,989	11,049	12,505	12,516	12,563

Note 1: For 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: From 2008-2009, data for university students do not include those in UNED (distance learning).

Note 4: The university population data relating to the school years 2008-2009 and 2009-2010 have been revised and updated by the Institute of Andorran Studies.

School population by levels

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Kindergarten	2,558	2,507	2,408	2,411	2,380
Primary	4,427	4,492	4,474	4,367	4,263
Secondary	2,774	2,782	2,776	2,838	2,900
Baccalaureate	800	807	826	854	889
Vocational training	245	262	312	367	370
Total	10,804	10,850	10,796	10,837	10,802

School population by type of schooling

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
French educational system	3,570	3,549	3,468	3,430	3,402
<i>French schools</i>	3,570	3,549	3,468	3,430	3,402
Spanish educational system	3,434	3,390	3,326	3,285	3,243
<i>Spanish schools</i>	1,216	1,142	1,030	997	930
<i>Congregational schools</i>	1,976	2,006	2,071	2,075	2,102
<i>Private schools</i>	242	242	225	213	211
Andorran educational system	3,800	3,911	4,002	4,122	4,157
<i>Andorran schools</i>	3,720	3,817	3,888	3,977	4,031
<i>Vocational schools</i>	68	90	114	145	126
<i>Workshop schools</i>	12	4	-	-	-
Total	10,804	10,850	10,796	10,837	10,802

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

University population by country of study

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Andorra	na	na	531	479	428
Spain	na	na	799	814	893
France	na	na	96	97	114
Others	na	na	18	20	31
Total	na	na	1,444	1,410	1,466

na: not available

Note 1: From the school year 2008-2009, the data about university students include students in higher vocational education and not those in UNED (distance learning).

Note 2: The university population data relating to the school years 2008-2009 and 2009-2010 have been revised and updated by the Institute of Andorran Studies.

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

2. ACTIVITY AND DEMAND

Electricity consumption (MWh)					
	2007	2008	2009	2010	2011
Domestic use	86,914	91,904	91,476	95,267	90,475
Construction and construction related activities	11,493	6,455	5,715	5,136	4,826
Industries	5,156	5,476	5,048	4,751	4,258
Distribution	78,356	76,240	75,886	76,384	74,799
Hotels and catering	74,594	70,537	68,029	68,381	66,263
Financial services	26,577	26,065	25,743	24,289	23,320
Other services	67,732	68,714	69,771	71,599	68,883
Street lighting	6,591	7,133	7,698	7,480	7,789
Ski resorts	18,224	17,001	15,272	17,221	15,125
Government	22,356	23,636	22,866	23,900	24,997
Other distributors	178,597	182,010	182,157	185,771	179,272
Total	576,591	575,171	569,662	580,179	560,007

Source: FEDA (Andorran Electricity Co.)

Vehicle registration (units)					
	2007	2008	2009	2010	2011
Cars	3,119	2,422	1,945	2,118	1,881
Motorbikes	858	560	462	437	408
Vans	250	163	139	128	96
Lorries ⁽¹⁾	75	71	29	47	34
Special vehicles	201	111	80	27	28
Mopeds	50	36	26	26	14
Snowbikes	14	11	11	21	11
Others ⁽²⁾	123	123	96	89	53
Total	4,690	3,497	2,788	2,893	2,525

(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 sectors of activity (average)					
	2007	2008	2009	2010	2011
Primary ^(*)	89	83	89	99	94
Extraction industries	-	-	1	1	1
Manufacturing industries	201	210	218	217	200
Production and distribution of electricity, gas and water	8	7	5	6	6
Construction	682	659	594	539	506
Commerce and motor vehicle repairs (etc.)	1,530	1,569	1,411	1,369	1,339
Hotels and catering	749	756	720	691	690
Transport, storage and communications	191	181	175	155	149
Financial system	79	74	83	77	76
Real estate and rental activities; business services	802	800	785	775	791
Public administration, defence and compulsory social security	42	45	43	42	42
Education	45	50	51	53	47
Health and veterinary activities, social services	185	201	194	196	202
Other social activities & community services; personal services	371	380	373	377	386
Households employing domestic staff	3,440	3,601	3,574	3,593	3,526
Extraterritorial bodies	4	6	8	9	8
Domestic work for the community (communities of owners)	530	543	566	577	569
Voluntary declaration, no activity (volunteers)	26	16	12	4	-
Total	8,972	9,181	8,902	8,781	8,630

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

Source: CASS (Andorran Social Security)

Number of companies by number of employees (average)

	2007	2008	2009	2010	2011
From 1 to 5	7,348	7,564	7,371	7,361	7,272
From 6 to 10	736	776	730	672	635
From 11 to 25	573	542	521	487	471
From 26 to 100	263	246	227	208	201
Over 100	53	52	53	52	51
Total	8,972	9,181	8,902	8,781	8,630

Source: CASS (Andorran Social Security)

3. PRICES AND COSTS**Consumer price index (Interannual variation rate in December) (%) - Base 2001**

	2007	2008	2009	2010	2011
Food, beverages and tobacco	3.1	2.8	-0.3	0.7	2.6
Clothing and footwear	1.7	-1.7	3.6	-4.7	-5.3
Housing, water, gas, electricity and other fuels	8.5	3.2	-0.8	2.9	3.8
Furniture, domestic appliances and services	1.1	2.3	1.6	-1.1	0.6
Health (unsubsidised expenses)	1.9	3.1	1.1	4.3	0.9
Transport	4.0	0.2	0.6	5.2	5.6
Leisure, entertainment and culture	0.4	-0.3	-3.2	-2.4	0.3
Education	2.2	3.2	0.8	3.3	2.7
Hotels, cafes and restaurants	3.0	2.4	0.4	1.2	0.9
Miscellaneous goods and services	2.1	1.1	-0.2	0.1	0.4
Total	3.9	2.0	0.0	1.6	2.5

Special groups - Base 2001

	2007	2008	2009	2010	2011
Underlying inflation	2.8	2.3	0.3	-0.1	0.5
Food	3.4	2.8	-1.0	0.1	1.9
General index less tobacco	3.9	2.0	-0.1	1.4	2.4
Energy	15.5	-0.7	-3.0	13.4	14.9
Services (excluding rental accommodation)	1.5	2.9	0.1	0.8	0.4

Source: Department of Statistics. Government of Andorra

Average monthly salaries (euros)

	2007	2008	2009	2010	2011
Agriculture, livestock, hunting and forestry	1,299.62	1,366.06	1,431.76	1,461.48	1,452.10
Extraction industries	-	-	2,371.92	3,036.48	1,404.41
Manufacturing industries	1,901.88	1,935.00	1,996.77	1,985.78	2,038.43
Production and distribution of electricity, gas and water	3,052.38	3,115.95	3,222.45	3,260.46	3,161.40
Construction	1,904.64	1,937.01	1,931.91	1,919.58	1,952.70
Commerce and motor vehicle repairs (etc.)	1,596.46	1,658.51	1,671.50	1,687.64	1,697.23
Hotels & catering	1,406.42	1,463.59	1,467.63	1,472.57	1,476.32
Transport, storage and communications	1,938.87	2,048.81	2,142.85	2,181.08	2,223.76
Financial system	4,049.24	4,153.70	4,215.38	4,380.86	4,535.97
Real estate and rental activities; business services	1,734.65	1,798.65	1,846.60	1,838.15	1,851.16
Public administration, defence and compulsory social security	2,206.43	2,290.15	2,318.68	2,417.51	2,449.42
Education	1,904.20	1,987.38	2,033.69	2,070.55	2,083.17
Health and veterinary activities, social services	1,962.46	2,198.48	2,301.08	2,306.96	2,318.05
Other social activities & community services; personal services	1,558.44	1,651.35	1,661.55	1,683.36	1,622.66
Households employing domestic staff	1,087.83	1,159.20	1,172.94	1,217.26	1,236.93
Extraterritorial bodies	1,619.54	1,791.01	2,521.89	2,407.69	2,411.81
Domestic work for the community (communities of owners)	1,055.03	1,036.99	1,126.05	1,142.74	1,149.60
Voluntary declaration, no activity (volunteers)	1,333.80	1,093.51	1,537.75	1,182.19	-
Average	1,810.67	1,889.11	1,922.25	1,949.35	1,973.69

Source: CASS (Andorran Social Security)

4. PUBLIC SECTOR

4.1 Central Government

Budgeted income for central government (thousand euros)					
	2007	2008	2009	2010^(*)	2011^(*)
Direct taxation	11,072.33	11,072.33	6,266.73	-	-
Indirect taxation	323,818.14	319,836.49	312,366.66	-	-
Other taxes and revenues	21,749.67	24,649.77	24,838.87	-	-
Current transfers	34.39	203.29	78.77	-	-
Investment income	14,085.66	75,833.40	14,234.80	-	-
Total non-financial revenue	370,760.18	431,595.29	357,785.83	-	-
Financial assets	120.95	127.04	149.37	-	-
Financial liabilities	16,674.07	26.87	260,023.94	-	-
TOTAL REVENUE	387,555.20	431,749.20	617,959.14	-	-

Budgeted central government expenditure (thousand euros)					
	2007	2008	2009	2010^(*)	2011^(*)
Current expenditure	206,272.78	225,849.25	242,742.22	-	-
Personnel costs	82,530.38	86,975.59	92,650.69	-	-
Consumption of goods and services	46,163.33	45,051.98	45,565.78	-	-
Financial expenditure	14,413.64	23,106.10	29,188.46	-	-
Current transfers	63,165.43	70,715.58	75,337.28	-	-
Capital expenditure	181,132.78	193,327.91	114,872.49	-	-
Real investments	126,421.06	127,129.01	50,171.48	-	-
Capital transfers	54,711.72	66,198.90	64,701.01	-	-
Total non-financial expenditure	387,405.56	419,177.16	357,614.71	-	-
Financial operations	117.38	12,572.03	260,275.44	-	-
Financial assets	105.00	105.00	165.00	-	-
Financial liabilities	12.38	12,467.03	260,110.44	-	-
TOTAL EXPENDITURE	387,522.94	431,749.20	617,890.14	-	-

Non-financial cash surplus or deficit (thousand euros)					
	2007	2008	2009	2010^(*)	2011^(*)
Non-financial cash surplus or deficit	-16,645.37	12,418.13	171.13	-	-

(*) Projected budget for 2010 and 2011 not passed.

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

Settlement of central government income (thousand euros)					
	2007	2008	2009	2010	2011
Direct taxation	6,266.73	2,767.17	1,736.73	1,699.73	5,636.57
Indirect taxation	278,398.10	259,895.22	232,109.31	248,266.30	265,758.61
Other taxes and revenues	23,375.47	24,396.33	24,276.61	43,119.76	27,470.86
Current transfers	183.70	78.77	66.80	21.73	44.22
Investment income	13,708.85	29,762.14	13,055.45	10,885.34	9,320.40
Disposal of real investment	-	-	1.12	1.02	-
Total non-financial revenue	321,932.85	316,899.63	271,246.02	303,993.87	308,230.66
Financial assets	95.44	87.06	133.86	48.35	82.81
Financial liabilities	36,762.91	132,239.16	379,287.96	338,210.52	320,723.13
TOTAL REVENUE	358,791.20	449,225.85	650,667.84	642,252.75	629,036.60

Source: Ministry of Finance and Public Administration

Settlement of central government expenditure (thousand euros)					
	2007	2008	2009	2010	2011
Current expenditure	202,415.79	230,703.14	225,754.42	233,598.52	271,561.33
Personnel costs	83,811.74	88,088.35	89,328.99	93,373.97	95,227.09
Consumption of goods and services	46,109.86	45,347.89	42,832.60	41,558.32	40,904.90
Financial expenditure	16,605.45	23,336.83	15,262.29	10,685.73	18,804.67
Current transfers	55,888.73	73,930.05	78,330.55	87,980.51	116,624.67
Capital expenditure	187,449.92	185,347.65	162,052.75	123,336.35	87,571.23
Real investments	120,756.51	118,612.11	99,301.45	57,718.36	34,137.62
Capital transfers	66,693.41	66,735.54	62,751.29	65,617.99	53,433.61
Total non-financial expenditure	389,865.71	416,050.79	387,807.17	356,934.87	359,132.56
Financial operations	130.60	81.98	260,269.64	246,590.12	256,016.14
Financial assets	130.60	81.98	269.64	46.42	93.21
Financial liabilities	-	-	260,000.00	246,543.70	255,922.93
TOTAL EXPENDITURE	389,996.31	416,132.76	648,076.80	603,525.00	615,148.70
Operating costs^(*)	129,921.60	133,436.25	132,161.59	134,932.28	136,131.99

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

Non-financial cash surplus or deficit (thousand euros)					
	2007	2008	2009	2010	2011
Non-financial cash surplus or deficit	-67,932.85	-99,151.15	-116,561.14	-52,941.00	-50,901.91

Central government debt (thousand euros)					
	2007	2008	2009	2010	2011
Long-term debt	260,000.00	260,000.00	260,000.00	260,000.00	380,000.00
Public debt (loan)	260,000.00	260,000.00	260,000.00	260,000.00	260,000.00
Public debt (Treasury Bills) l-t	-	-	-	-	120,000.00
Short-term debt	110,124.46	242,338.55	361,602.19	456,722.15	387,880.85
Credit policies	110,124.46	242,338.55	361,602.19	206,722.15	187,880.85
Public debt (Treasury Bills) s-t	-	-	-	100,000.00	100,000.00
Short-term loan	-	-	-	150,000.00	100,000.00
TOTAL DEBT	370,124.46	502,338.55	621,602.19	716,722.15	767,880.85

Note: The settlements of the Central Government accounts relating to the years 2010 and 2011 are provisional.

Source: Ministry of Finance and Public Administration

4.2 Commune authorities

Budgeted income for Commune authorities (thousand euros)					
	2007	2008	2009	2010	2011
Canillo	17,370.27	17,927.90	16,416.15	14,163.38	11,956.83
Encamp	37,828.79	33,542.24	30,334.67	31,813.63	29,376.21
Ordino	18,917.08	14,982.45	12,616.74	11,279.95	9,818.81
La Massana	20,358.01	20,099.91	14,560.92	14,194.59	11,608.97
Andorra la Vella	48,661.40	46,979.82	39,366.46	38,898.41	34,908.80
Sant Julià de Lòria	16,403.08	15,456.62	15,791.04	12,875.20	12,600.54
Escaldes-Engordany	35,180.84	31,400.45	26,921.77	27,522.04	22,072.44
Total	194,719.47	180,389.39	156,007.73	150,747.20	132,342.60

Budgeted expenditure for Commune authorities (thousand euros)					
	2007	2008	2009	2010	2011
Canillo	17,370.27	17,927.90	16,416.15	14,163.38	11,956.83
Encamp	37,828.79	33,542.24	30,334.67	31,813.63	29,376.21
Ordino	17,516.86	14,097.19	12,616.74	11,279.95	9,818.81
La Massana	20,358.01	20,099.91	14,560.92	14,194.59	10,446.37
Andorra la Vella	48,661.40	46,979.82	39,366.46	38,898.41	34,908.80
Sant Julià de Lòria	16,403.09	15,456.62	15,791.04	12,875.20	12,242.01
Escaldes-Engordany	35,180.84	31,400.45	26,921.77	27,522.04	22,072.44
Total	193,319.25	179,504.13	156,007.73	150,747.20	130,821.47

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

Budgeted balance for Commune authorities (thousand euros)					
	2007	2008	2009	2010	2011
Canillo	0.00	0.00	0.00	0.00	0.00
Encamp	0.00	0.00	0.00	0.00	0.00
Ordino	1,400.22	885.26	0.00	0.00	0.00
La Massana	0.00	0.00	0.00	0.00	1,162.60
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	358.53
Escaldes-Engordany	0.00	0.00	0.00	0.00	0.00
Total	1,400.22	885.26	0.00	0.00	1,521.12

Settlements of income for Commune authorities (thousand euros)					
	2007	2008	2009	2010	2011
Canillo	14,876.18	15,031.48	12,399.10	11,830.92	11,052.54
Encamp	24,252.97	39,770.30	28,021.50	26,863.35	25,032.66
Ordino	21,169.80	37,030.35	13,098.30	10,760.63	10,262.63
La Massana	17,572.65	18,517.93	13,846.94	12,678.67	11,992.33
Andorra la Vella	39,658.49	53,057.21	41,382.11	33,061.22	33,989.41
Sant Julià de Lòria	15,499.54	13,533.88	15,263.55	12,638.29	15,678.77
Escaldes-Engordany	34,038.07	30,560.73	58,769.32	25,960.05	20,871.10
Total	167,067.69	207,501.88	182,780.82	133,793.13	128,879.44

Settlements of expenditure for Commune authorities (thousand euros)					
	2007	2008	2009	2010	2011
Canillo	15,009.29	15,010.02	14,575.02	11,534.21	10,983.56
Encamp	33,607.70	33,159.31	30,897.39	26,722.23	26,714.16
Ordino	22,027.07	27,887.16	10,955.09	10,146.88	8,844.20
La Massana	19,508.87	18,630.82	14,537.80	11,907.73	10,455.66
Andorra la Vella	52,964.56	46,708.45	36,011.84	31,657.80	32,615.19
Sant Julià de Lòria	13,862.65	15,693.32	12,958.23	12,477.57	14,196.88
Escaldes-Engordany	33,972.42	28,023.81	52,172.93	24,901.25	21,280.53
Total	190,952.57	185,112.88	172,108.31	129,347.68	125,090.17

Surplus or deficit of Commune authorities (thousand euros)					
	2007	2008	2009	2010	2011
Canillo	-133.11	21.47	-2,175.92	296.71	68.98
Encamp	-9,354.73	6,610.99	-2,875.89	141.11	-1,681.49
Ordino	-857.28	9,143.19	2,143.20	613.75	1,418.43
La Massana	-1,936.23	-112.89	-690.85	770.94	1,536.68
Andorra la Vella	-13,306.07	6,348.76	5,370.27	1,403.42	1,374.22
Sant Julià de Lòria	1,636.89	-2,159.44	2,305.31	160.72	1,481.89
Escaldes-Engordany	65.64	2,536.92	6,596.39	1,058.81	-409.43
Total	-23,884.88	22,388.99	10,672.50	4,445.45	3,789.27

Note: Data on budgets and settlements of income and expenditure of the Communes were prepared by the Department of Statistics of the Government based on data published by the Communes.

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

Consolidated Commune debt - With investees (thousand euros)					
	2007	2008	2009	2010	2011
Canillo	29,149.47	27,229.85	28,835.60	25,642.09	23,714.38
Encamp	36,195.17	44,043.12	41,907.89	39,125.32	39,285.60
Ordino	18,877.89	24,803.08	24,771.35	24,669.72	23,309.90
La Massana	39,297.36	42,932.65	48,965.50	45,686.18	42,111.19
Andorra la Vella	47,867.71	61,121.16	61,867.39	61,081.10	58,348.78
Sant Julià de Lòria	17,907.46	20,475.69	20,819.13	20,584.41	17,331.19
Escaldes-Engordany	32,450.01	37,360.40	39,823.33	37,210.58	34,750.28
Total	221,745.07	257,965.95	266,990.20	253,999.39	238,851.33

Note: 2007-2010 data relating to the debt status on 31 December of each year calculated by the Court of Accounts using as a basis the amounts available according to the criteria laid down in the Commune finances law. 2011 data relating to the debt status presented by the Communes.

Source: Court of Accounts / Commune authorities

THE ANDORRAN ECONOMY: SECTORIAL STATISTICS

5. PRIMARY SECTOR

Number of companies by number of employees (average)					
	2007	2008	2009	2010	2011
From 1 to 5	82	75	81	93	87
From 6 to 10	6	7	8	5	4
From 11 to 25	1	1	1	2	2
Total	89	83	89	99	94

Number of employees (average)					
	2007	2008	2009	2010	2011
Agriculture, livestock, hunting and auxiliary service activities	137	137	136	139	145
Forestry, forest management and auxiliary service activities	10	10	11	13	14
Total	147	147	148	152	159

Average monthly salaries (euro)					
	2007	2008	2009	2010	2011
Agriculture, livestock, hunting and auxiliary service activities	1,278.89	1,344.87	1,414.61	1,448.04	1,447.75
Forestry, forest management and auxiliary service activities	1,588.81	1,655.33	1,636.59	1,600.41	1,498.27
Total	1,299.62	1,366.06	1,431.76	1,461.48	1,452.10

Source: CASS (Andorran Social Security)

Tobacco crop by parish (Kg)					
	2007	2008	2009	2010	2011
Canillo	17,189	16,495	16,796	16,656	16,799
Encamp	31,630	29,430	28,912	28,069	28,153
Ordino	33,056	32,358	33,946	35,273	34,518
La Massana	51,630	46,235	47,988	45,118	46,336
Andorra la Vella	32,838	30,229	31,070	29,855	30,869
Sant Julià de Lòria	94,280	89,609	90,574	75,726	81,760
Escaldes-Engordany	13,562	11,966	12,219	12,056	11,872
Total production	274,185	256,321	261,504	242,753	250,306

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

Livestock census (adult animals)					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Bulls	71	69	77	69	62
Cows	1,407	1,454	1,483	1,496	1,497
Working animals	-	-	-	-	-
Stud animals	168	191	204	196	198
Mares	679	726	700	700	711
Rams	56	65	80	73	75
Ewes	2,002	2,102	2,126	2,291	2,446
Billy goats	35	43	37	32	29
Nanny goats	434	502	525	521	349
Total	4,852	5,152	5,232	5,378	5,367

Source: Department of Agriculture. Government of Andorra

Number of farms per parish					
	2007	2008	2009	2010	2011
Canillo	47	48	48	48	48
Encamp	52	52	51	55	55
Ordino	45	45	45	46	46
La Massana	64	66	66	67	67
Andorra la Vella	48	49	48	49	49
Sant Julià de Lòria	65	65	64	64	64
Escaldes-Engordany	29	29	29	30	30
Total	350	354	351	359	359

Total farms by type (surface area in m²)					
	2007	2008	2009	2010	2011
Hay	5,371,533	5,380,048	5,395,818	5,205,044	5,161,003
Tobacco	1,715,362	1,632,356	1,592,175	1,592,491	1,516,629
Pasture	11,685,342	12,075,381	12,213,949	12,407,330	12,606,943
Potatoes	174,931	174,550	174,129	152,935	234,019
Market garden	132,586	124,882	126,356	127,839	112,590
PAM ⁽¹⁾	-	-	-	-	47,566
Vines	-	-	-	-	96,571
Forage ⁽²⁾	38,886	38,010	40,889	28,570	32,750
Misc. ⁽³⁾	na	na	94,537	114,753	13,591
Fallow	242,571	249,172	250,272	489,475	473,913
Others	598,123	598,568	537,303	415,595	408,391
Total	19,959,334	20,272,967	20,425,428	20,534,032	20,703,966
Useful agricultural area	19,118,640	19,425,226	19,637,853	19,628,963	19,821,663

na: Not available

(1) Medicinal and aromatic plants

(2) Forage for pasture

(3) Fruit trees, raspberries, beetroot

Source: Department of Agriculture. Government of Andorra

6. INDUSTRY

Number of companies (average)					
	2007	2008	2009	2010	2011
Extraction industries	-	-	1	1	1
Manufacturing industries	201	210	218	217	200
Production and distribution of electricity, gas and water	8	7	5	6	6
Total	209	217	224	225	207

Number of companies by number of employees (average)					
	2007	2008	2009	2010	2011
From 1 to 5	117	123	128	134	125
From 6 to 10	32	35	35	37	35
From 11 to 25	42	42	42	37	33
From 26 to 100	16	16	17	15	13
Over 100	1	1	1	2	2
Total	209	217	224	225	207

Source: CASS (Andorran Social Security)

Electricity consumption by industry (MWh)					
	2007	2008	2009	2010	2011
Electricity consumption	5,156	5,476	5,048	4,751	4,258

Source: FEDA (Andorran Electricity Co.)

Number of employees (average)					
	2007	2008	2009	2010	2011
Extraction industries	-	-	4	3	2
Extraction of non-metallic or non-energy minerals	-	-	4	3	2
Manufacturing industries	1,730	1,736	1,765	1,687	1,561
Food and beverage processing industries	231	232	244	233	222
Tobacco industries	265	272	276	274	280
Textile industries	61	66	57	48	27
Dressmaking and fur industries	1	1	2	0	0
Wood and cork industries, except furniture; basketware and wickerwork	290	271	221	188	161
Publishing, graphic arts and reproduction of recorded media	286	282	270	263	240
Chemical industries	87	94	88	92	99
Manufacture of products of rubber and plastic materials	1	1	3	3	1
Manufactures of other non-metallic mineral products	65	63	58	53	44
Metallurgy	3	3	0	0	0
Manufacture of metallic products, except machinery and equipment	160	169	155	157	140
Industries for the construction of mechanical machinery and equipment	138	134	162	162	152
Manufacture of electrical machinery and material	10	10	17	13	8
Manufact. of electronic materials; radio, tv. & communications equip. & apparatus	1	1	0	0	0
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	72	80	142	137	130
Manufacture of motor vehicles, trailers and semi-trailers	0	1	2	2	2
Manufacture of other transport materials	0	0	0	0	1
Furniture manufacturing; other manufacturing industries	46	43	54	48	38
Recycling	14	14	14	15	16
Production and distribution of electricity, gas and water	159	164	154	161	168
Production and distribution of electricity, gas, steam and hot water	132	134	125	126	128
Collection, purification and distribution of water	27	30	29	35	40
Total	1,889	1,900	1,923	1,851	1,731

Average monthly salaries (euro)					
	2007	2008	2009	2010	2011
Extraction industries	-	-	2,371.92	3,036.48	1,404.41
Extraction of non-metallic or non-energy minerals	-	-	2,371.92	3,036.48	1,404.41
Manufacturing industries	1,901.88	1,935.00	1,996.77	1,985.78	2,038.43
Food and beverage processing industries	1,523.99	1,523.27	1,605.54	1,606.26	1,677.53
Tobacco industries	2,151.54	2,058.91	2,150.07	2,082.83	2,169.53
Textile industries	1,377.45	1,388.33	1,291.08	1,423.51	1,454.51
Dressmaking and fur industries	1,696.67	1,651.15	1,097.17	-	-
Wood and cork industries, except furniture; basketware and wickerwork	1,968.03	2,030.51	2,063.74	1,989.72	1,881.31
Publishing, graphic arts and reproduction of recorded media	1,765.46	1,810.91	1,850.26	1,877.39	1,817.99
Chemical industries	1,475.43	1,523.82	1,625.23	1,755.07	1,792.26
Manufacture of products of rubber and plastic materials	1,280.00	1,326.86	1,660.29	1,697.50	1,877.65
Manufactures of other non-metallic mineral products	2,700.03	2,785.52	2,850.24	3,036.82	3,257.32
Metallurgy	1,143.00	1,126.67	-	-	-
Manufacture of metallic products, except machinery and equipment	2,169.13	2,318.88	2,117.57	2,008.90	2,070.15
Industries for the construction of mechanical machinery and equipment	2,136.74	2,307.64	2,310.96	2,335.78	2,437.31
Manufacture of electrical machinery and material	1,331.68	1,416.83	1,726.16	1,481.88	1,492.09
Manufact. of electronic materials; radio, tv. & communications equip. & apparatus	2,273.33	2,390.00	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	1,780.86	1,796.78	2,281.82	2,200.97	2,477.52
Manufacture of motor vehicles, trailers and semi-trailers	-	1,854.61	1,935.43	2,126.85	2,115.13
Manufacture of other transport materials	-	-	-	-	1,565.00
Furniture manufacturing; other manufacturing industries	1,729.98	1,634.33	1,818.22	1,968.58	1,786.48
Recycling	2,489.26	2,619.22	2,635.10	1,957.37	2,029.15
Production and distribution of electricity, gas and water	3,052.38	3,115.95	3,222.45	3,260.46	3,161.40
Production and distribution of electricity, gas, steam and hot water	3,268.90	3,345.03	3,495.85	3,601.73	3,532.31
Collection, purification and distribution of water	1,994.49	2,093.99	2,029.79	2,036.91	1,983.24
Average	1,998.68	2,036.83	2,095.82	2,098.47	2,146.53

Source: CASS (Andorran Social Security)

7.ENERGY

Electricity					
	2007	2008	2009	2010	2011
Exports (MWh)	25	-	9	7	1
Production (MWh)	75,987	79,022	101,011	112,700	91,238
Urban waste thermal production	19,293	16,305	15,163	12,666	12,323
Hydro-electric production	56,694	62,717	85,848	100,034	78,915
Imports (MWh)	519,764	521,108	497,732	497,948	495,796
Total consumption	595,723	600,129	598,735	610,641	587,033

Real electricity consumption by charge band (kWh)					
	2007	2008	2009	2010	2011
Domestic rate - blue	87,028,989	91,262,767	91,496,232	95,267,139	90,455,256
Business rate - blue (up to 20 kW on contract)	53,776,281	54,075,277	53,265,461	53,850,180	50,663,371
Street lighting	-	-	-	-	178,966
Business rate - red (from 25 to 250 kW on contract)	115,533,057	114,780,088	114,748,571	116,429,505	113,183,475
Business rate - green (more than 250 kW on contract)	136,109,353	132,285,234	127,835,680	129,069,468	126,254,384
Total consumption by low-voltage (BT) customers	392,447,680	392,403,366	387,345,944	394,616,292	380,735,452
Charge to other distributors	178,596,616	182,009,984	182,157,180	185,771,007	179,271,641
Total	571,044,296	574,413,350	569,503,124	580,387,299	560,007,093

Electricity consumption by sector (MWh)					
	2007	2008	2009	2010	2011
Domestic use	86,914	91,904	91,476	95,267	90,475
Construction and construction related activities	11,493	6,455	5,715	5,136	4,826
Industries	5,156	5,476	5,048	4,751	4,258
Distribution	78,356	76,240	75,886	76,384	74,799
Hotels and catering	74,594	70,537	68,029	68,381	66,263
Financial services	26,577	26,065	25,743	24,289	23,320
Other services	67,732	68,714	69,771	71,599	68,883
Street lighting	6,591	7,133	7,698	7,480	7,789
Ski resorts	18,224	17,001	15,272	17,221	15,125
Government	22,356	23,636	22,866	23,900	24,997
Other distributors	178,597	182,010	182,157	185,771	179,272
Total	576,591	575,171	569,662	580,179	560,007

Source: FEDA (Andorran Electricity Co.)

Fuel imports (litres)					
	2007	2008	2009	2010	2011
Unleaded petrol	33,724,557	31,621,725	29,960,088	28,563,574	28,080,840
Diesel for vehicles	103,065,935	104,104,455	100,287,482	99,399,880	102,216,532
Domestic fuel oil	66,396,534	67,454,616	64,467,574	66,778,762	54,298,678
Carbureactors	141,367	144,832	93,427	127,936	131,958
Total	203,328,393	203,325,628	194,808,571	194,870,152	184,728,008

Source: Andorran Customs

Evolution in energy consumption (TOE)					
	2007	2008	2009	2010	2011
Electricity	132,251	133,229	132,919	135,538	130,321
Petrol	26,204	24,570	23,279	22,194	21,819
Diesel	149,466	151,315	145,314	146,570	138,046
Propane	2,415	2,255	2,244	2,399	2,353
Butane	739	911	595	541	461
Total	311,074	312,280	304,350	307,242	293,001

Source: Department of Industry. Government of Andorra

8. CONSTRUCTION

Number of companies by number of employees (average)					
	2007	2008	2009	2010	2011
From 1 to 5	358	344	322	294	292
From 6 to 10	135	140	118	109	99
From 11 to 25	123	118	102	91	75
From 26 to 100	62	55	51	45	39
Over 100	3	2	2	0	1
Total	682	659	594	539	506

Number of employees (average)					
	2007	2008	2009	2010	2011
Construction	6,682	6,094	5,410	4,657	3,932

Average monthly salaries (euro)					
	2007	2008	2009	2010	2011
Construction	1,904.64	1,937.01	1,931.91	1,919.58	1,952.70

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2007	2008	2009	2010	2011
Construction and related activities	11,493	6,455	5,715	5,136	4,826

Source: FEDA (Andorran Electricity Co.)

Surface area authorised for building (square metres)					
	2007	2008	2009	2010	2011
Apartments	48,381	69,639	75,639	13,770	21,475
Houses	11,146	14,732	12,261	13,735	10,265
Other buildings (including offices, storage and hotels)	19,158	20,038	20,341	29,105	41,113
Total	78,685	104,409	108,241	56,610	72,853

Surface area authorised for building per parish (square metres)					
	2007	2008	2009	2010	2011
Canillo	12,059	21,002	2,656	6,317	5,040
Encamp	4,975	14,901	11,017	18,566	18,816
Ordino	3,090	15,059	19,075	2,363	3,054
La Massana	34,567	9,122	8,512	5,021	6,570
Andorra la Vella	4,314	10,071	15,893	2,244	2,324
Sant Julià de Lòria	7,183	14,783	22,990	3,112	34,866
Escaldes-Engordany	12,497	19,471	28,098	18,987	2,183
Total	78,685	104,409	108,241	56,610	72,853

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

Imports of building materials (thousand euros)					
	2007	2008	2009	2010	2011
Salt, sulphur, earth, stone, plaster, lime, cement (25)	15,704.62	13,988.79	10,880.02	8,480.53	8,003.17
Stone, plaster and mica products (68)	11,521.20	11,128.94	6,615.19	6,425.78	4,740.19
Castings, iron and steel (72)	11,049.12	10,220.42	5,025.07	5,037.97	5,160.43
Cast-iron, iron and steel products (73)	26,712.07	24,855.07	23,459.61	18,052.85	14,666.62
Total	64,987.01	60,193.22	45,979.89	37,997.13	32,570.42

Source: Andorran Customs

9. SERVICES

Number of companies (average)					
	2007	2008	2009	2010	2011
Commerce and motor vehicle repairs (etc.)	1,530	1,569	1,411	1,369	1,339
Hotels & catering	749	756	720	691	690
Transport, storage & communications	191	181	175	155	149
Financial system	79	74	83	77	76
Real estate and rental activities; business services	802	800	785	775	791
Public administration, defence and compulsory social security	42	45	43	42	42
Education	45	50	51	53	47
Health and veterinary activities, social services	185	201	194	196	202
Other social activities & community services; personal services	371	380	373	377	386
Households employing domestic staff	3,440	3,601	3,574	3,593	3,526
Extraterritorial bodies	4	6	8	9	8
Domestic work for the community (communities of owners)	530	543	566	577	569
Voluntary declaration, no activity (volunteers)	26	16	12	4	-
Total	7,992	8,222	7,995	7,917	7,823

Number of companies by number of employees (average)					
	2007	2008	2009	2010	2011
From 1 to 5	6,790	7,023	6,840	6,841	6,768
From 6 to 10	562	594	569	521	498
From 11 to 25	406	380	376	358	361
From 26 to 100	185	176	159	148	149
Over 100	48	49	50	50	48
Total	7,992	8,222	7,995	7,917	7,823

Number of employees (average)					
	2007	2008	2009	2010	2011
Commerce and motor vehicle repairs (etc.)	11,316	10,870	10,362	9,977	9,574
Sales, maintenance and repair of motor vehicles (etc.)	1,389	1,389	1,235	1,219	1,176
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,444	2,342	2,815	2,687	2,549
Retail, except sales of motor vehicles (etc.)	7,483	7,138	6,313	6,071	5,849
Hotels & catering	5,523	5,242	5,136	4,956	4,877
Transport, storage and communications	1,300	1,291	1,220	1,185	1,156
Overland transport; pipeline transport	606	634	555	532	503
Air and space transport	6	8	9	9	9
Transport related activities; travel agency activities	420	378	380	370	376
Post and telecommunications	268	271	277	273	268
Financial system	1,609	1,665	1,696	1,671	1,695
Financial activities, except insurance activities	1,344	1,402	1,447	1,432	1,461
Insurance activities, except compulsory social security	262	259	245	235	229
Activities related to finance	3	4	4	4	4
Real estate and rental activities; business services	4,215	4,100	4,115	4,132	4,076
Real estate activities	740	693	639	609	615
Hire of machinery & equipment without operator, personal effects, domestic appliances	164	155	170	169	177
Computer activities	287	267	305	325	334
Research and development	0	1	1	7	10
Other business activities	3,024	2,984	2,999	3,023	2,940
Public administration, defence and compulsory social security	4,452	4,675	4,698	4,487	4,452
Education	670	684	594	584	571
Health and veterinary activities, social services	1,431	1,505	1,695	1,762	1,800
Other social activities and community services; personal services	2,441	2,442	2,445	2,419	2,456
Public sanitation activities	42	44	56	70	83
Associational activities	203	203	165	177	196
Leisure, culture and sports activities	1,616	1,637	1,721	1,685	1,694
Miscellaneous personal services activities	581	558	503	487	483
Households employing domestic staff	1,334	1,382	1,354	1,326	1,324
Extraterritorial bodies	9	12	23	26	26
Domestic work for the community (communities of owners)	201	204	200	206	203
Voluntary declaration, no activity (volunteers)	16	9	2	1	-
Total	34,517	34,081	33,538	32,733	32,210

Source: CASS (Andorran Social Security)

Average monthly salaries (euro)					
	2007	2008	2009	2010	2011
Commerce and motor vehicle repairs (etc.)	1,596.46	1,658.51	1,671.50	1,687.64	1,697.23
Sales, maintenance and repair of motor vehicles (etc.)	1,683.55	1,784.86	1,789.70	1,806.81	1,866.87
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,779.51	1,846.82	1,856.29	1,856.97	1,874.47
Retail, except sales of motor vehicles (etc.)	1,520.49	1,572.13	1,565.99	1,588.78	1,585.89
Hotels & catering	1,406.42	1,463.59	1,467.63	1,472.57	1,476.32
Transport, storage and communications	1,938.87	2,048.81	2,142.85	2,181.08	2,223.76
Overland transport; pipeline transport	1,817.25	1,877.27	1,927.23	1,900.39	1,935.49
Air and space transport	4,069.96	3,319.18	3,491.27	3,250.98	3,809.29
Transport related activities; travel agency activities	1,670.22	1,771.42	1,833.73	1,845.46	1,848.24
Post and telecommunications	2,588.80	2,802.33	2,957.12	3,147.29	3,237.62
Financial system	4,049.24	4,153.70	4,215.38	4,380.86	4,535.97
Financial activities, except insurance activities	4,416.04	4,494.70	4,525.88	4,690.79	4,855.41
Insurance activities, except compulsory social security	2,188.84	2,337.19	2,408.55	2,523.18	2,536.91
Activities related to finance	2,189.80	2,119.75	2,731.41	2,469.31	2,402.88
Real estate and rental activities; business services	1,734.65	1,798.65	1,846.60	1,838.15	1,851.16
Real estate activities	1,835.32	1,950.81	2,007.37	2,149.18	2,184.73
Hire of machinery & equipment without operator, personal effects, domestic appliances	1,470.29	1,593.51	1,701.97	1,738.88	1,841.43
Computer activities	2,253.26	2,350.77	2,500.24	2,545.08	2,469.91
Research and development	-	895.79	700.99	1,707.03	1,707.75
Other business activities	1,675.15	1,724.70	1,754.52	1,705.39	1,712.13
Public administration, defence and compulsory social security	2,206.43	2,290.15	2,318.68	2,417.51	2,449.42
Education	1,904.20	1,987.38	2,033.69	2,070.55	2,083.17
Health and veterinary activities, social services	1,962.46	2,198.48	2,301.08	2,306.96	2,318.05
Other social activities and community services; personal services	1,558.44	1,651.35	1,661.55	1,683.36	1,622.66
Public sanitation activities	2,013.78	1,973.94	1,869.80	1,792.09	1,706.92
Associational activities	1,255.34	1,332.26	1,450.18	1,506.36	1,370.98
Leisure, culture and sports activities	1,668.89	1,762.60	1,715.99	1,751.95	1,686.60
Miscellaneous personal services activities	1,324.37	1,415.93	1,521.50	1,495.04	1,486.19
Households employing domestic staff	1,087.83	1,159.20	1,172.94	1,217.26	1,236.93
Extraterritorial bodies	1,619.54	1,791.01	2,521.89	2,407.69	2,411.81
Domestic work for the community (communities of owners)	1,055.03	1,036.99	1,126.05	1,142.74	1,149.60
Voluntary declaration, no activity (volunteers)	1,333.80	1,093.51	1,537.75	1,182.19	-
Average	1,784.37	1,874.56	1,912.90	1,947.42	1,969.53

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2007	2008	2009	2010	2011
Distribution	78,356	76,240	75,886	76,384	74,799
Hotels and catering	74,594	70,537	68,029	68,381	66,263
Financial services	26,577	26,065	25,743	24,289	23,320
Other services	67,732	68,714	69,771	71,599	68,883
Street lighting	6,591	7,133	7,698	7,480	7,789
Ski resorts	18,224	17,001	15,272	17,221	15,125
Government	22,356	23,636	22,866	23,900	24,997
Other distributors	178,597	182,010	182,157	185,771	179,272
Total	473,028	471,335	467,422	475,025	460,447

Source: FEDA (Andorran Electricity Co.)

9.1 Commerce

Number of companies (average)					
	2007	2008	2009	2010	2011
Commerce and motor vehicle repairs (etc.)	1,530	1,569	1,411	1,369	1,339

Source: CASS (Andorran Social Security)

Number of companies by number of employees (average)					
	2007	2008	2009	2010	2011
From 1 to 5	1,096	1,131	1,018	997	985
From 6 to 10	212	231	209	197	186
From 11 to 25	144	135	119	116	111
From 26 to 100	63	56	50	44	40
Over 100	15	15	14	15	16
Total	1,530	1,569	1,411	1,369	1,339

Number of employees (average)					
	2007	2008	2009	2010	2011
Sales, maintenance and repair of motor vehicles (etc.)	1,389	1,389	1,235	1,219	1,176
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,444	2,342	2,815	2,687	2,549
Retail, except sales of motor vehicles (etc.)	7,483	7,138	6,313	6,071	5,849
Total	11,316	10,870	10,362	9,977	9,574

Average monthly salaries (euros)					
	2007	2008	2009	2010	2011
Sales, maintenance and repair of motor vehicles (etc.)	1,683.55	1,784.86	1,789.70	1,806.81	1,866.87
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,779.51	1,846.82	1,856.29	1,856.97	1,874.47
Retail, except sales of motor vehicles (etc.)	1,520.49	1,572.13	1,565.99	1,588.78	1,585.89
Average	1,596.46	1,658.51	1,671.50	1,687.64	1,697.23

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2007	2008	2009	2010	2011
Distribution sector	78,356	76,240	75,886	76,384	74,799

Source: FEDA (Andorran Electricity Co.)

9.2 Financial sector

Number of companies (average)					
	2007	2008	2009	2010	2011
Financial system	79	74	83	77	76

Number of companies by number of employees (average)					
	2007	2008	2009	2010	2011
From 1 to 5	47	45	56	50	49
From 6 to 10	15	16	12	12	10
From 11 to 25	10	6	8	9	11
From 26 to 100	3	3	2	1	1
Over 100	5	5	5	5	5
Total	79	74	83	77	76

Number of employees (average)					
	2007	2008	2009	2010	2011
Financial activities, except insurance activities	1,344	1,402	1,447	1,432	1,461
Insurance activities, except compulsory social security	262	259	245	235	229
Activities related to finance	3	4	4	4	4
Total	1,609	1,665	1,696	1,671	1,695

Source: CASS (Andorran Social Security)

Average monthly salaries (euro)					
	2007	2008	2009	2010	2011
Financial activities, except insurance activities	4,416.04	4,494.70	4,525.88	4,690.79	4,855.41
Insurance activities, except compulsory social security	2,188.84	2,337.19	2,408.55	2,523.18	2,536.91
Activities related to finance	2,189.80	2,119.75	2,731.41	2,469.31	2,402.88
Average	4,049.24	4,153.70	4,215.38	4,380.86	4,535.97

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2007	2008	2009	2010	2011
Financial services	26,577	26,065	25,743	24,289	23,320

Source: FEDA (Andorran Electricity Co.)

Number of bank branches					
	2007	2008	2009	2010	2011
Number of bank branches	57	57	55	56	50

Number of employees in the banking sector					
	2007	2008	2009	2010	2011
Number of employees in banking sector ^(*)	1,272	1,425	1,588	1,703	2,078

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

Source: Andorran Banks Association

Bank deposits (million euros)					
	2007	2008	2009	2010	2011
Group Andbank	2,050.60	3,291.76	2,439.70	2,494.88	2,603.37
Banca Privada d'Andorra	1,212.55	1,458.13	1,415.76	1,210.33	1,484.68
Group MoraBanc	2,826.35	3,294.09	2,263.85	1,867.28	1,851.03
Group Crèdit Andorrà	3,821.54	4,879.47	4,373.75	4,181.70	4,315.61
BancSabadell d'Andorra	552.47	586.70	457.87	417.66	357.44
Total	10,463.52	13,510.15	10,950.94	10,171.86	10,612.12

Net credit investment of the banking entities (million euros)					
	2007	2008	2009	2010	2011
Group Andbank	1,513.07	1,558.71	1,594.26	1,611.23	1,684.14
Banca Privada d'Andorra	812.98	1,119.46	804.84	909.50	1,077.96
Group MoraBanc	1,041.45	1,060.64	1,030.81	1,066.57	1,096.39
Group Crèdit Andorrà	2,732.01	2,882.29	3,002.65	3,084.62	3,090.78
BancSabadell d'Andorra	334.64	351.07	390.05	390.30	399.45
Total	6,434.15	6,972.17	6,822.61	7,062.21	7,348.72

Note: Net credit investment, i.e. less "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)					
	2007	2008	2009	2010	2011
Group Andbank	85,657	31,410	44,357	40,778	54,246
Banca Privada d'Andorra	37,588	23,346	25,125	25,142	18,809
Group MoraBanc	94,393	52,224	50,116	50,629	46,687
Group Crèdit Andorrà	128,001	85,005	76,655	77,816	70,628
BancSabadell d'Andorra	8,202	5,186	5,252	6,135	6,452
Total	353,841	197,171	201,505	200,500	196,822

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

9.3 Tourism

Number of companies (average)					
	2007	2008	2009	2010	2011
Hotels and catering	749	756	720	691	690

Number of companies by number of employees (average)					
	2007	2008	2009	2010	2011
From 1 to 5	463	485	454	455	449
From 6 to 10	121	115	110	92	92
From 11 to 25	109	101	104	93	98
From 26 to 100	54	52	50	51	49
Over 100	2	2	2	1	1
Total	749	756	720	691	690

Number of employees (average)					
	2007	2008	2009	2010	2011
Hotels and catering	5,523	5,242	5,136	4,956	4,877

Average monthly salaries (euro)					
	2007	2008	2009	2010	2011
Hotels and catering	1,406.42	1,463.59	1,467.63	1,472.57	1,476.32

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2007	2008	2009	2010	2011
Hotels and catering	74,594	70,537	68,029	68,381	66,263
Ski resorts	18,224	17,001	15,272	17,221	15,125

Source: FEDA (Andorran Electricity Co.)

Total visitors (any non-resident visiting the country)						
		2007	2008	2009^(*)	2010	2011
Total by nationalities	Spanish	6,276,058	5,962,460	5,216,607	4,951,063	4,518,651
	French	4,174,649	3,963,389	3,659,936	3,387,767	3,559,439
	Others	292,494	267,900	235,316	212,434	283,053
Sant Julià de Lòria	Spanish	6,073,922	5,767,669	5,026,236	4,769,427	4,247,018
	French	500,193	459,893	388,962	354,579	324,636
	Others	178,468	165,835	141,954	130,173	150,679
Pas de la Casa	Spanish	202,136	194,791	190,371	181,636	271,633
	French	3,674,456	3,503,496	3,270,974	3,033,188	3,234,803
	Others	114,026	102,065	93,362	82,261	132,374
Total visitors (tourists and day-trippers)		10,743,201	10,193,749	9,111,859	8,551,264	8,361,143

(*) 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)						
		2007	2008	2009^(*)	2010	2011
Total by nationalities	Spanish	1,628,528	1,555,475	1,409,868	1,414,298	1,507,111
	French	450,780	402,299	332,783	310,800	327,250
	Others	110,113	101,677	87,218	82,903	113,170
Sant Julià de Lòria	Spanish	1,562,428	1,495,397	1,349,729	1,351,951	1,400,379
	French	113,020	103,154	81,788	76,285	75,378
	Others	71,072	65,994	55,218	52,782	65,853
Pas de la Casa	Spanish	66,100	60,078	60,139	62,347	106,732
	French	337,760	299,145	250,995	234,515	251,872
	Others	39,041	35,683	32,000	30,121	47,317
Total tourists		2,189,421	2,059,451	1,829,869	1,808,001	1,947,531

Day-trippers (any visitor who only spends one day in the country)						
		2007	2008	2009^(*)	2010	2011
Total by nationalities	Spanish	4,647,530	4,406,985	3,806,739	3,536,765	3,011,540
	French	3,723,869	3,561,090	3,327,153	3,076,967	3,232,189
	Others	182,381	166,223	148,098	129,531	169,883
Sant Julià de Lòria	Spanish	4,511,494	4,272,272	3,676,507	3,417,476	2,846,639
	French	387,173	356,739	307,174	278,294	249,258
	Others	107,396	99,841	86,736	77,391	84,826
Pas de la Casa	Spanish	136,036	134,713	130,232	119,289	164,901
	French	3,336,696	3,204,351	3,019,979	2,798,673	2,982,931
	Others	74,985	66,382	61,362	52,140	85,057
Total day-trippers		8,553,780	8,134,298	7,281,990	6,743,263	6,413,612

Number of overnight stays per type of accommodation						
		2007	2008	2009^(*)	2010	2011
Hotel		4,644,019	4,298,357	3,521,589	3,799,857	3,573,005
Apartment		801,025	578,138	369,340	467,234	470,776
Campsite		293,515	189,127	251,895	289,240	179,496
Private house		483,778	551,225	511,958	585,168	631,411
Not defined		289,624	283,054	123,235	88,253	133,329
Total		6,511,961	5,899,901	4,778,017	5,229,752	4,988,017

(*) 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)						
		2007	2008	2009	2010	2011
Overland transport; pipeline transport		606	634	555	532	503
Air and space transport		6	8	9	9	9
Transport related activities; travel agency activities		420	378	380	370	376
Post and telecommunications		268	271	277	273	268
Total		1,300	1,291	1,220	1,185	1,156

Average monthly salaries (euro)						
		2007	2008	2009	2010	2011
Overland transport; pipeline transport		1,817.25	1,877.27	1,927.23	1,900.39	1,935.49
Air and space transport		4,069.96	3,319.18	3,491.27	3,250.98	3,809.29
Transport related activities; travel agency activities		1,670.22	1,771.42	1,833.73	1,845.46	1,848.24
Post and telecommunications		2,588.80	2,802.33	2,957.12	3,147.29	3,237.62
Average		1,938.87	2,048.81	2,142.85	2,181.08	2,223.76

Source: CASS (Andorran Social Security)

Total number of vehicles

	2007	2008	2009	2010	2011
Vehicles with normal registration plates					
Cars	51,679	51,648	51,676	52,336	52,284
Light goods vehicles	966	984	973	982	966
Medium goods vehicles	3,398	3,375	3,348	3,343	3,288
Public transport vehicles (12+ seats)	210	207	208	208	207
Heavy goods vehicles	1,031	994	970	954	896
Semitrailers	333	323	314	311	284
Industrial trailers	8	9	9	10	9
Private trailers	2,986	3,034	3,061	3,095	3,097
Motorbikes (50 cc+)	9,594	9,836	10,027	10,255	10,415
Agricultural vehicles	357	355	353	358	357
Total	70,562	70,765	70,939	71,852	71,803
Vehicles with special registration plates					
Mopeds (<50 cc)	3,224	3,079	2,908	2,836	2,711
Special vehicles	1,908	1,965	1,998	2,004	1,984
Snowbikes	511	482	471	471	453
Total	5,643	5,526	5,377	5,311	5,148
TOTAL VEHICLES	76,205	76,291	76,316	77,163	76,951

Vehicles per 1,000 inhabitants

	2007	2008	2009	2010	2011
Vehicles/1,000 inhabitants	917	903	908	908	985

Note: Data relating to 2011 reflect an interannual rise in the number of vehicles per thousand inhabitants, of 8.5%. This rise reflects the exceptional drop in total population recorded this year, due to the census check carried out by the Commune of each parish.

Source: Department of Industry. Government of Andorra

Subscriptions to telecommunications services (units)

	2007	2008	2009	2010	2011
Land lines	48,079	48,621	49,505	49,765	49,171
Telephone lines	37,153	37,375	37,882	38,171	38,401
ISDN channels	10,926	11,246	11,623	11,594	10,770
Mobile telephones	68,483	64,202	64,549	65,495	65,044
Mobiland contract ⁽¹⁾	37,988	38,299	38,845	40,020	41,269
Mobiland Clic pre-pay ⁽²⁾	30,495	25,903	25,704	25,475	23,775
Data lines	615	565	474	409	-
Commutated lines ⁽³⁾	213	194	150	135	-
Specialised lines	402	371	324	274	-
Total contracted capacity in kbps⁽³⁾	345,801	397,218	349,555	350,568	-
Point-to-point data access	-	-	-	-	824
Ipsilon (copper)	-	-	-	-	368
Business Intranet (FTTH)	-	-	-	-	456
Broadband Internet	18,526	20,272	22,941	24,502	25,763
ADSL	18,526	20,272	17,902	13,264	8,337
Internet via fibre optic	-	-	5,039	11,238	17,426

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 Andorra Telecom and Government lines.

Source: Andorra Telecom

Telephone traffic

	2007	2008	2009	2010	2011
TELEPHONE TRAFFIC (minutes)					
National total	254,114,991	219,542,091	196,721,664	183,263,474	175,724,899
<i>Land line network</i> ⁽¹⁾	204,301,372	170,918,584	149,162,757	137,971,339	131,684,410
Telephones –land lines ⁽¹⁾	150,613,739	144,973,183	135,508,359	132,359,694	-
Internet (analogue access)	51,489,592	24,942,712	13,331,673	5,320,153	-
Internet (digital access)	2,198,041	1,002,689	322,725	291,492	-
<i>Mobile network</i> ⁽¹⁾	49,813,619	48,623,507	47,558,907	45,292,135	44,040,489
International incoming	62,811,426	61,225,472	58,084,482	54,194,186	49,913,074
International outgoing	69,577,408	66,537,257	61,065,343	60,107,157	55,404,485
TELEPHONE TRAFFIC (Gb)					
Broadband Internet –National	-	21,087	36,776	106,500	259,074
Via ADSL	-	21,087	28,738	53,222	99,590
Via fibre optic	-	-	8,038	53,278	159,484
Broadband Internet –International	-	2,889,854	3,338,559	3,834,043	4,757,016
Via ADSL	-	2,889,854	2,845,628	2,314,292	1,980,786
Via fibre optic	-	-	492,931	1,519,751	2,776,230

(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>					
	2007	2008	2009	2010	2011
01 Live animals	339.27	180.47	122.51	263.48	151.51
02 Meat and edible meat offal	26,390.46	26,568.64	24,955.30	24,945.34	25,262.38
03 Fish and crustaceans, molluscs and others	12,089.93	11,581.17	10,719.10	11,107.75	11,187.21
04 Dairy produce; birds eggs and natural honey	26,575.31	29,106.59	26,401.52	22,486.40	22,537.78
05 Products of animal origin	90.21	99.42	86.29	104.79	96.62
06 Live plants and floricultural products	1,961.33	1,854.20	1,588.45	1,574.34	1,473.34
07 Edible vegetables and certain roots and tubers	10,739.54	10,551.36	9,851.65	10,751.06	9,514.59
08 Edible fruit and nuts; peel of citrus fruit or melons	4,167.64	4,355.31	4,133.33	4,878.50	4,892.72
09 Coffee, tea, maté and spices	2,679.94	3,576.67	4,532.75	5,565.53	5,423.05
10 Cereals	341.81	485.89	508.33	444.29	378.41
11 Products of the milling industry; malt; starches, etc.	808.25	1,004.34	905.92	815.18	873.13
12 Seeds and fruits; industrial or medicinal plants, etc.	575.48	634.08	494.25	482.63	474.21
13 Gums, resins and other vegetable saps and extracts	17.33	135.46	71.81	12.75	84.15
14 Vegetable plaiting materials and other vegetable products	4.43	8.64	1.39	25.83	4.45
15 Animal or vegetable fats and oils; waxes	5,537.94	5,613.66	4,705.33	4,433.04	4,774.08
16 Preparations of meat, fish or crustaceans, etc.	13,507.30	13,555.19	13,138.42	12,961.99	13,641.94
17 Sugars and sugar confectionery	10,288.00	10,401.46	9,449.32	7,938.90	8,208.04
18 Cocoa and cocoa preparations	7,456.04	8,128.93	8,101.36	8,311.59	8,765.06
19 Preparations of cereals, flour, etc.; pastry-cooks' products	16,645.17	17,704.21	17,653.75	16,873.48	17,171.89
20 Preparations of vegetables, fruit, etc.	8,933.81	9,906.90	8,708.26	8,417.46	8,386.01
21 Miscellaneous edible preparations	19,796.53	19,596.55	20,264.83	22,042.88	23,054.51
22 Beverages, spirits and vinegar	57,468.36	57,262.67	54,836.80	59,444.14	62,524.46
23 Residues and waste from the food industries, etc.	1,812.25	2,090.95	2,188.94	2,272.05	2,685.11
24 Tobacco and manufactured tobacco substitutes	25,809.90	33,735.07	27,292.30	31,416.58	30,970.58
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	15,704.62	13,988.79	10,880.02	8,480.53	8,003.17
26 Ores, slag and ash	1.41	3.55	2.46	0.20	0.55
27 Mineral fuels, oils and waxes; bituminous substances	93,093.42	124,684.46	96,777.40	117,361.45	141,791.31
28 Inorganic chemical products	584.02	586.12	617.04	640.31	669.03
29 Organic chemical products	369.99	438.02	396.47	772.14	783.49
30 Pharmaceutical products	28,309.82	28,201.75	29,420.43	27,234.35	28,925.50
31 Fertilizers	477.17	398.36	385.93	372.00	372.51
32 Paints and varnishes; putty and other mastics; inks	6,614.63	5,665.81	4,933.48	5,206.32	5,333.33
33 Perfumery, cosmetic or toilet preparations	99,033.87	96,515.99	85,905.09	85,257.67	90,370.37
34 Soap, organic products, waxes, candles	8,678.02	8,861.15	10,566.41	10,423.61	11,300.95
35 Albuminoidal substances; glues; enzymes	421.16	392.02	386.51	460.33	384.61
36 Explosives; pyrotechnic products; certain combustible preparations	1,276.55	278.94	802.60	978.06	336.21
37 Photographic or cinematographic goods	984.15	1,198.90	1,120.01	659.47	384.78
38 Miscellaneous chemical products	6,905.07	5,835.94	5,397.67	4,939.12	4,798.77
39 Plastics and articles thereof	17,216.64	16,777.30	14,480.56	13,093.56	12,345.32
40 Rubber and articles thereof	11,252.76	10,922.57	10,996.64	10,993.51	11,216.66
41 Raw hides and skins (other than furskins) and leather	10.11	18.67	10.93	9.71	2.11
42 Articles of leather; saddlery and harness, etc.	21,744.03	19,797.98	14,946.35	15,347.60	15,680.97
43 Furskins and artificial fur; manufactures thereof	1,397.56	1,026.99	782.57	676.06	950.35
44 Wood and articles of wood; wood charcoal	14,890.63	12,025.77	9,692.03	8,402.72	6,814.62
45 Cork and articles of cork	9.99	14.86	26.58	18.93	3.81
46 Manufactures of esparto; basketware and wickerwork	139.05	132.69	226.48	250.53	127.89
47 Pulp of wood or of other fibrous cellulosic material	0.54	3.10	4.32	3.37	1.21
48 Paper and paperboard	16,129.71	15,922.07	15,350.88	15,949.81	16,539.05
49 Printed books, newspapers, pictures and other products of the printing industry	7,990.71	8,109.69	7,297.14	11,391.56	10,312.89
50 Silk	31.25	18.16	17.88	25.05	20.20
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	129.67	117.15	93.19	70.12	77.47
52 Cotton	147.20	140.58	104.41	121.48	131.37
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	21.12	24.61	12.76	15.26	11.25
54 Man-made filaments	792.60	773.33	204.65	157.57	140.28
55 Man-made staple fibres	914.59	1,125.52	1,026.20	889.83	1,172.89

Imports by products (thousand euros) - Continuation

	2007	2008	2009	2010	2011
56 Wadding, felt and nonwovens, cordage, ropes and cables	824.02	987.41	1,081.49	1,339.06	1,206.66
57 Carpets and other textile floor coverings	728.31	498.99	584.33	525.65	321.27
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	247.50	301.05	206.20	139.74	171.39
59 Textile articles of a kind suitable for industrial use	229.22	132.84	130.84	182.56	134.82
60 Knitted or crocheted fabrics	72.32	42.92	108.79	35.23	36.69
61 Articles of apparel and clothing accessories, knitted or crocheted	37,001.09	33,359.76	32,801.10	33,419.23	31,935.42
62 Articles of apparel and clothing accessories, not knitted or crocheted	83,173.18	78,709.95	71,109.39	72,118.75	72,274.25
63 Other made up textile articles; sets, etc.	5,588.21	5,304.09	5,210.89	6,070.37	5,102.00
64 Footwear, gaiters and the like; parts of such articles	28,880.90	27,738.48	27,963.03	30,496.64	30,440.34
65 Headgear and parts thereof	7,448.93	6,395.45	5,963.79	6,105.91	5,936.44
66 Umbrellas, sun umbrellas, walking sticks, etc.	554.29	629.83	670.06	628.13	601.20
67 Feathers, artificial flowers, articles of human hair	162.10	221.80	118.58	113.46	122.53
68 Articles of stone, plaster, cement, asbestos, mica	11,521.20	11,128.94	6,615.19	6,425.78	4,740.19
69 Ceramic products	10,315.39	8,083.34	6,463.97	5,892.26	4,773.77
70 Glass and glassware	6,178.61	5,511.92	4,955.03	4,460.53	4,424.84
71 Pearls, precious stones and metals, imitation jewellery; coin	13,543.25	11,738.28	10,820.89	10,284.83	11,390.51
72 Iron and steel	11,049.12	10,220.42	5,025.07	5,037.97	5,160.43
73 Articles of iron or steel	26,712.07	24,855.07	23,459.61	18,052.85	14,666.62
74 Copper and articles thereof	635.00	929.87	607.74	502.86	562.54
75 Nickel and articles thereof	0.09	1.75	0.42	-	1.77
76 Aluminium and articles thereof	10,896.46	9,625.20	7,412.37	6,940.20	6,171.78
(Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	8.65	6.85	8.32	10.99	2.54
79 Zinc and articles thereof	163.30	146.78	148.24	125.63	53.66
80 Tin and articles thereof	7.13	6.80	14.15	10.82	19.77
81 Other base metals; cermets	207.10	85.14	26.22	1.50	10.80
82 Tools, implements, cutlery	5,205.47	4,803.93	3,969.89	4,229.00	4,085.63
83 Miscellaneous articles of base metal	4,537.86	3,825.91	3,344.85	3,538.58	3,551.64
84 Nuclear reactors, boilers, mechanical appliances	75,527.19	68,486.54	54,008.60	52,490.13	48,957.09
85 Electrical machinery and equipment, etc.	167,681.16	128,280.68	107,714.41	86,358.16	80,007.98
86 Railway locomotives and equipment of all kinds	10.54	49.25	61.68	75.88	120.47
87 Vehicles, tractors, motorbikes, bicycles	128,827.81	100,180.54	78,713.75	84,328.68	80,110.41
88 Aircraft, spacecraft	42.57	12.33	17.49	12.64	140.23
89 Ships, boats and floating structures	1,847.03	1,976.13	901.39	277.09	2,492.11
90 Optical, photographic, cinematographic and measuring apparatus, etc.	27,728.97	26,598.21	22,564.43	21,965.44	21,533.88
91 Clocks and watches and parts thereof	25,007.24	22,192.70	15,956.18	19,366.44	21,622.75
92 Musical instruments	1,807.15	1,651.99	1,384.03	1,423.65	920.36
93 Arms and ammunition	1,370.07	1,293.41	1,142.14	971.16	964.32
94 Furniture; lamps and lighting fittings	40,525.10	32,747.80	29,442.17	26,771.80	23,248.36
95 Toys, games and sports requisites; parts and accessories thereof	37,880.74	34,797.66	27,192.20	28,710.67	24,950.62
96 Miscellaneous manufactured articles	3,876.29	3,547.65	3,829.80	3,835.33	3,502.48
97 Works of art, collectors' pieces and antiques	8,018.22	3,433.78	2,025.77	654.47	781.17
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	-	-	-	-	380.17
Total	1,395,349.11	1,312,680.15	1,137,351.51	1,141,702.31	1,149,170.06

Source: Andorran Customs

Exports by products (thousand euros)

	2007	2008	2009	2010	2011
01 Live animals	84.94	119.75	86.76	69.82	48.91
02 Meat and edible meat offal	85.07	201.65	253.78	340.19	264.63
03 Fish and crustaceans, molluscs and others	-	0.75	-	-	14.24
04 Dairy produce; birds eggs and natural honey	8.42	2.58	1.23	2.81	-
05 Products of animal origin	1.23	0.21	-	-	1.56
06 Live plants and floricultural products	0.98	-	-	-	-
07 Edible vegetables, plants and certain roots and tubers	50.68	1.06	1.81	-	-
08 Edible fruit and nuts; peel of citrus fruit or melons	-	-	-	-	-
09 Coffee, tea, maté and spices	-	-	-	19.69	0.31
10 Cereals	-	2.18	2.11	-	-

Exports by products (thousand euros) - Continuation

	2007	2008	2009	2010	2011
11 Products of the milling industry: malt; starches, etc.	-	0.48	0.02	-	0.41
12 Seeds and fruits; industrial or medicinal plants, etc.	-	3.27	-	-	3.44
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	10.89	19.45	26.04	21.18	40.73
16 Preparations of meat, fish or crustaceans, etc.	5.85	1.02	17.25	-	2.44
17 Sugars and sugar confectionery	318.38	3.87	32.47	4.07	13.33
18 Cocoa and cocoa preparations	14.08	3.40	0.03	-	0.05
19 Preparations of cereals, flour, etc.; pastry-cooks' products	0.99	1.19	2.09	-	0.43
20 Preparations of vegetables, fruit, etc.	0.81	-	32.26	0.86	0.47
21 Miscellaneous edible preparations	1,331.95	13,045.21	6,702.29	3.00	9.42
22 Beverages, spirits and vinegar	22.92	133.68	231.06	55.84	89.55
23 Residues and waste from the food industries, etc.	-	-	-	-	0.07
24 Tobacco and manufactured tobacco substitutes	185.31	42.19	37.62	54.38	44.04
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	558.23	415.95	259.26	247.44	161.97
26 Ores, slag and ash	16.23	14.61	11.10	11.50	7.41
27 Mineral fuels, oils and waxes; bituminous substances	18.12	6.81	48.58	1.20	2.43
28 Inorganic chemical products	0.14	-	2.25	-	2.86
29 Organic chemical products	-	-	-	-	8.14
30 Pharmaceutical products	29.12	13.53	3.77	17.17	219.52
31 Fertilizers	-	-	-	0.02	-
32 Paints and varnishes; putty and other mastics; inks	65.20	37.31	47.20	13.18	64.19
33 Perfumery, cosmetic and toilet preparations	3,410.21	3,032.67	2,992.13	1,893.36	3,543.40
34 Soap, organic products, waxes, candles	41.79	31.92	65.02	11.26	66.26
35 Albuminoidal substances; glues; enzymes	5.46	3.30	0.28	7.59	3.25
36 Explosives; pyrotechnic products; certain combustible preparations	-	-	-	0.13	0.27
37 Photographic or cinematographic goods	-	3.00	4.21	2.20	2.74
38 Miscellaneous chemical products	35.18	83.67	71.11	30.55	30.58
39 Plastics and articles thereof	398.92	395.88	419.45	318.82	439.95
40 Rubber and articles thereof	86.76	64.24	60.75	28.94	29.63
41 Raw hides and skins (other than furskins) and leather	32.94	27.23	12.86	36.66	49.38
42 Articles of leather; saddlery and harness, etc.	450.04	472.80	561.70	621.95	668.51
43 Furskins and artificial fur; manufactures thereof	69.54	41.19	18.61	10.18	0.74
44 Wood and articles of wood; wood charcoal	1,273.25	1,137.77	834.63	880.10	739.58
45 Cork and articles of cork	-	-	-	-	0.15
46 Manufactures of esparto; basketware and wickerwork	8.27	-	0.01	-	2.51
47 Pulp of wood or of other fibrous cellulosic material	573.77	635.59	579.91	1,061.63	1,317.14
48 Paper and paperboard	395.12	245.83	442.61	874.63	819.66
49 Printed books, newspapers, pictures and other products of the printing industry	1,336.97	1,575.76	1,729.07	1,245.23	1,268.76
50 Silk	-	-	-	-	-
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	-	-	-	-	-
52 Cotton	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	2.39	-	5.01	-	-
55 Man-made staple fibres	3.30	3.62	0.76	-	0.91
56 Wadding, felt and nonwovens, cordage, ropes and cables	882.67	16.47	46.20	8.46	17.66
57 Carpets and other textile floor coverings	91.05	16.89	6.30	3.14	15.20
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	376.73	3.06	0.28	1.17	2.77
59 Textile articles of a kind suitable for industrial use	114.40	0.49	-	0.73	0.80
60 Knitted or crocheted fabrics	-	-	-	-	-
61 Articles of apparel and clothing accessories, knitted or crocheted	819.42	1,093.52	941.10	1,175.93	1,219.62
62 Articles of apparel and clothing accessories, not knitted or crocheted	2,018.52	2,146.66	2,357.89	2,065.67	2,386.39
63 Other made up textile articles; sets, etc.	147.49	101.79	88.88	88.09	120.02
64 Footwear, gaiters and the like; parts of such articles	362.51	311.11	655.42	879.09	1,770.07
65 Headgear and parts thereof	293.32	480.84	810.15	717.55	972.92
66 Umbrellas, sun umbrellas, walking sticks, etc.	0.51	0.28	0.23	0.11	1.23
67 Feathers, artificial flowers, articles of human hair	0.29	0.75	-	1.09	0.32
68 Articles of stone, plaster, cement, asbestos, mica	239.22	231.04	136.25	151.57	77.90
69 Ceramic products	198.00	119.18	69.89	48.64	45.82
70 Glass and glassware	190.57	171.05	226.25	310.25	235.01

Exports by products (thousand euros) - Continuation

	2007	2008	2009	2010	2011
71 Pearls, precious stones and metals, imitation jewellery; coin	562.66	890.93	1,271.54	3,195.95	5,406.02
72 Iron and steel	1,774.27	2,098.92	1,096.11	1,596.44	1,748.61
73 Articles of iron or steel	4,541.02	2,320.53	826.79	637.84	588.06
74 Copper and articles thereof	513.17	520.56	416.95	707.41	513.47
75 Nickel and articles thereof	-	-	-	-	-
76 Aluminium and articles thereof	1,476.07	838.24	463.25	514.50	542.70
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	-	-	16.43	6.24	8.83
79 Zinc and articles thereof	-	1.09	2.30	8.67	2.13
80 Tin and articles thereof	-	-	-	0.16	0.75
81 Other base metals; cermets	3.13	-	10.86	-	-
82 Tools, implements, cutlery	201.26	147.90	159.90	164.71	208.45
83 Miscellaneous articles of base metal	40.75	17.98	27.26	9.42	15.89
84 Nuclear reactors, boilers, mechanical appliances	11,633.64	6,440.79	2,809.49	2,747.40	4,139.10
85 Electrical machinery and equipment, etc.	23,165.81	9,664.77	4,391.08	5,427.09	5,304.39
86 Railway locomotives and equipment of all kinds	1.00	-	8.45	19.63	2.00
87 Vehicles, tractors, motorbikes, bicycles	17,053.11	9,793.62	9,067.79	9,237.54	14,694.25
88 Aircraft, spacecraft	4.10	664.41	12.00	13.00	43.00
89 Ships, boats and floating structures	565.49	79.04	139.36	73.36	1,242.49
90 Optical, photographic, cinematographic and measuring apparatus, etc.	9,297.54	602.56	555.28	397.02	881.28
91 Clocks and watches and parts thereof	722.81	426.98	989.26	444.97	1,073.55
92 Musical instruments	143.17	302.37	278.04	427.27	236.36
93 Arms and ammunition	159.73	165.30	143.28	81.33	103.84
94 Furniture; lamps and lighting fittings	1,968.85	2,009.61	1,105.25	1,028.26	704.98
95 Toys, games and sports requisites; parts and accessories thereof	428.31	473.92	823.43	285.48	430.95
96 Miscellaneous manufactured articles	27.82	31.74	15.97	28.56	116.02
97 Works of art, collectors' pieces and antiques	347.33	1,244.98	16.33	536.93	220.00
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	-	-	-	-	723.33
Total	91,299.22	65,255.24	45,583.52	40,931.79	55,800.13

Source: Andorran Customs

10.2 Geographical distribution of foreign trade**Imports by country of origin (thousand euros)**

	2007	2008	2009	2010	2011
AE United Arab Emirates	494.04	1,192.91	904.61	50.25	0.87
AF Afghanistan	15.50	4.32	-	-	-
AL Albania	0.74	16.47	6.60	1.04	22.76
AM Armenia	0.05	1.34	-	9.31	20.46
AN Dutch Antilles	2.32	4.01	0.41	-	-
AR Argentina	324.46	264.34	268.70	147.60	190.81
AT Austria	7,206.83	5,867.55	3,881.15	4,767.19	4,466.30
AU Australia	760.02	27.15	74.66	118.99	217.51
AZ Azerbaijan	10.13	5.65	3.02	-	-
BA Bosnia-Herzegovina	2.36	3.65	35.81	41.22	87.32
BB Barbados	0.45	-	-	-	-
BD Bangladesh	459.02	316.20	700.89	1,040.39	1,746.18
BE Belgium	5,269.13	5,526.81	5,302.99	4,382.21	4,884.31
BF Burkina Faso	4.00	-	-	-	-
BG Bulgaria	217.87	370.90	334.37	615.29	493.76
BH Bahrain	-	-	-	2.40	0.80
BI Burundi	-	-	0.57	-	-
BN Brunei	-	0.59	1.14	0.79	0.51
BO Bolivia	0.60	0.24	8.78	0.82	3.74
BR Brazil	2,437.81	4,202.39	1,740.03	749.82	547.39
BS Bahamas	65.60	128.66	48.84	70.27	37.26
BY Belarus	-	0.62	0.56	-	2.04
CA Canada	400.33	216.89	174.97	330.90	342.34
CD Democratic Republic of Congo	0.04	-	-	3.79	1.93
CF Central African Republic	-	-	-	0.46	7.35
CG Congo (Republic)	1.52	-	2.74	-	-

Imports by country of origin (thousand euros) - Continuation

	2007	2008	2009	2010	2011
CH Switzerland	13,265.44	12,259.12	12,894.20	11,455.74	13,742.39
CI Ivory Coast	-	-	4.90	-	-
CL Chile	30.87	36.76	49.58	21.48	15.99
CM Cameroon	2.17	-	-	-	0.48
CN China	36,050.23	42,525.15	39,371.70	47,055.33	48,768.57
CO Colombia	90.02	43.18	56.48	1.67	13.15
CR Costa Rica	-	5.03	1.77	3.33	3.62
CU Cuba	2,595.41	2,446.79	1,755.85	1,809.52	1,965.66
CV Cape Verde	0.35	-	0.16	-	-
CY Cyprus	6.47	2.06	4.92	8.67	-
CZ Czech Republic	1,628.15	1,063.90	1,265.38	1,191.80	1,324.89
DE Germany	70,654.96	61,301.84	49,299.32	51,000.89	49,760.86
DJ Djibouti	3.05	-	-	-	-
DK Denmark	1,157.34	1,188.12	1,458.70	1,017.88	1,521.47
DM Dominica	-	2.99	-	-	-
DO Dominican Republic	563.71	485.38	329.90	917.47	744.13
DZ Algeria	-	21.73	412.75	-	2.73
EC Ecuador	3.98	0.07	-	0.16	0.10
EE Estonia	2.34	3.64	2.85	18.17	5.34
EG Egypt	92.79	116.85	85.75	83.89	74.64
ES Spain	818,099.43	762,807.92	676,932.99	690,406.97	697,083.23
ET Ethiopia	0.40	2.14	9.63	11.46	3.17
FI Finland	580.37	480.88	444.62	527.37	454.09
FJ Fiji	-	0.65	0.25	-	-
FR France	261,887.75	255,248.30	217,367.77	202,215.32	201,073.23
GB United Kingdom	21,163.12	19,080.07	14,423.69	15,636.97	16,394.00
GE Georgia	2.05	0.02	1.29	0.75	48.22
GH Ghana	-	14.96	-	-	0.37
GI Gibraltar	-	-	-	0.27	-
GL Greenland	-	-	0.75	-	-
GN Guinea	-	20.11	-	-	-
GR Greece	373.31	224.77	116.19	150.92	196.27
GT Guatemala	5.11	2.87	3.18	8.24	54.42
GY Guyana	-	0.14	-	49.99	15.10
HK Hong Kong	1,426.07	933.99	479.26	646.30	505.21
HN Honduras	40.23	32.02	7.97	23.60	22.36
HR Croatia	32.41	107.11	51.63	56.58	60.39
HU Hungary	675.37	683.12	604.28	534.82	530.52
ID Indonesia	1,905.55	1,841.42	2,234.82	2,065.70	1,731.30
IE Ireland	2,274.10	2,843.47	1,807.12	1,265.18	1,666.46
IL Israel	1,295.66	906.26	97.28	133.81	15.70
IN India	2,308.19	3,106.98	3,784.92	3,845.21	4,036.35
IR Iran	105.51	9.97	27.27	4.35	6.87
IS Iceland	23.60	20.81	1.76	10.65	27.56
IT Italy	45,858.74	49,681.83	35,518.89	31,659.24	28,407.12
JM Jamaica	5.77	7.17	3.52	9.25	15.58
JO Jordan	5.13	11.98	6.20	2.14	10.65
JP Japan	37,637.52	16,833.58	11,250.44	10,568.27	8,734.74
KE Kenya	0.59	0.23	0.02	0.45	-
KG Kyrgyzstan	0.21	-	-	-	0.18
KH Cambodia	16.83	16.87	49.59	161.46	120.08
KP North Korea	0.02	5.64	15.98	9.65	19.22
KR South Korea	4,227.70	3,394.84	883.24	1,545.19	1,330.53
KW Kuwait	5.83	-	-	-	-
KZ Kazakhstan	4.30	44.95	35.10	106.19	14.14
LA Laos	34.77	13.34	4.20	2.42	0.15
LB Lebanon	4.84	4.00	0.07	-	-
LC Saint Lucia	-	-	0.64	-	-
LI Liechtenstein	0.03	-	-	0.39	0.10
LK Sri Lanka	94.59	106.67	198.27	210.21	268.80
LS Lesotho	-	0.40	-	-	-
LT Lithuania	6.19	150.43	42.31	11.77	22.78
LU Luxembourg	403.89	426.46	475.99	1,272.79	3,765.29
LV Latvia	8.27	45.88	1.79	6.79	22.98
LY Libya	-	3.22	2.25	-	-
MA Morocco	830.26	754.47	842.63	485.62	551.97

Imports by country of origin (thousand euros) - Continuation

	2007	2008	2009	2010	2011	
MD	Moldavia	44.13	38.59	105.82	85.09	107.08
MG	Madagascar	9.14	23.63	16.28	13.30	26.12
MK	Macedonia	6.00	17.24	8.66	11.39	6.20
ML	Mali	-	-	5.14	-	0.17
MM	Myanmar (former Burma)	8.60	10.74	7.21	13.59	19.57
MN	Mongolia	0.17	-	-	-	-
MO	Macao	61.72	180.54	86.46	28.88	3.78
MR	Mauritania	58.83	76.61	15.14	28.14	2.91
MT	Malta	9.63	1.67	0.86	11.36	-
MU	Mauritius	149.65	134.78	164.28	158.23	72.95
MV	Maldives	7.22	-	-	-	-
MW	Malawi	1.03	-	0.29	0.43	1.26
MX	Mexico	374.01	398.25	469.22	351.12	421.65
MY	Malaysia	1,282.68	890.34	570.39	438.90	469.94
NA	Namibia	-	0.53	0.21	-	-
NC	New Caledonia and dependencies	1.29	-	-	-	-
NE	Niger	0.22	1.96	6.48	4.26	0.82
NG	Nigeria	-	3.19	9.73	0.06	2.50
NI	Nicaragua	-	2.60	15.47	41.25	13.17
NL	Netherlands	11,813.58	11,394.11	11,725.11	11,410.45	9,703.23
NO	Norway	345.02	32.69	23.98	27.49	18.54
NP	Nepal	13.92	0.25	3.24	15.22	15.51
NR	Nauru	-	0.03	-	-	25.77
NZ	New Zealand	37.62	17.39	142.10	31.04	10.62
OM	Oman	-	-	-	11.36	8.65
PA	Panama	12.97	5.21	0.52	1.75	7.78
PE	Peru	41.55	67.37	166.43	111.63	148.29
PF	French Polynesia	7.17	-	-	-	28.75
PG	Papua New Guinea	-	-	-	-	22.49
PH	Philippines	449.16	512.73	347.95	176.94	327.21
PK	Pakistan	343.84	276.81	232.46	207.67	445.87
PL	Poland	1,289.31	3,729.35	4,325.07	5,464.28	3,288.60
PT	Portugal	6,296.66	11,097.34	9,298.02	10,705.15	10,457.22
QA	Qatar	-	-	-	-	16.13
RO	Romania	1,040.07	1,008.42	1,230.46	1,456.24	1,644.00
RU	Russia	429.98	26.48	8.95	120.54	22.98
RW	Rwanda	-	-	-	-	0.16
SA	Saudi Arabia	-	-	179.90	0.70	-
SC	Seychelles and dependencies	0.05	-	-	-	-
SE	Sweden	2,048.40	2,553.00	1,370.99	1,924.68	2,520.90
SG	Singapore	125.23	526.50	161.79	53.47	38.98
SI	Slovenia	340.83	342.71	349.24	407.24	328.24
SK	Slovakia	286.77	823.02	559.58	714.39	427.87
SL	Sierra Leone	-	6.31	0.87	4.63	2.38
SM	San Marino	0.25	10.25	17.74	0.04	0.08
SN	Senegal	7.42	0.11	-	-	-
SR	Surinam	-	-	0.59	0.98	-
SV	El Salvador	12.74	3.31	29.48	6.56	10.41
SY	Syria	1.03	2.52	-	-	1.79
TH	Thailand	2,074.89	1,129.21	1,468.96	1,789.31	1,806.57
TJ	Tajikistan	2.66	0.72	-	-	-
TK	Tokelau, Isles	-	0.95	4.22	7.04	44.52
TM	Turkmenistan	-	-	0.76	-	-
TN	Tunisia	553.60	556.34	1,031.46	1,026.47	1,408.49
TR	Turkey	3,106.52	3,253.19	2,405.82	2,030.98	2,414.73
TW	Taiwan	2,866.08	2,019.31	1,378.82	1,430.58	1,626.45
TZ	Tanzania	0.08	-	-	-	2.44
UA	Ukraine	20.03	55.54	41.78	225.64	432.66
UG	Uganda	25.34	71.26	19.58	35.14	0.72
US	United States of America	12,086.84	9,069.56	7,477.76	6,605.40	8,125.21
UY	Uruguay	176.15	45.26	12.62	5.91	10.77
UZ	Uzbekistan	-	1.98	0.09	-	-
VE	Venezuela	164.26	228.40	76.40	55.46	40.71
VI	Virgin Islands (U.S.)	0.74	4.54	-	0.51	-
VN	Vietnam	2,114.12	2,437.53	3,342.79	3,876.38	4,341.28
WS	Samoa	1.34	0.54	0.09	1.13	1.03

Imports by country of origin (thousand euros) - Continuation

	2007	2008	2009	2010	2011
XM Montenegro	1.81	-	5.72	-	-
XS Serbia	1.67	1.46	-	0.92	0.35
ZA South Africa	14.71	64.58	215.69	7.93	16.81
ZW Zimbabwe	16.53	-	-	-	-
Total	1,395,349.11	1,312,680.15	1,137,351.51	1,141,702.31	1,149,170.06

Source: Andorran Customs

Exports by country of destination (thousand euros)

	2007	2008	2009	2010	2011
AE United Arab Emirates	6.57	8.80	-	9.62	54.28
AF Afghanistan	-	-	-	-	0.21
AL Albania	-	0.05	-	-	-
AO Angola	-	27.75	28.56	10.58	3.09
AR Argentina	228.20	131.89	113.85	223.27	160.44
AT Austria	161.76	56.27	40.22	16.18	132.15
AU Australia	-	2.75	18.50	1.83	23.07
AW Aruba	-	-	-	6.07	-
BE Belgium	1,443.02	1,331.80	429.60	167.11	511.91
BF Burkina Faso	-	-	-	3.28	5.94
BG Bulgaria	-	-	4.58	0.79	2.32
BH Bahrain	-	-	-	0.24	-
BM Bermuda	-	-	-	3.64	-
BN Brunei	-	-	-	-	0.19
BR Brazil	2.00	0.91	0.95	1.15	13.09
BY Belarus	-	-	-	-	1.50
CA Canada	10.00	0.20	3.31	1.46	4.35
CH Switzerland	183.47	164.14	626.68	3,178.09	3,530.96
CI Ivory Coast	-	10.72	-	0.34	-
CL Chile	14.59	58.37	85.62	166.82	104.97
CM Cameroon	-	-	-	8.89	-
CN China	0.01	3.23	1.33	22.17	-
CO Colombia	12.97	1.18	-	0.58	76.51
CR Costa Rica	2.15	0.02	-	1.06	-
CU Cuba	4.60	-	0.72	0.28	0.90
CV Cape Verde	5.20	-	22.64	3.90	-
CY Cyprus	1.48	-	-	0.21	48.30
CZ Czech Republic	-	47.91	6.71	14.35	31.54
DE Germany	14,471.93	3,031.88	419.96	315.71	1,935.93
DJ Djibouti	-	-	-	0.06	-
DK Denmark	9.73	4.55	28.19	8.17	5.16
DO Dominican Republic	-	11.84	-	-	-
DZ Algeria	-	31.77	41.84	-	10.81
EC Ecuador	-	-	-	-	0.13
EE Estonia	-	0.11	-	0.19	1.55
EG Egypt	-	1.00	6.80	41.87	8.88
ER Eritrea	-	-	-	2.13	-
ES Spain	56,179.62	45,382.88	31,978.97	25,778.80	32,200.60
FI Finland	25.21	1.60	7.51	5.56	2.24
FR France	14,929.38	10,140.88	9,145.89	8,650.75	13,415.98
GA Gabon	-	4.70	-	0.29	0.21
GB United Kingdom	50.76	191.07	86.23	203.03	171.26
GI Gibraltar	-	-	6.08	5.85	11.02
GM Gambia	-	2.00	-	-	-
GN Guinea	37.24	10.49	1.05	-	-
GQ Equatorial Guinea	7.70	-	-	23.09	34.94
GR Greece	2.22	0.16	0.98	4.07	4.64
GY Guyana	-	-	51.27	46.17	24.54
HK Hong Kong	6.80	13.05	21.18	96.59	713.68
HR Croatia	0.02	-	-	0.02	-
HU Hungary	1.62	-	-	1.75	0.09
ID Indonesia	0.09	-	-	-	0.90
IE Ireland	0.45	1.21	2.67	5.91	7.30
IL Israel	2.57	0.10	119.60	0.49	482.14
IN India	34.40	1,700.00	28.00	-	-
IR Iran	1.56	0.39	6.10	0.11	0.01

Exports by country of destination (thousand euros) - Continuation

		2007	2008	2009	2010	2011
IS	Iceland	-	-	-	0.03	-
IT	Italy	2,034.93	1,167.45	951.27	395.31	405.32
JO	Jordan	-	-	5.80	-	6.45
JP	Japan	17.55	70.20	20.23	18.90	1.95
KE	Kenya	-	-	-	0.02	-
KI	Kiribati	-	-	-	-	1.88
KR	South Korea	24.11	-	-	-	-
KW	Kuwait	-	-	-	0.79	7.33
LB	Lebanon	-	-	-	73.00	-
LI	Liechtenstein	-	-	-	-	0.10
LK	Sri Lanka	-	0.03	-	-	-
LT	Lithuania	-	-	0.65	-	-
LU	Luxembourg	3.50	1.87	0.70	30.29	3.97
LV	Latvia	-	-	-	1.49	1.58
MA	Morocco	3.17	14.74	6.73	3.21	10.83
MG	Madagascar	-	-	3.29	-	-
MR	Mauritania	3.00	-	0.36	0.28	0.32
MT	Malta	-	0.11	90.11	6.94	0.99
MX	Mexico	22.17	4.60	-	1.87	10.78
MY	Malaysia	-	-	0.05	-	0.22
NA	Namibia	-	-	-	-	3.71
NC	New Caledonia and dependencies	-	-	0.20	-	1.65
NE	Niger	-	-	0.33	-	-
NI	Nicaragua	-	-	23.21	31.49	42.64
NL	Netherlands	645.82	547.19	482.25	588.85	718.72
NO	Norway	2.27	0.20	0.74	1.31	135.06
NZ	New Zealand	1.45	-	-	-	-
OM	Oman	-	-	-	0.09	12.15
PA	Panama	-	-	0.13	11.34	-
PE	Peru	-	184.68	-	0.21	0.12
PF	French Polynesia	-	0.25	-	-	-
PL	Poland	23.26	25.19	1.22	19.70	5.33
PT	Portugal	373.40	320.86	406.01	431.98	292.83
PY	Paraguay	-	-	-	23.49	-
QA	Qatar	-	-	-	-	0.36
RO	Romania	-	5.23	1.50	19.23	1.80
RU	Russia	171.36	361.85	0.91	3.17	2.15
SA	Saudi Arabia	-	5.76	1.15	91.02	66.20
SC	Seychelles and dependencies	-	-	-	-	0.26
SD	Sudan	-	3.53	1.25	-	-
SE	Sweden	3.75	5.50	2.80	63.03	169.91
SG	Singapore	-	18.00	-	13.71	-
SI	Slovenia	6.56	0.46	0.08	0.28	0.86
SK	Slovakia	17.55	48.69	41.24	28.92	27.68
SM	San Marino	31.32	-	-	-	0.49
SN	Senegal	-	-	-	0.89	8.46
SY	Syria	-	4.00	-	19.00	-
TG	Togo	2.00	1.00	-	-	0.17
TH	Thailand	5.31	-	-	-	0.40
TN	Tunisia	-	-	-	0.10	38.79
TO	Tonga	-	-	-	-	3.13
TR	Turkey	-	-	0.10	0.05	0.05
TW	Taiwan	0.20	-	-	6.68	4.77
UA	Ukraine	-	84.43	4.56	-	0.53
US	United States of America	61.83	3.32	184.92	7.38	33.01
UY	Uruguay	2.39	-	11.10	0.35	37.25
VE	Venezuela	-	-	-	0.11	0.66
VG	British Virgin Islands	-	-	-	-	0.71
VN	Vietnam	-	0.05	0.00	4.66	-
WF	Wallis and Futuna Isles	-	-	1.06	-	-
XL	Melilla	0.60	-	-	-	-
XM	Montenegro	4.39	-	-	-	-
XS	Serbia	-	0.37	-	-	-
ZA	South Africa	-	-	4.00	0.15	0.87
Total		91,299.22	65,255.24	45,583.52	40,931.79	55,800.13

Source: Andorran Customs

ENGLISH

economic report 2011



CAMBRA DE COMERÇ
INDÚSTRIA I SERVEIS D'ANDORRA