

# economic report

# 2012



CAMBRA DE COMERÇ  
INDÚSTRIA I SERVEIS D'ANDORRA

With the support of



BANCA PRIVADA D'ANDORRA

number

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The Chamber of Commerce, Industry  
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C/ Prat de la Creu, 8  
AD500 Andorra la Vella  
Principality of Andorra  
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## **PRELIMINARY NOTE**

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

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

## INTRODUCTION BY THE CHAMBER OF COMMERCE, INDUSTRY AND SERVICES OF ANDORRA

For many years, we have started this Report by speaking of the world economic crisis and its global consequences. Last year, we said that the overall world economy had slowed down again in 2011, this year, we must repeat ourselves as world growth fell again in 2012, especially from the summer, due to the deepening sovereign debt crisis in Europe and the measures adopted by some countries, sometimes under compulsion. It should be noted, however, that the world economy continues to advance at two speeds. On the one hand, there are the emerging and developing economies which, despite losing impetus, remain dynamic, and on the other hand, the advanced economies where a divide has opened up between the USA and the eurozone - the former saw a good recovery while the latter ended the year again in recession.

Overall, world GDP grew 3.1% compared with 3.9% in 2011, according to IMF estimates. This positive growth was the result of the continued dynamism in developing countries, which grew 4.9%, while advanced countries only grew 1.2%, compared with 6.2% and 1.7% in 2011, respectively. Now, there are major differences within the group of advanced economies: the US economy grew 2.2% while the eurozone's shrank 0.6%. This growth in the developing economies, which was lower overall and disparate between regions, was the result of the current restructuring of both the public and private sectors and the weak job and housing markets, especially in the eurozone. As for emerging and developing countries, growth slowed due to higher uncertainty and tougher economic policies in several countries. The social unrest and sociopolitical tensions that affected some countries in the Middle East and North Africa also helped to slow growth.

Among the developed countries, the recovery in the US economy stands out, as it links three years of continuous growth and also because it managed to grow four tenths more in 2012 than in 2011. This was the result of domestic factors: dynamic residential investment, rising private consumption and expanding private non-residential investment. On the other hand, public spending fell and foreign demand remained neutral. The Japanese economy saw positive growth of almost 2%, although the trend was very volatile

due to uncertainty regarding the trend in the world economy and national policies.

The eurozone's economy entered into recession in the first quarter of 2012. The reasons for entering into recession were the adjustment measures in the financial and non-financial sectors, the steep rise in the unemployment rate, the ever more restrictive fiscal policy and weakening foreign demand. Although, overall, the eurozone ended the year with a drop of 0.6% in GDP, major differences in the growth rates of the countries making up the region were seen. So, there were seven countries where the GDP trend was positive: Germany, Austria, Ireland, Slovakia, Luxembourg, Estonia and Malta. On the other hand, there were five countries that saw a negative GDP variation of more than two percent: Greece (-6.4%), Portugal (-3.2%), Slovenia (-2.3%), Cyprus (-2.4%) and Italy (-2.4%). In the other countries, the decline in GDP was less than 2%, except France where it stagnated.

The emerging and developing countries saw an almost generalised slowdown in their economies in 2012, due to the effect on world trade of the European crisis and trends in the prices of raw materials and oil throughout the year. The only region that saw higher growth than in 2011 was the Middle East and North Africa, which grew 4.4% overall, in contrast with the 3.9% seen in 2011. In any case, the highest growth was still in the developing Asian economies; so, China grew 7.8%, while India grew 3.2%. Another area that suffered from the effects of the slowdown was the region of Latin America and the Caribbean, which grew 3% overall, compared with 4.6% in 2011. The African Sub-Saharan economies grew 4.9% in 2012, five tenths less than in the previous year. Finally, the Commonwealth of Independent States saw overall GDP growth of 3.4%, less than the 4.8% of the previous year.

Andorra has the economy of a totally open country which basically depends on foreign demand. All its main sectors depend on purchases made by visitors, especially commerce, hotels and catering and ski resorts. Therefore, the national economy is greatly influenced by the world economy, and especially by real development of its two neighbouring economies, Spain and France. After the deep recession in 2009 and the recovery in 2010 and 2011, the French economy slowed again and ended 2012 with zero GDP growth. This stagnation was the result in particular of falling domestic demand. In contrast, the foreign >

sector made a positive contribution, not so much through more dynamic exports, which they were not, but by falling imports due to weak domestic demand. The accumulation of austerity policies, lack of liquidity, loss of confidence in the eurozone and finally, the lack of competitiveness in the French economy, explain the economic stagnation seen in France in 2012. Nevertheless, and as a result of the worsening trend in the European economy as a whole, French GDP per capita as purchasing power parity compared with the EU-27 average reached 108% in 2012, one tenth higher than in 2011 and a quite stable level since 2006.

The Spanish economy came out rather badly from the 2012 financial year, in which it fell into recession again. After very weak growth in 2011, of 0.4%, GDP fell 1.4% in 2012. In the last quarter of 2011, GDP began to fall and continued to do so throughout 2012. Moreover, the decline in activity became more marked over the year. The administrations passed new austerity measures to try to meet their obligations to reduce the public deficit. Unemployment continued to climb and tensions reappeared in the financial markets, weakening confidence among economic agents and toughening finance conditions even more. As the recession in Spain was deeper than in the whole of the EU, the process of real convergence with the 27 European economies was set back, so that Spanish GDP per capita as purchasing power parity fell, for the third consecutive year, below the EU-27 average, to 97%, two tenths less than in 2011 and the lowest level for the period 2001-2012. This fall in GDP aggravated job destruction. The unemployment rate reached 26% in the fourth quarter of 2012 and the number of unemployed bordered on six million. A positive trend to note in the development of the Spanish economy in 2012 is the behaviour of the foreign sector and improved competitiveness. The variation rate in Spanish exports exceeded that of world trade, allowing the current account balance to register a surplus from July 2012 for the first time in many years. These figures reflect the improved competitiveness of Spain's economy.

In this global context of generalised economic contraction, with certain exceptions but especially intense in the EU, the Andorran economy cannot prosper. The annual Report from the Chamber has been compelled to highlight this fact for many years now. The Andorran economy, which experienced years of great expansion, began to decline in 2003 and entered into recession in 2007, the first year of a

negative trend in GDP, coinciding with the beginning of world change when the subprime bubble burst in the USA. Since then, there have been continuous falls in national GDP, with a record decline in 2009. This year, the fall in Andorran GDP was -1.6% according to estimates from the Government Department of Statistics. The estimate prepared by the Chamber also follows the same line, but with an even more marked fall.

There have therefore been six years of continuous recession, which no EU country has experienced, despite all the efforts in recent years to sort out the national economy.

The crisis has affected all the major productive sectors and services in this country. This already occurred in the previous year, 2011. Only the financial sector shows more balanced results. However, in contrast, in the other sectors of industry, construction, commerce – with practically no positive variants by branch – tourism in general, hotels and catering, transport and telecommunications, all data indicates downturns in comparison with the previous year. In some cases, such as construction and most branches of commerce, these were significant.

The primary sector bears little weight within the overall Andorran economy, despite including certain outstanding products, such as tobacco. Efforts are still being made to introduce changes into this sector and improve it, to achieve better economic results. In 2012, the tobacco harvest shrank 3.7% due to the hail that affected crops in the high parishes. In the sub-sector of livestock and meat, it should be noted that efforts finally paid off to attain recognition from the EU as a Protected Geographical Indication (PGI) for the production of quality veal, produced this year. Work has also continued to improve the cultivation of potatoes, vineyards and aromatic and medicinal plants.

In the industrial sector, all indicators reflect the continued fall in activity. So, in 2012 the number of employees in industry fell 6.6% and more than three hundred jobs have been lost in this sector since the crisis began in 2007. The tobacco industry has remained relatively stable. Electricity production fell, due to weather conditions. The results of the Chamber's situation surveys clearly reflect the opinion of the manufacturers that the crisis has continued and the situation is quite bad.

The sector that was most affected by the crisis is construction. The recession already kicked in in 2008 in this activity and since then has deepened every year. According to all available indicators, the 2012 financial year was very negative. So, the average number of employees in 2012 was 3,269, 16.9% less than in 2011; if this figure is compared with that of 2006, it can be seen that the numbers of workers has more than halved, exactly 52.7% less. Continuing with the comparative figures, imports of building materials fell 26.2% compared with imports in 2011 and, in absolute terms, represented only one third of what was imported in 2006. Electricity consumption in this sector fell 9.6% against 2011 and, in absolute terms, also represented one third of consumption in 2006. This serious situation is also reflected in the number of applications for new building permits in 2012, which was far from that of previous years. Public investment did not aid recovery in the sector, nor can it in any significant way. Moreover, the opinion of businessmen about the situation in the sector is very negative, as reflected in the Chamber's surveys.

Andorran commerce feeds basically off foreign visitors and their purchases so, if the number of visitors drops or they purchase less, the retail trade suffers. This is what happened in 2012, continuing the trend of many years. Employment in the sector fell -3.5%, wages -0.6% and energy consumption -1.6%. Logically, imports have fallen again, this year by -5.7% overall, but if building materials, tobacco and fuel are excluded, the drop in other imports was -7.5%. The results of the Chamber's surveys confirm these figures and highlight the continued climate of uncertainty. Analysing trends in imports, chapter by chapter, it can be seen that very few of them showed positive trends and some of these were very slight. Among the chapters with positive trends were notably: works of art, collectors' pieces and antiques (+27.1%), machinery (+10.7%), clocks and watches (+9.2%) and soap and waxes (+7.2%). Most other chapters decreased and some of these significantly, notably furs and leather (-36.2%), pearls, precious stones and metals (-29.6%), toys games and sports requisites (-28.0%), sugar (-21.4%), perfumery (-19.9%), vehicles and motorbikes (-16.7%), cutlery and knives (-15.8%) and furniture and lighting (-15.7%). Many other products also declined, some more slowly, such as foodstuffs and also pharmaceuticals (-2.1%).

Tourism is clearly the main source of activity in the Andorran economy. To the absolute volume of

visitors should be added, however, their purchasing capacity and spending intentions. This year, the drop in numbers of tourists was not as significant as in other previous years but the resultant spending tended to be lower, as indicated in the trend in commercial sales. The total number of visitors fell only 1%, mostly among the Spanish, falling 2.9%, and less among the French, which remained practically stagnant (-0.2%). On the other hand, visitors of other nationalities saw clear growth of 7%. Comparing tourists and day-trippers, the results are relatively positive as those who stay overnight only fell -0.2% while day-trippers fell -1.4%. By nationalities, the numbers of Spanish fell most -1.2% for tourists and -4% for day-trippers - while the numbers of French tourists rose 1.3% and day-trippers fell only 0.3%. The numbers of other nationalities grew significantly in both groups. This greater diversification is good for the country's economy.

This year, the weather was favourable for the 2012-2013 ski season. Snowfall was abundant, although excess snow was sometimes detrimental. However, the season ended with 2,181,533 passes/day sold, a figure that represents 9.4% more than in the 2011-2012 season.

The financial system is one of the main pillars of the Andorran economy, weighing in at about 18%. The world crisis has also affected it but it is recovering well. So, the figures for the balances of the five banking groups are altogether positive: credit investment grew 2.5% in relation to the 2011 figures, clients' deposits grew 1.1% and the aggregate result made a modest 0.2%. The five banks together closed six branches inside Andorra but are making a great effort to increase their presence in some foreign countries. This means that their aggregate number of employees again grew significantly, by 9.8%.

The provisional settlement of the Government budget shows that in 2012, there was a non-financial deficit, for the fifteenth consecutive year, of 86.9 million Euros. This figure represents an increase of 70.7% compared with the 2011 deficit, and puts the imbalance in the public sector at about 3.5% of Andorran GDP. The trend in 2012 contrasts with the deficit reductions achieved in the two previous years but does not reach the historic high of 2009. The central administration's debt grew 11% and set a new record of 852 million Euros. This volume of debt represents 34% of GDP, a much lower level than that of most European governments. The rising deficit in >

2012 was the result of a higher increase in spending than revenue. Growth in spending was due to the fact that capital spending more than doubled; on the other hand, current expenditure saw a modest increase of 1%. The increase in revenue was very significant, 19.4%, thanks to revenue obtained from new direct taxes and the also quite significant increase in indirect taxes. 2012 was the first year of implementation of corporate tax and the tax on economic activities. It should be highlighted that Andorra is making an effort to bring its fiscal system in line with that of the EU. For this purpose and on a positive note, the new Law on foreign investment that was passed in 2012 stands out, a step forward towards opening up and liberalising the national economy, expected to have a favourable effect on attracting capital to encourage domestic activity and job creation. In 2013, the new "general indirect tax" (IGI) came into force, which works like VAT in the EU, and a new income tax (IRPF) law is expected to be passed this year. As for the communes (local governments), together they settled their budgets with a slight surplus: 119.7 million Euros of revenue and 113.8 million Euros of expenditure. These figures represent an improvement on the 2011 surplus due to greater containment in spending than revenue, contrary to what had occurred in the last three years. Five communes saw a surplus and two communes ended the financial year with a deficit (Encamp and Canillo). Overall, the communes ended the year with an accumulated debt of 233.9 million Euros, a figure that represents a reduction of 3.1% in relation to the previous year. The Communes' debt represents 21.5% of the total debt, the sum of the central government's and communes' debts.

Overall, the behaviour of the Andorran economy in 2012 was again unfavourable. Most of the main indicators available remained negative and showed no signs of improvement. As for demand, the results were negative both in relation to consumption and private investment, partly compensated by a less unfavourable trend in demand in the public sector, while exports and sales of tourism services and foreign consumption continued to fall.

The results for the first half of the year indicate that the world economic recovery is progressing gradually, but at ever more divergent rates. According to the IMF report, world growth will reach slightly over 3%, the same as in 2012, due to an expected rise of 5% in emerging economies and 1.2% in advanced economies. While 1.7% growth is expected in the USA, negative

results are expected in the eurozone. In the USA, the recovery of the financial markets and the maintenance of low interest rates according to the Federal Reserve's monetary policy help to sustain the economic situation; economic growth in the first half of the year was helped by dynamic private consumption and the recovery in residential investment. The obstacle of public spending may finally slow growth down. In the eurozone, the economy has continued in recession in the first half of the year due to the fiscal consolidation plans and the distrust that exists in relation to European politics. The decline in GDP in the eurozone is expected to slow down in the second half of the year, so the economy could grow again in the last quarter. The forecast of the European Commission is that GDP will fall 0.4% in 2013.

Modest growth of 0.4% is forecast for Germany, with a slight downturn in GDP for France – between one and two tenths – after three years of stagnation. In 2013, the peripheral states will suffer GDP contraction; in most of these countries competitiveness is improving but the growth in foreign demand does not manage to compensate falling domestic demand, much affected by the (public and private) adjustment measures being carried out. In Japan, on the other hand, the new government has managed to reactivate growth thanks to the ambitious programme of monetary and fiscal stimuli. In brief, the world economic context could improve during the second half of the year, but the risks have not disappeared as, in the short term, they are related to the lack of competitiveness of the eurozone and the possibility of prolonged stagnation, and also to the high levels of fiscal deficit and debt in the USA and Japan.

The Spanish economy, the most important source of demand for Andorra, continued in recession for the first half of the year, although the rate of GDP decline slowed, as a result of a more negative contribution from domestic demand, partly compensated by a more positive contribution from the foreign sector thanks to the impetus from exports. In this context of recession, Spain has persuaded the European Commission to concede two more years to reduce its public deficit to 3%. However, to reach this target, Spain has had to pass very restrictive budgets in relation to spending and has taken fiscal measures to increase tax revenue. In this context, the Spanish economy will continue in recession in 2013. The European Commission's forecasts for Spain are that over the whole year GDP will fall 1.5%, but also that it could improve in 2014. The job market could still get worse, as the year is expected



to end with an unemployment rate of 27%, the highest of all the advanced countries. In the business field, it is expected that the problems of access to credit and the need to reduce debt will continue. In brief, the forecasts show that the fall in Spanish demand could slow over the year and that GDP will stabilise in the second half of the year, but that the unemployment rate will continue to rise.

We have just described the world economic context: not very good for the European economy and continued recession in the Spanish and French economies, especially the former, with a notable impact on potential foreign demand. Therefore, the prospects for the Andorran economy in 2013 are not good. This forecast is confirmed by the results of the Chamber's surveys in the first half of the year, which still reflect a pessimistic business climate and quite negative provisions for business operations in all the major sectors. The available data for the first five months of the year reaffirm business opinions. So, imports fell 2.4%, the number of employees fell again in this period by 3.3%, electricity consumption fell 1.5%, car registrations also fell, in this case by 7%, and finally, in the first quarter of the year, the total number of visitors fell 3.9%, despite a good ski season. These figures are not as bad as those for the same period of 2012 and encourage expectations that the end of 2013 may not be as bad as 2012, though still negative.

I cannot close this Report before expressing my gratitude and that of the Chamber to all the businesses, institutions and individuals who make the preparation and editing of this report possible. The Chamber has published it for many years, eighteen in total, the product both of a legal obligation and a desire to serve the national economy. Many thanks, therefore, to the businesses which, through their continued periodical collaboration, provide the Chamber with reliable information about the business climate and about business trends. In second place, many thanks also to the Government and the communes for the information they provide to us, especially statistics, and to the institutions and associations for the same reasons. In third place, to the internal and external experts who compile and interpret all the information and shape the final report. Finally, thanks also to all the media for broadcasting the content of this document.

**Marc Pantebre Palmitjavila**  
President



## INTRODUCTION BY BANCA PRIVADA D'ANDORRA

Over the years, the *Economic Report* of the Chamber of Commerce, Industry and Services of Andorra has become a benchmark publication for finding out about economic and business activity in the Principality of Andorra. The recognition that the Chamber's *Economic Report* has won highlights the institution's good work and constant commitment towards Andorra's businesses and economy, since it was set up in 1993. This is a publication that combines perfectly an exhaustive analysis of the foreign economic and financial environment with an in-depth study of economic activity inside Andorra, on the basis of first-hand information obtained from local businesses, undoubtedly the driving force behind growth and development in Andorra.

Banca Privada d'Andorra is keen to express its support for the invaluable work carried out by the Chamber of Commerce, Industry and Services of Andorra and, by extension, the efforts of the business community in our country to create wealth and contribute to the well-being of Andorran society. It is a pleasure for Banca Privada d'Andorra to sponsor this edition of the *Economic Report 2012*, prepared by the Chamber, heralding a collaboration that springs from Banca Privada d'Andorra's firm commitment to the present and future of Andorra.

Now, more than ever, we need to comprehend the complex economic reality in which we live. Throughout the *Economic Report*, the key dynamics of both the international environment and the Andorran economy in 2012 are developed, with the analysis extending into the early months of 2013. The general panorama obliges us to remain cautious about expecting a recovery from the crisis, because the truth is that six years after the financial crisis blew up, the world economy has still not found the path to a lasting, sound recovery. As is clear in this report, the international environment, far from affecting us tangentially, has a direct impact on the Andorran economy as the national economy has opened up and foreign demand is essential to national activity.

Especially relevant are the results of the situation survey which the Chamber carries out twice a year on Andorran businesses, representing one of the most valuable sources of information about economic progress and the immediate prospects for the

Principality. As reflected in this *Economic Report*, our businesses expect that 2013 will still be a critical year. With the general distrust of the economic situation, business expectations do not anticipate a clear improvement in activity, despite the fact that they are less negative than in the last two years.

In the name of Banca Privada d'Andorra, I would like to express our thanks to all those who have taken part in this project and who, through their efforts, have made this *Economic Report* an essential tool for understanding Andorra's economic reality.

**Joan Pau Miquel**  
Chief Executive



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# THE EXTERNAL ENVIRONMENT OF THE ANDORRAN ECONOMY

## 1. THE INTERNATIONAL ECONOMY

### 1.1. The main features of economic development in 2012

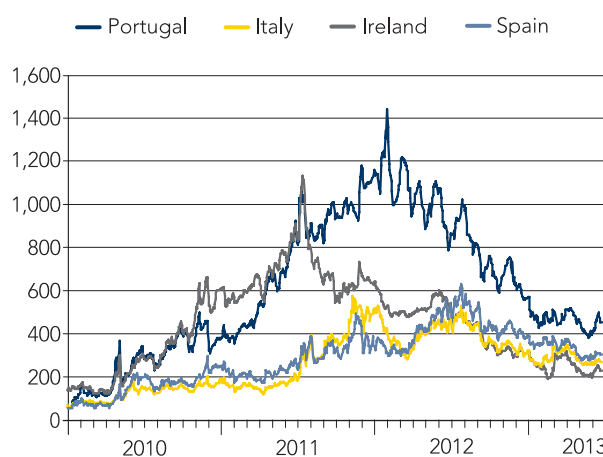
In 2012, global economic growth slowed down, especially from the summer, as a result of the worsening sovereign debt crisis in Europe. Growth in world GDP went from 3.9% in 2011 to 3.1% in 2012, according to the International Monetary Fund's (IMF) July economic outlook. It should however be noted that the world economy advances at different speeds. On the one hand are the emerging and developing economies, which remain dynamic despite losing impetus. On the other hand are the advanced economies, where a divide has opened up between the USA and the eurozone.

World growth in 2012 became possible thanks to the dynamism maintained by developing countries, which grew 4.9%. In contrast, advanced economies grew 1.2%. Both levels are lower than in 2011 (6.2% and 1.7%, respectively). Now, within the group of advanced economies, a major difference appears between estimated growth for the US economy, of 2.2%, and the drop in the eurozone of -0.6% in 2012. The current reorganisation both of the public sector and the private sector, and the weakness of job and housing markets have continued to limit growth in developing countries, especially in the eurozone. On the other hand, the economic slowdown in emerging



### RISK PREMIUM OF EUROZONE PERIPHERAL COUNTRIES

German bond differential, in percentage points



Graphic 1.2

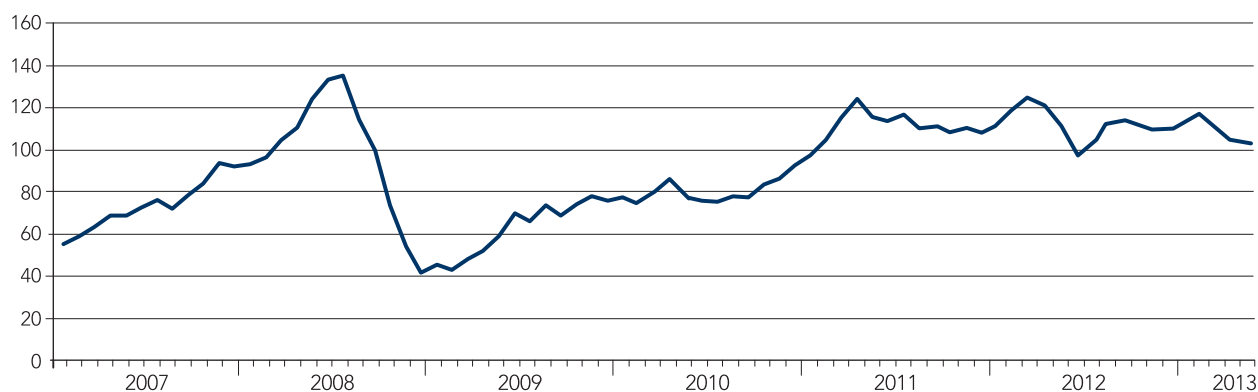
Source: Macrobond

and developing countries resulted from greater levels of uncertainty and the earlier tightening of economic policies in several countries. The social agitation and geopolitical tensions that have affected some countries in the Middle East and North Africa have also contributed to slowing growth.

Among the emerging and developing economies, Asia still stands at the forefront of growth, followed by Sub-Saharan Africa and the Middle East and North Africa, while Central and Eastern European countries have been greatly affected by the economic downturn in eurozone countries.

Development over the year has been disparate. At the beginning of 2012, the indicators were that the rate of world economic growth in the last quarter of 2011 would strengthen. However, this improvement was short-lived and confidence began to deteriorate, following a similar pattern to 2011. Economic activity slowed down in the advanced economies as the sovereign debt crisis intensified in countries in southern Europe. The level of tension in financial markets reached a high in July, when even the survival of the Euro was challenged. Mid-year, the decisions made by European leaders helped to reduce uncertainty and the world economic climate began to give signs of stabilisation, although at very low levels. However, rising energy prices and tightening fiscal

## OIL PRICES - \$ per barrel of Brent



Graphic 1.3

Source: US Government, Energy Information Administration

policies in the eurozone, together with doubts about raising the debt ceiling in the USA, slowed activity in the second half of the year.

The recovery in the climate of confidence after the actions of the Eurogroup and the ECB encouraged the major world stock markets to end 2012 with gains, except for the Spanish stock market, on which the IBEX-35 lost 4.7%. On the other hand, the Euro Stoxx index was revalued by 14%, the Nikkei on the Japanese stock market 23% and, in the USA, the Dow Jones gained 7.3% and the Nasdaq 16%.

The trend in the exchange rate reflected, to a great extent, the fluctuations in market perceptions relating to economic prospects in the eurozone and the public debt. Until April 2012, the Euro appreciated slightly, but rising tensions relating to the resolution of the sovereign debt crisis caused the European currency to fall. This trend inverted from the end of July, when the ECB confirmed the irreversibility of the Euro and announced the Eurosystem monetary transactions. Between the end of July and September, the Euro appreciated notably and greatly recovered its previous losses. Throughout the year, the effective rate of exchange of the Euro remained practically stable: in December the Euro was quoted at 1.313 dollars compared with 1.317 dollars in December 2011.

The price of a barrel of Brent oil remained stable throughout 2012, though at a high level and hiding high levels of volatility. From the high in March and the low at the end of June, prices fell almost 40 dollars a barrel and later rose again to stabilise at around 110 dollars towards the end of the year. 2012 is the second

consecutive year in which the price of a barrel of oil has risen above 110 dollars. The reasons for this trend were a combination of supply and demand factors. Among supply factors were notably the rising tensions in Iran and unexpected interruptions in oil extraction in the North Sea.

In contrast, the prices of non-energy raw materials and food headed down in 2012, with a drop of 9.8% that contrasts with the increase of 18% recorded in the previous year. Despite the high volatility, prices have remained at much lower levels throughout the year than the highs recorded in 2008 and 2011. The main cause of this slowdown is the weak economic environment, the same factor that explains falling inflationary pressures. In effect, advanced economies have recorded an annual increase in consumer prices of 2% (2.7% in 2011), while prices in developing and emerging economies have risen 5.9% (7.2% in 2011).

### 1.2. Evolution of the principal advanced countries

Advanced economies continue to see lower GDP growth than the emerging and developing countries but the differential has decreased slightly in 2012. So, GDP in advanced economies only grew 1.2%, five tenths less than in the previous year, but in the emerging and developing economies this was 4.9%, 1.3 percentage points less than in 2011. After two years of recovery, the eurozone slid back into recession in 2012 and the effects spread to other countries to a greater or lesser extent through trade and capital flows, although the USA and Japan maintained a positive economic trend. >

## IMF ECONOMIC PROSPECTS FOR THE WORLD ECONOMY

	2011	2012	2013f	2014f
<b>World GDP</b>	<b>3.9</b>	<b>3.1</b>	<b>3.1</b>	<b>3.8</b>
<b>Advanced economies</b>	<b>1.7</b>	<b>1.2</b>	<b>1.2</b>	<b>2.1</b>
USA	1.8	2.2	1.7	2.7
Eurozone	1.5	-0.6	-0.6	0.9
Germany	3.1	0.9	0.3	1.3
France	2.0	0.0	-0.2	0.8
Italy	0.4	-2.4	-1.8	0.7
Spain	0.4	-1.4	-1.6	0.0
Japan	-0.6	1.9	2.0	1.2
United Kingdom	1.0	0.3	0.9	1.5
Canada	2.5	1.7	1.7	2.2
<b>Emerging and developing countries</b>	<b>6.2</b>	<b>4.9</b>	<b>5.0</b>	<b>5.4</b>
Sub-Saharan Africa	5.4	4.9	5.1	5.9
Central and Eastern Europe	5.4	1.4	2.2	2.8
Commonwealth of Independent States	4.8	3.4	2.8	3.6
Russia	4.3	3.4	2.5	3.3
Developing Asia	7.8	6.5	6.9	7.0
China	9.3	7.8	7.8	7.7
India	6.3	3.2	5.6	6.3
Middle East & North Africa	3.9	4.4	3.1	3.7
Latin America & Caribbean	4.6	3.0	3.0	3.4
<b>World trade</b>	<b>6.0</b>	<b>2.5</b>	<b>3.1</b>	<b>5.4</b>

f: forecast

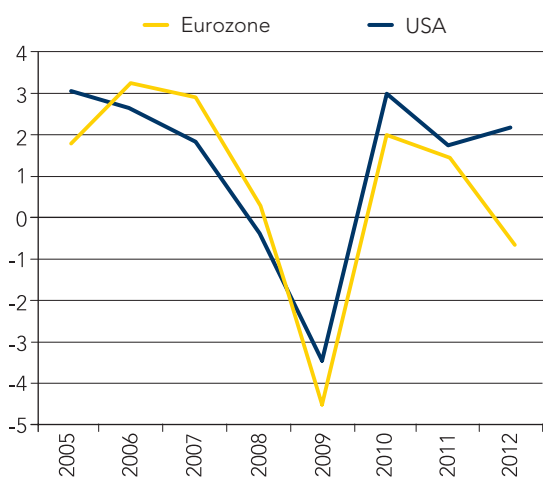
Chart 1.1

Source: IMF, July 2013

Unemployment rates remained high in OECD countries throughout 2012, although these conceal disparities between the principal advanced economies: rates fell in the USA, Canada and Japan, while they continued to rise in the eurozone.

### GDP GROWTH

Annual rates of variation in %



Graphic 1.4

Source: IMF

### 1.2.1. The USA

In 2012, the US economy continued to recover. Real GDP growth reached 2.2%, compared with 1.8% in the previous year, thanks to growing private demand favoured by the reactivation of the credit and property markets. Growth was possible due to the positive influence of final demand (which was 2 points, practically the same as the previous year), while the contribution from the foreign sector was negligible and stock variation added two tenths to growth.

So, the factors driving the US economy were basically domestic: dynamic residential investment, which grew 12.1% through the recovery in the housing market; the increase in private consumption, which was favoured by growth in real property and share prices, and also faster growth in job creation in the second half of the year; the expansion in non-residential private investment, which can be attributed to the growth in credit and the improvement in economic prospects. On the other hand, public spending was



a burden on growth in 2012, mostly due to the major contraction in defence spending.

The contribution of foreign demand to growth remained neutral in 2012, with 3.4% growth in exports of goods and services and 2.4% in imports, although the rates of variation slowed in relation to the previous year in line with the slowdown in world trade. The stability in the dollar market price throughout the year did not harm US foreign competitiveness and helped to keep its current account deficit at around 3% of GDP in 2012.

The recovery seen in the US economy resulted in an improvement in the job market results. The annual rate of growth in employment was slightly more dynamic than in the previous year (1.7% compared with 1.2%), which allowed for the unemployment rate to fall from 8.9% in 2011 to 8.1% in 2012.

On the other hand, consumer prices displayed a slower trend than in the previous year. The annual rate of inflation reached 2.1%, compared with 3.2% recorded in 2011. Inflation slowed significantly in the first half of the year due to falling energy and food prices, but in August the trend in energy prices reversed and resulted in rising inflation until October, when it started to fall again and continued until the end of the year.

Contained wage increases helped to keep underlying inflationary pressures down, enabling the Federal Reserve to keep the official interest rate within a band of 0% to 0.25% throughout the year, with the intention of stimulating economic activity. Moreover, the Federal Reserve has taken new monetary expansion measures to further stimulate the economy. These measures have managed to

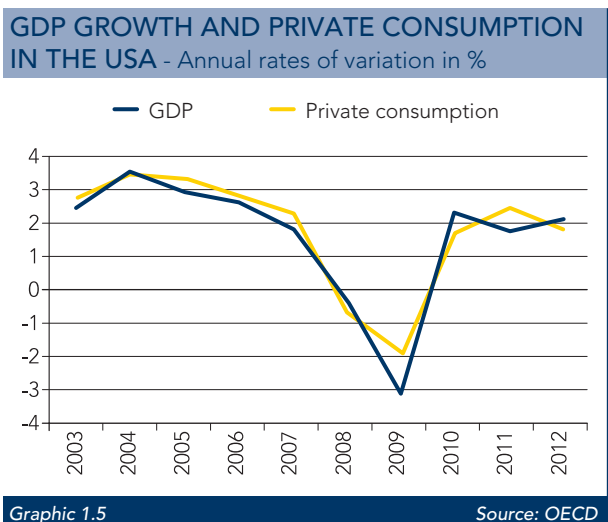
push the long term interest rate down, recover the mortgage markets and, in general, have helped to make financial conditions more flexible. This whole set of monetary and financial stimulus measures had a major invigorating effect on the economy.

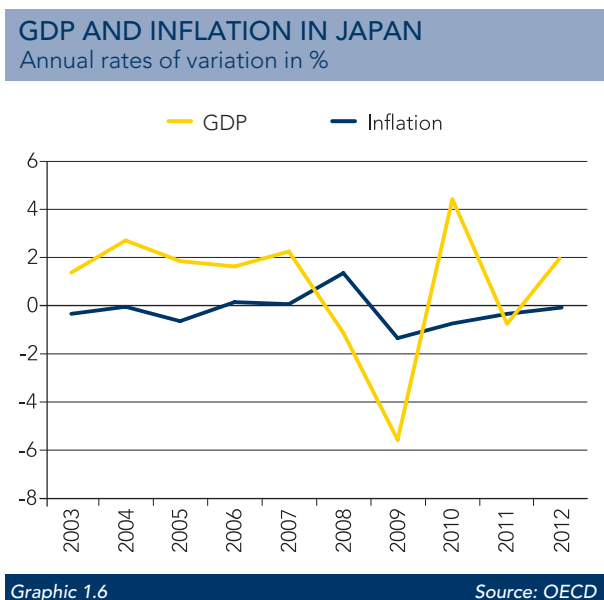
Finally, the US economy lowered its level of public deficit more than in the previous year – from 10.2% GDP in 2011 to 8.7% in 2012 – although it is still one of the advanced economies with the highest levels of deficit, only exceeded by Japan and Greece. Consequently, the public debt continued to grow and already exceeds 106% of GDP. In 2012, the lack of consensus to avoid tightening fiscal policy, predicted for the beginning of 2013, which would involve raising taxes and automatic cuts in public spending (the so-called “fiscal abyss”), encouraged national uncertainty. However, at the beginning of 2013, a political agreement was reached which avoided major tightening in fiscal policy.

### 1.2.2. Japan

Japan has come out of the downturn in 2011 caused by the effect of the tsunami and the subsequent nuclear crisis, and has seen GDP growth of almost 2% in 2012. Nevertheless, economic growth was very volatile, due to uncertainty regarding global development and national policies. In the first quarter of the year, the Japanese economy saw solid growth driven by public sector demand, deriving from reconstruction works after the earthquake and tsunami, and also by demand from the private sector, partly stimulated by subsidies to buy eco-friendly vehicles. In the second and third quarter, the economy contracted in a context of weakening global demand, partly as a consequence of the strength of the Japanese yen, added to the slowdown in domestic demand. In the last quarter of the year, growth recovered in a context marked by yen depreciation.

Inflation was positive in the first half of the year and negative in the second half. However, underlying inflation saw negative rates throughout 2012. The lack of economic dynamism and deflation led the Japanese Central Bank to keep interest rates between 0.0% and 0.1% throughout the year. The political stalemate relating to a law to finance the debt was resolved by calling new elections in December 2012, resulting in a change of government and a law being >





passed in January 2013 through which the Central Bank introduced a plan to buy assets with no end date and raised the price stability target from 1% to 2%.

As for the job market, the unemployment rate fell three tenths as a result of the economic reactivation, to reach 4.3% on annual average, one of the lowest levels in advanced economies. In the fiscal field, spending plans for reconstruction after the natural disaster and economic stimulus plans helped to undermine the state of public finances in Japan for a second year, so that the public deficit rose one GDP point to reach close to 10% in 2012, and the level of public debt climbed to 219%, the highest rate of all the OECD member states.

### 1.2.3. The eurozone

The eurozone economy entered into recession in the first quarter of 2012, seeing negative growth for the second consecutive year. Over the whole of the year, GDP saw a drop of 0.6%, after two years of moderate growth. The reasons for the eurozone going into recession are the adjustment process in the financial and non-financial sectors, the climbing unemployment rate, the ever more restrictive fiscal policy and depressed foreign demand.

The drop in GDP in 2012 was the result of the contraction in domestic demand, especially private consumption and investment, as public consumption remained practically stagnated. This contraction in domestic demand counterbalanced the good

performance in foreign demand, which made a positive contribution to the trend in GDP, higher than in 2011, thanks to the downturn in imports and growth in exports, although the latter slowed in relation to the previous year. In this regard, it should be noted that the current account balance for the whole of the eurozone saw a surplus of 1.9% of GDP in 2012, 1.2 points higher than in the previous year.

Now, there are great differences in the growth rates in countries within the zone. On the one hand, there are countries that have achieved GDP growth in 2012: Germany, Austria, Ireland, Slovakia, Luxembourg, Estonia and Malta. GDP in France stagnated (0%), while the other countries saw falls. The steepest falls were in Greece (-6.4%) and Portugal (-3.2%), but also in Slovenia (-2.3%), Cyprus (-2.4%) and Italy (-2.4%). In the other countries the drop in GDP did not reach 2%: Spain (-1.4%), Netherlands (-1%), Finland (-0.2%) and Belgium (-0.2%). In the EU-27, GDP falls were also recorded in Denmark, Hungary and the Czech Republic.

As for the financial markets, the year started with a substantial reduction in tensions thanks to the two long-term liquidity auctions carried out by the ECB in December 2011 and February 2012, which allowed finance conditions in credit entities in the eurozone to improve. However, from May, the uncertainty about the situation in Italy, worsening public finances in many of the peripheral countries and doubts about the solvency of the Spanish banking system generated a new phase of low confidence among investors. The countries that were most affected by this turbulence were Italy and Spain, where the German bond differential (risk premium) reached the highest levels since the creation of the Euro on July 24 (633 points in Spain and 531 points in Italy). At that point, financial tensions were high and even the irreversibility of the single currency was in question. This led the Eurogroup to state its intention to strengthen the foundations of the Euro by announcing measures such as the creation of a single supervisory mechanism, more flexible use both of the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM), and the possibility of directly recapitalising the financial sector. The ECB, on the other hand, lowered the rate of intervention by 25 base points at the beginning of July to reach 0.75%, after the two cuts of 25 base points that it made at the end of 2011. But it was not until the President of the ECB gave a speech in London on 26 July, in which he expressed his intention to do whatever was necessary to save the Euro, and

the announcement by the ECB on 2 August to set up a new programme to purchase bonds from peripheral countries without limit on secondary markets (so-called “outright monetary transactions”), that the financial tensions fell significantly, as well as the risk premiums in the most vulnerable countries.

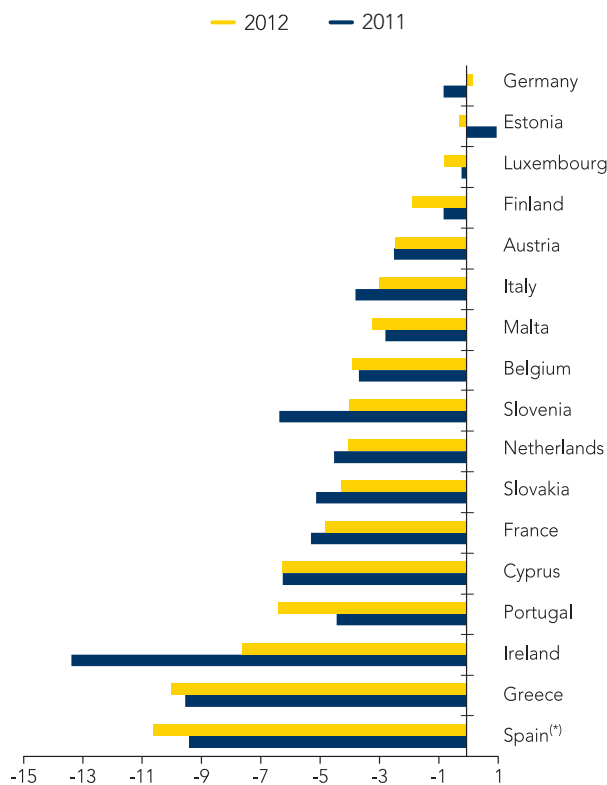
However, in general, the financial markets continued to be highly segmented by countries. As a result of this fragmentation, in some countries the reductions in official interest rates were reflected to a large extent in the interest rates for bank loans, while in other countries in the south of Europe, these remained practically unchanged or even increased.

As for the job market, employment fell 0.9% in 2012, after the slight growth recorded in the previous year (0.2%), and the unemployment rate rose from 10.2% in 2011 to 11.2% in 2012, the highest in the historical series that began in 1993, according to Eurostat. For its part, real unit labour costs grew 0.2%, as a result of a higher increase in wages per employee than productivity, denoting a slight loss in European competitiveness after two years of continuous improvement.

Inflation remained at high levels, over 2%, throughout 2012; specifically, it went from 2.7% at the beginning of the year to 2.2% in November and December. The average rate for the whole of the year was 2.5%, only two tenths lower than the rate in 2011. The persistently high inflation in 2012 mainly obeyed rising energy prices and increased taxation. On the other hand, the abundant excess production capacity and slow recovery of the advanced economies enabled background inflationary pressures to be contained. So, the rate of underlying inflation – excluding the most volatile components such as energy and unprocessed food – reached 1.8% on annual average. All eurozone economies saw inflation rates over the European average, except Spain (2.4%), France (2.2%), Germany (2.1%), Ireland (1.9%) and Greece (1%). The highest inflation rates were recorded in Estonia (4.2%) and Slovakia (3.7%).

Fiscal policy in 2012 was restrictive for the third consecutive year, thanks to an increase in public income resulting from tax rises, higher than the increase in public spending. Specifically, the public deficit for the whole of the eurozone reached 3.7% of GDP, 0.5 points under the 2011 level. On the other hand, the level of debt continued to rise, from 88% in 2011

## PUBLIC DEFICIT OF EUROZONE COUNTRIES As % of GDP



(\*) If aid to financial institutions is excluded, the deficit is 7%, two points lower than the previous year in comparable terms.

Graphic 1.7

Source: European Commission

to 92.7% in 2012, the highest level in the historical series. All eurozone countries, except Germany, which saw a surplus of 0.2% of GDP, saw a negative fiscal balance, in some cases lower than in the previous year (for example, France, Netherlands and Ireland) and in others higher (Belgium, Estonia, Luxembourg, Malta, Finland, Portugal and Greece). Of the three countries that received interventions, only Ireland managed to reduce the level of public deficit in 2012 (from 13.4% of GDP to 7.6% in 2012), while Portugal and Greece increased it (to 6.4% and 10% of GDP, respectively). The other two large countries at risk of needing a bailout also reduced their deficit but less notably: Italy from 3.8% to 3% and Spain from 9% to 7% (if you include aid to financial institutions, the deficit went from 9.4% in 2011 to 10.6%).

### 1.3. Evolution of the principal emerging and developing countries

Emerging countries suffered a practically generalised slowdown in their economies in 2012, due to the effect >

on world trade of the European crisis and the trend in prices of raw materials and oil throughout the year.

The only region that saw higher growth in 2012 than 2011 was the Middle East and North Africa, where GDP rose 4.4% this year in comparison with 3.9% in 2011, but with unequal development between countries. While most of the oil-exporting countries in the region grew at fast levels (5.75%, altogether), economic growth is still moderate in oil-importing countries (around 2%), which in many cases are going through times of political transition and continue to accumulate major fiscal and current account deficits.

The greatest economic growth is still being led by developing countries in Asia, especially China, which has grown 7.8%, and also India, which grew 3.2%. Despite this strong growth, activity lost impetus due to slower exports to Europe and other advanced economies also in recession. It should be noted that since 2011, China is the second largest economy in the world after the USA. Inflation in this area slowed in 2012 as a result of falling food prices and slowing activity. In this context, some central banks interrupted, or even reversed, their tightening of monetary policy begun at the start of the second half of 2010, which helped to encourage growth towards the end of the year.

Another area that has suffered from the effects of the slowdown in the world economy, to which was added weak domestic demand in some of the main countries, was the region of Latin America and the Caribbean. Together, the area saw annual growth of 3%, less than the 4.6% achieved in 2011. The case of Brazil is notable, the largest economy in the area, which lowered its rate of growth from 7.5% in 2010 to 2.7% in 2011 and 0.9% in 2012. The slowdown in Brazil spread to its main trading partners in the region, in particular to Argentina, Paraguay and Uruguay.

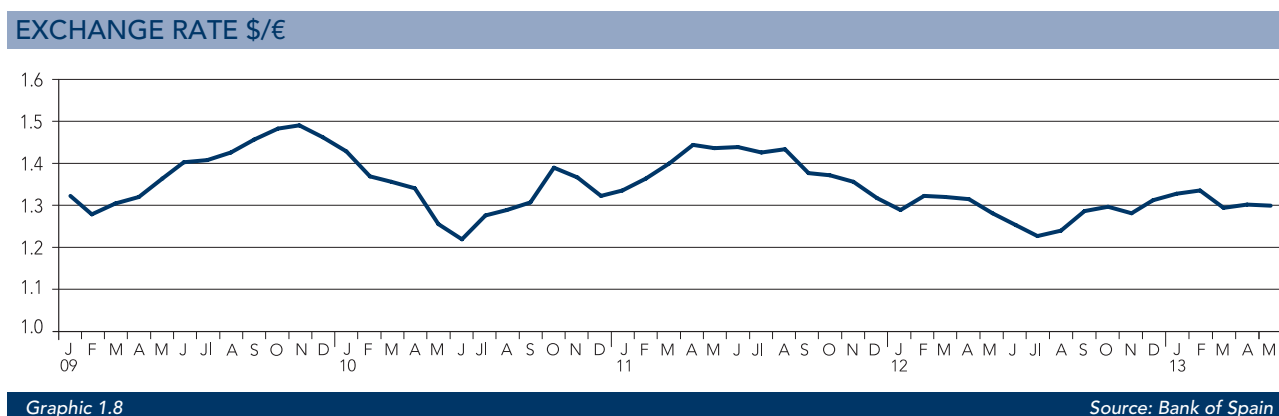
The Sub-Saharan African economies saw economic growth of 4.9% in 2012, five tenths less than in the previous year. This region was the least affected by the increase in financial tensions in Europe and worsening global economic prospects.

Finally, the Commonwealth of Independent States (CIS), has seen overall growth in GDP of 3.4%, lower than the 4.8% of the previous year. Russia has grown 3.4% and the other countries in the area 3.3%. Growth weakened both in foreign demand, affected by the slowdown in world trade, and in domestic demand for various reasons: in the case of Russia because oil prices stopped rising, and in the case of Ukraine due to the increase in interest rates made to protect the exchange rate.

#### 1.4. Prospects

The results in the first few months of the year show that the world economic recovery is advancing slowly but ever more disparately. While emerging and developing economies remain dynamic, the two largest developed economic areas are taking opposite paths.

According to the July report from the International Monetary Fund (IMF), world growth will still be slow and reach slightly over 3% in 2013, the same as 2012. This figure is lower than the IMF forecast in April due to considerable weakening in domestic demand and cooling growth in several emerging economies, and also the prolonged recession in the eurozone. By areas, the increase that is forecast for emerging economies is 5% and for advanced economies 1.2%. But among the latter, the differences are notable. While in the USA growth of 1.7% is forecast, the eurozone still has a negative prognosis, the effect not only of weakness in the periphery but also the stagnation beginning to appear in the European nucleus. In Japan, on the



other hand, economic prospects are improving thanks to the expansionary policy announced by the new government to stimulate growth and inflation.

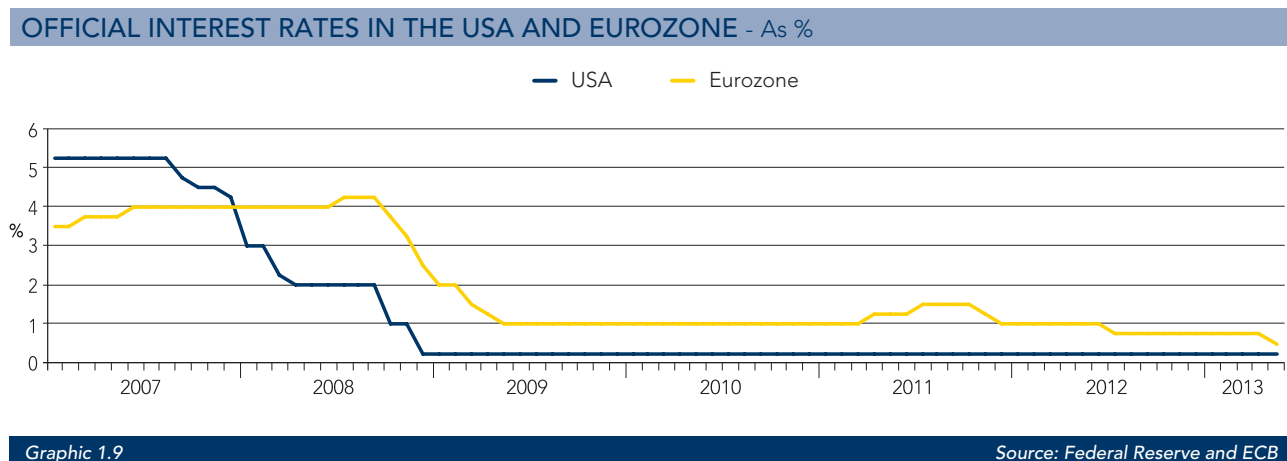
In the USA, the recovery in the financial markets and expectations of low interest rates in accordance with the Federal Reserve's monetary policy, is helping the economic recovery thanks to better finance conditions. Interannual growth in GDP was 1.6% in the first quarter of 2013, quite similar to the increase recorded in the last quarter of the previous year. This growth can be explained both by dynamic private consumption and the recovery in residential investment. The job market reflects this improvement in the economy: employment saw interannual growth of 1.6% in the first five months of the year and kept the level of employment above 135,000 jobs, while the unemployment rate fell progressively to 7.6% in May. Inflation, on the other hand, is still under control, as it has fallen from 2.1% in December to 1.5% in April. In this context, the Federal Reserve kept up the expansionary tone of its policy, leaving the official interest rate in the range of 0% to 0.25%.

For the whole of 2013, both the IMF and OECD foresee growth in the US economy as slightly lower than in the previous year, between 1.7% and 1.9%, basically because stronger fiscal adjustment is expected this year than in 2012 which was an electoral year. The main risks that may threaten growth in the US economy are a possible worsening of the crisis in the eurozone and, within its own economy, the need to provide a solution to the fiscal problems, whether by raising the debt limit or advancing the mid-term plans for fiscal consolidation or both these measures together.

In the eurozone, the economy continued in recession in the first few months of 2013 as a result of the fiscal

consolidation programmes that slow activity and the lack of confidence still governing European politics. In this respect, in March 2013, a new episode of instability occurred in the financial markets which temporarily pushed up the risk premium in the peripheral countries, as a consequence of the bailout of Cyprus, the political instability in Italy and the doubts about fiscal adjustment in Portugal. After the insecurity caused by the changes in the decisions taken both within the EU and the governing bodies of Cyprus, the Eurogroup approved the bailout for the Cypriot bank for the amount of 10,000 million Euros, but on the condition that the country makes a contribution, which is expected to be collected by creating a tax on deposits.

Throughout the year, the forecast is that the drop in GDP in the eurozone will slow while private demand will benefit from the improvement in the financial sector, so the economy could grow again in the last quarter of the year. The European Commission foresees that eurozone GDP will fall 0.4% in 2013. By countries, an increase in GDP in Germany is expected of about 0.4%, while in France a slight downturn is expected after three years of stagnation. On the other hand, the peripheral countries of the eurozone, especially Spain, Italy, Portugal, Greece, Cyprus, as well as Slovenia and the Netherlands, will still suffer from shrinking GDP in 2013. In most of these countries, competitiveness is improving but growth in foreign demand cannot manage to compensate the fall in domestic demand, much affected by the adjustment measures (public and private) that are underway. Moreover, the interest rates with which the peripheral countries are financed are still too high to ensure recovery. The job market will continue to weaken with an increase foreseen in the unemployment rate, which may reach 12.1% throughout the eurozone in 2013.



The absence of background inflationary pressures – inflation in the eurozone slowed from 2.2% in December 2012 to 1.4% in May 2013 – and the economic weakness of the eurozone led the ECB to lower the official interest rate one quarter point in May, to 0.5%, with the aim of recovering growth towards the end of the year.

Finally, the ambitious programme of monetary and fiscal stimuli promoted by the new Japanese prime minister has managed to reactivate growth in the first quarter of 2013. The fiscal stimulus package of 100,000 million Euros, centred above all on public investment, is added to the radical turn in monetary policy of the Japanese Bank, in effect since April, which has duplicated the injections of liquidity into the economy through the acquisition of public bonds and private fixed yield securities. Moreover, a major depreciation in the Japanese yen occurred since the

beginning of the year which has given an impulse to exports. Between January and March, Japanese GDP advanced 1% quarterly, tripling the growth achieved in the last quarter of 2012. For the whole of the year, it is expected that the effect of the adopted stimulus measures will allow it to grow close to 2%. Nevertheless, the main objective of the Japanese government, to end deflation, resists since prices continue to fall until April.

In summary, the global economic context has tended to improve but the risks have not disappeared. In the short term, they are linked above all to the problems of public debt and European governance. However, in the mid term they are related to the lack of competitiveness of the eurozone and the possibility of prolonged stagnation, and also to the high levels of fiscal deficit and debt in the USA and Japan.

## 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		
	2012	2013f	2014f	2012	2013f	2014f	2012	2013f	2014f	2012	2013f	2014f	2012	2013f	2014f
	USA	2.2	1.9	2.8	2.1	1.6	1.9	8.1	7.5	7.0	-3.0	-3.1	-3.3	-8.7	-5.4
Japan	2.0	1.6	1.4	0.0	-0.1	1.8	4.3	4.2	4.1	1.0	1.0	1.9	-9.9	-10.3	-8.0
Eurozone	-0.5	-0.6	1.1	2.5	1.5	1.2	11.2	12.1	12.3	1.9	2.5	2.8	-3.7	-3.0	-2.5
Germany	0.9	0.4	1.9	2.1	1.6	2.0	5.3	5.0	4.8	7.1	6.7	6.0	0.2	-0.2	-0.0
France	0.0	-0.3	0.8	2.2	1.1	1.0	9.9	10.7	11.1	-2.3	-2.2	-1.9	-4.9	-4.0	-3.5
Spain	-1.4	-1.7	0.4	2.4	1.5	0.4	25.0	27.3	28.0	-1.1	2.1	3.5	-10.6	-6.9	-6.4
OECD <sup>(1)</sup>	1.4	1.2	2.3	1.5	1.4	1.8	8.0	8.1	8.0	-0.5	-0.4	-0.3	-5.7	-4.3	-3.8

(1) GDP deflator.  
f: forecast

Chart 1.2

Source: OECD, May 2013

## 2. THE FRENCH ECONOMY

### 2.1. The main features of economic development in 2012

After the deep recession in 2009 and the recovery in 2010 and 2011, the French economy has again slowed to zero growth in 2012. This slowdown in GDP growth can be explained by the fall in domestic demand and also in inventories. On the other hand, the foreign sector has made a higher positive contribution than in the previous year, not so much from more dynamic exports but rather by the fall in imports due to weak domestic demand.

The economic stagnation this year was the result of a combination of factors: the accumulation of austerity policies, the lack of liquidity, the loss of confidence in the eurozone and, finally, the deficit of competitiveness in the French economy. Under the influence of these factors, the quarterly profile of the trend in GDP was erratic. The falls were concentrated in the second quarter of the year (as a result of the financial turmoil and fears of the Euro breaking up) and in the fourth quarter (as a result of low competitiveness in exports). Nevertheless, the positive differential in growth between the French economy and the eurozone



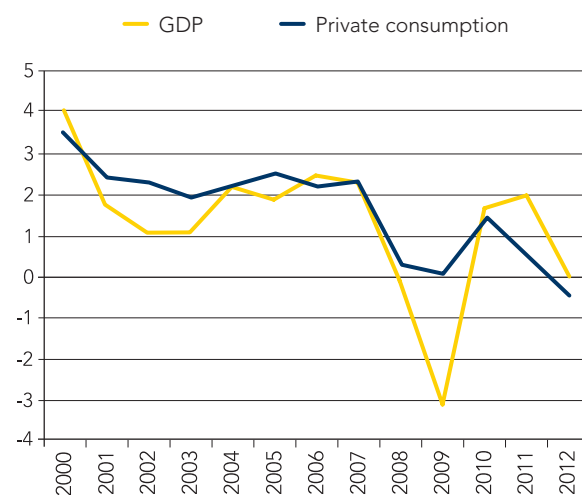
widened, going from three tenths in 2011 to six tenths in 2012. As a result, the purchasing power parity of French per capita GDP in relation to the EU-27 average reached 108% in 2012, a fairly stable level since 2006.

Domestic demand has gone from making a positive contribution to growth of one percentage point in 2011 to a negative contribution of 0.1 points in 2012, as a result of the slowdown both in private consumption and investment, while growth in public consumption accelerated. Specifically, private consumption fell 0.4% in 2012 compared with 0.5% in 2011, the reflection of a slowdown in growth in family income as a result of wage moderation and the rising unemployment rate. On the other hand, investment also fell into recession in 2012 as a result of a drop in the investment made both by non-financial companies (-2.1%) and public companies (-0.5%). The behaviour of investment deteriorated more and more over the year. The factors that brought down investment were the bad results of exports to countries outside the eurozone, falling confidence in the eurozone, financial difficulties and difficulties getting credit.

On the other hand, growth in public consumption accelerated, from 0.4% in 2011 to 1.4% in 2012, the result of the increase in spending on social and unemployment benefits, and also due to the electoral process and the first measures taken by the new president of the Republic, François Hollande, elected in May 2012.

Some of the measures in the electoral manifesto which have been adopted are the reduction in petrol prices (the energy companies discount three cents and the State assumes three cents by lowering the taxes charged to those companies) and the stimulus plan to create 100,000 jobs for unqualified youths between the ages of 18 and 25. The State undertakes to finance 75% of the contracts, with a wage of 450 Euros a month, which will be paid even if they lose their jobs as long as they follow a training course, while giving tax advantages to companies that employ these young people. The French government also promoted a plan against poverty to reduce the inequalities caused by the crisis. This plan includes measures intended to alleviate the situation of those with the lowest resources (young people with integration problems, the homeless, refugees and the unqualified unemployed). The measures will cost 2,500 million Euros until 2017 and are aimed at 8.6 million French living on less than 964 Euros a month.

## GROWTH IN GDP AND PRIVATE CONSUMPTION IN FRANCE - Interannual rates of variation as %



Graphic 2.1

Source: INSEE

The foreign trade flows of goods and services have seen a significant slowdown in 2012, for the second consecutive year. Specifically, exports increased 2.4%, in line with world trade, after growing 5.4% in 2011 and 9.5% in 2010. This slowdown in the growth of exports is the reflection of the slowdown in the European economy, the destination of 60% of French exports, and a continuous loss of competitiveness in French exports, as can be seen in the exports of goods deflator, which grew 3.1% in France, much more than in Germany (1.2%), Italy (1.7%) and Spain (2.1%). Imports, on the other hand, went from growing 5.1% in 2011 to falling 1.1% in 2012. This wider adjustment in imports than exports meant that the contribution from the foreign sector to growth in the French economy went from nil in 2011 to 0.9 positive points in 2012. Yet the deficit in the current account balance increased from 1.9% of GDP in 2011 to 2.3% in 2012, according to the OECD.

As for supply, disparate trends in the economic sectors can be seen. Activity fell in the agricultural sector; the manufacturing sector entered a recession after two years of growth; the building sector is still immersed in a deep crisis and, finally, financial activities are affected by the context of the European financial crisis. On the other hand, activity recovered in the energy sector (3.8%), while in commerce, transport and non-market service activities grew at very slow rates (between 0.5% and 0.6%).

The stagnation in activity explains why the French economy hardly created any employment in 2012 >

(only 11,500 jobs equivalent to full-time compared with 163,000 created in the previous year). In rates of variation, employment only grew 0.04% in 2012, after increasing 0.7% in 2011 and stagnating in 2010. By economic sector, employment in the services sector increased a slight 0.2%, while it fell -0.5% in the industrial sector and an interannual -1.1% in agriculture. According to the INSEE, this trend in employment was the result of an accentuated fall in the public sector (-0.7%) and a slight fall in the sector of non-financial companies (-0.1%), which compensated the increase in the financial sector, in non-profit making institutions and also in the number of individual businessmen. It should be noted that the rate of temporary work reached 15.2% in 2012 and the percentage of part-time contracts rose to 18%, the highest level in the last decade.

Despite the stagnation in employment, the rate of unemployment continued its rising trend in 2012. After rising suddenly between mid-2008 and the end of 2009, it began a slow descent which stopped in summer 2011 when the job market went back into recession, the situation in which it has remained for the whole of 2012. So, the unemployment rate began 2012 at 10% and ended at 10.6%, a level that had not been achieved since 1999. Moreover, the youth unemployment rate reached 25.4% at the end of 2012, taking into account, moreover, that the risk of being unemployed is almost twice as high for less qualified youths.

In this context of a weak job market, the nominal wage rises were slower than in the previous year (1.9% in 2012) and again below the annual average inflation (2.2%). However, labour productivity only increased 0.1% and consequently, nominal unit labour costs (ULC) grew 1.7%, helping to further reduce the competitiveness of the French economy in 2012.

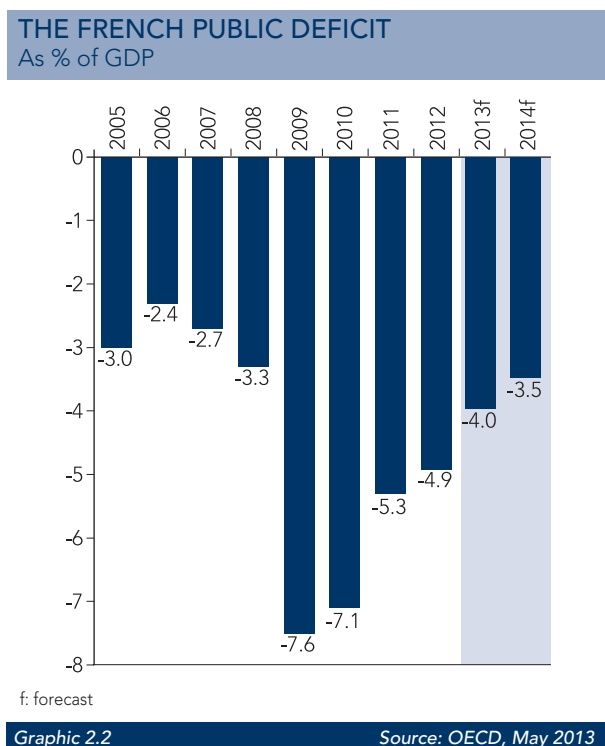
Harmonised inflation increased 2.2% on annual average in 2012, only one tenth below that of the previous year. This trend in consumer prices is, to a large extent, the result of rising prices for energy, unprocessed food, tobacco and alcoholic beverages. So, underlying inflation, which better reflects the nucleus of prices because it excludes volatile components (unprocessed food and energy), has had a slower trend (1.7% in 2012) due to the low level of use of productive capacity and the resistance of the unemployment rate to fall. In this regard, it should be remembered that in 2010, a new framework was

passed for revising the minimum wage based on objective indexation, leaving behind the discretionary increase model that existed previously, with the aim of anchoring inflation expectations down, given the large number of workers on the minimum wage.

For the third consecutive year, the French government continued its policy of containing the public deficit, although it relaxed the pace in relation to the previous year. In 2012 the deficit reached 4.9% of GDP, 0.4 points less than that of the previous year, and outside the official target of 4.5%. State income increased to reach 51.7% of GDP in 2012, compared with 50.6% in 2011, the highest level in the whole of Europe, only behind Finland. This is due to the tax increases passed in the autumn of 2011, which had an impact for most of 2012: reduced-rate VAT went from 5.5% to 7%, except for essential goods (food and energy), and corporate tax rose for companies with a turnover of more than 250 million.

Public spending also increased 0.7 points to 56.6% of GDP in 2012, again the highest ratio in Europe, an increase that broke away from the falling trend in the previous two years, as a result of political change and in fulfilment of electoral promises.

Finally, financing the deficit has caused another increase in the public debt, which reached 90.2% of GDP in 2012, a level slightly below the average of the 17 eurozone member states (92% of GDP).





## 2.2. Prospects

France, which is the second economy in the eurozone and the fifth in the world, went from stagnation in 2012 to recession in 2013. The explanation for this drop in GDP can be found in private consumption and the negative trend in exports of goods and services, which had not occurred since the worse point of the 2009 crisis. According to the INSEE, French GDP fell 0.2% in the first quarter of 2013, after losing two tenths in the last quarter of 2012. As a result of GDP contraction for the second consecutive quarter, the French economy entered a new recession. In interannual rates, the French economy saw a drop of 0.4%, the worst level since 2009.

By components, the fall in GDP was the result of external demand in particular, which made a negative contribution to growth in the first quarter, compared with what had happened in the three previous years. Imports remained practically stable after the drop seen at the end of 2012, while exports continued to contract for the second consecutive quarter, influenced by the eurozone entering into recession. Domestic demand, on the other hand, maintained a slightly negative contribution to growth in GDP, as a result of the drop in private consumption and investment, while public consumption continues to grow.

In this context, the unemployment rate continued to rise to reach 11% in April, and the rate of harmonised inflation reached 1.1% in the first five months, well below the 2.5% in the same period of the previous year, although the nucleus or so-called underlying inflation is 0.8%. The European Commission foresees that the average unemployment rate will rise to 10.6% in 2013 and 10.9% in 2014 due to the persistent weakness in economic growth. In this context, segmentation of the French job market is still a source of concern. The probability of going from a temporary to a permanent contract is only 10.6%, compared with the 25.9% EU average. As a result, it is underqualified workers who tend to bear the burden of any adjustment process in the job market. The labour reform bill that was passed in May 2013, to fulfil the January agreement between social agents, provides for more workers rights in the face of the legal insecurity of dismissal and, at the same time, greater flexibility for the businessman.

For the year as a whole, the economic prospects indicate that French GDP will continue in recession. In

fact, France is one of the eight economies among the 34 in the OECD that will be in recession in 2013. The European Commission, the IMF and the OECD foresee the economy shrinking by between one and three tenths in 2013. The recovery could begin in the second half of 2013 and in 2014 would end up growing close to 1%. The economic downturn in 2013 will be the result of a less positive contribution to growth from foreign demand, while domestic demand will continue its same negative contribution of two tenths as the year before.

The major economic weakness and the reduction in energy prices could cause the inflation rate to halve, from 2.2% in 2012 to 1.1% in 2013, to then accelerate again in 2014 to 1.7% in a context of rising VAT.

It should be noted that tensions in the sovereign debt markets in the peripheral economies, the attack on the Euro and the worsening economic situation led the new French government to pass the most drastic adjustment carried out in decades in 2013. The reduction in the deficit by 33,000 million Euros for this year will be divided into three equal parts. One of the parts will be defrayed by tax increases for high-income nationals. The French state has passed a rate of 75% on income over one million Euros per year, which was to apply from 2013 but was cancelled by the Constitutional Council just before it entered into force. A new formula will be sought to be able to implement it in 2013 as provided for in the budget for this year. Another part will come from a major reduction in spending on infrastructures, defence, administrative organization, subsidies, local authorities (all except education, the interior and justice). The rest will be provided by businesses, especially large ones who do not reinvest profits. The relevant measures taken are the creation of a 3% tax on dividends and the increase in the rate of tax to be paid on share options. Implementation of the measures already adopted in 2013 will have an estimated impact of close to one point over GDP, but the effect of other measures from 2014 is unknown, such as, for example, the plan to modernise the public administration or the reform of the pension system which is expected to be passed before the end of the year. It should also be taken into account that there is a series of provisional tax rises which will expire at the end of 2013. Finally, it should be added that, despite the reduction in the deficit, the European Commission foresees that the debt ratio over GDP will continue to rise in 2013 and reach 94% of GDP.

The weakness in French growth led the European Commission to allow two more years to comply with the deficit target of 3%, until 2015. France must achieve a global deficit of 3.9% of GDP in 2013, 3.6% in 2014 and 2.8% in 2015. On the other hand, the Commission has ordered that, in 2013 and 2014, more fiscal consolidation measures and reforms should be taken to increase the growth potential of the French economy. Firstly, it proposes increasing the efficiency of public spending, especially by revising the spending categories in all sub-sectors of the public administrations, making the most of the coming decentralisation law to achieve more synergy and savings between levels of central, regional and local government. It also proposes reforming the pension system to reach an equilibrium in 2020, by adapting the indexation standards or further increasing the retirement age and the contribution period. Likewise, it asks for a guarantee that the *crédit d'impôt compétitivité et emploi* will effectively reduce employment costs and that no other measure will counterbalance its effect; for a raise in reduced-rate VAT; for new measures to combat job market segmentation, and for the reform of the system of unemployment benefits. It should be remembered that the intermediate VAT rate is expected to rise from 7% to 10% in January 2014. Moreover, the European Commission considers that there is a margin to reduce tax deductions as the cost of tax exemptions and social security contributions is very high (10% of GDP).

The fundamental problem in the French economy, according to the IMF's diagnosis, is that it is suffering from a loss of foreign competitiveness. To correct this, it proposes, among other measures: to expand competition in professional services and other services, reduce the rigidity of the job market, strengthen the active employment policies to reduce the length of periods of unemployment which is at a high, and improve the employment rate among youths and mature workers. It also proposes reducing the wage costs of public employees, delaying the age of retirement, reducing the cost of employing

youths through contract flexibility and reforming unemployment benefits. In regard to public accounts, it proposes continuing the mid-term consolidation by reducing spending because the option of raising tax is exhausted.

In definitive, the French economy is seeing a rise in macroeconomic imbalances which will require decisive political action. In particular, deterioration in the trade balance is occurring which is the reflection of a loss of competitiveness and also a deterioration in the net foreign investment position, as well as rising public debt. These imbalances could have negative effects within the whole of the EMU considering the size of the French economy.

**FRANCE. MAIN MACROECONOMIC AGGREGATES**  
Interannual variation rates

	2010	2011	2012
<b>Components of demand</b>			
Private consumption	1.5	0.5	-0.4
Public consumption	1.8	0.4	1.4
Gross fixed capital formation	1.4	2.9	-1.2
Stock variation (a)	0.1	1.0	-0.8
Domestic demand (a)	1.6	1.0	-0.1
Exports of goods and services	9.5	5.4	2.4
Imports of goods and services	8.9	5.1	-1.1
<b>Components of supply</b>			
Agriculture	-5.7	6.4	-6.0
Manufacturing industry	4.1	1.9	-1.9
Energy	1.7	-4.5	3.8
Construction	-5.0	-0.4	-0.6
Commerce	2.5	3.1	0.5
Transport	3.8	2.7	0.6
Financial activities	-1.4	7.3	-1.4
Non-market activities	0.9	1.1	0.6
<b>GDP at market prices</b>	<b>1.7</b>	<b>2.0</b>	<b>0.0</b>

(a) Contribution to GDP growth at market prices

Chart 2.1

Source: INSEE

### 3. THE SPANISH ECONOMY

#### 3.1. The main features of economic development in 2012

The Spanish economy again entered into recession in 2012, with a drop in GDP of 1.4%, after very weak

growth in the previous year (four tenths). GDP began to fall in the last quarter of 2011 and continued to do so throughout 2012. Moreover, this decline in activity became more marked over the year and the administrations passed new austerity measures, while

unemployment continued to climb and tensions reappeared in the financial markets, weakening the confidence of economic agents and leading to even tighter finance conditions.

In Spain, the recession was deeper than in the whole of the EU and held back the process of real convergence with the 27 European economies. So, in 2012, the GDP per capita based on purchasing power parity of the Spanish economy stayed, for the third consecutive year, below the EU-27 average, at 97%, the lowest level in the period 2001-2012.

The fall in GDP in 2012 can be explained by a decline in domestic demand, which took 3.9 percentage points off the GDP variation, two more points than in the previous year, while foreign demand made a positive contribution to growth of 2.5 percentage points, two tenths more than in 2011.

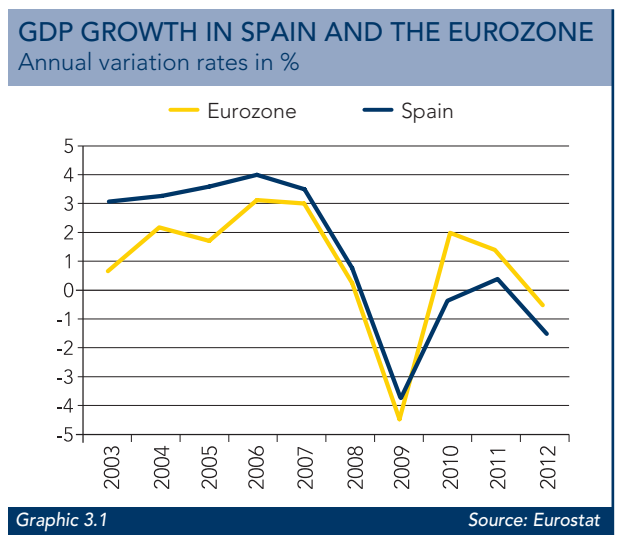
This very negative behaviour in domestic demand is the result of the combination of a decline in the public and private components, in a context in which household consumption and business investment continued to be strongly influenced by the negative effects of the deteriorating job market, the climate of high uncertainty and tightening finance conditions.

So, the fall in private consumption intensified in 2012, from -0.8% in 2011 to -2.2%, a trend that was strongly marked by increasing unemployment and the increase in VAT on 1 September 2012. In parallel, the fall in public consumption was greater than in private consumption, at -3.7%, with the fall being accentuated in the second half, when the autonomous communities' fiscal consolidation measures entered into force.

However, the components of domestic demand that saw the steepest falls are still those of investment in construction and investment in plant and equipment. Despite falling housing prices and the gradual reabsorption of the housing stock, investment in the building sector is still in free fall (-11.5% p.a.). For its part, investment in plant and equipment fell less (-6.6%) but was notably worse than in the previous year (when it grew 2.3%). The cause of this loss of dynamism was the deterioration in economic perspectives and the difficulties in accessing credit, factors that have held businesses back from putting new investment projects into action. Altogether, the interannual fall in gross fixed capital formation increased 3.8 points to -9.1% in 2012.

As for foreign demand, the positive contribution to GDP growth was due to favourable behaviour in exports of goods and services, which continued to grow but at a lower rate than in the previous year due to the economic downturn in the EU, the main destination of Spanish exports. So, exports of goods and services grew 3.1% in 2012 compared with 7.6% in 2011, and growth in exports of services was slightly higher than that of goods. Imports, on the other hand, suffered a drop of 5%, greater than in 2011 (-0.9%), reflecting falling domestic demand. This behaviour in exports and imports resulted in foreign demand making a slightly more positive contribution in 2012 than in the previous year.

Globally, the rate of variation in Spanish exports exceeded that of world trade (2.5%), which denotes a gain in the world market quota of Spanish products and services. The gain in competitiveness of Spanish exports was due, above all, to the drop in unit labour costs. This explains why, despite the overall recession, the results of the Spanish trade balance were favourable for the whole of 2012. Specifically, exports of goods grew 3.8% and imports fell 2.8%. The coverage rate, which is the percentage of imports that can be paid with exports, reached a high of 87.9% in 2012, the highest figure since the historic series started. By geographical areas, it should be noted that in recent years there has been a certain reorientation in Spanish exports of goods from the EU to the rest of the world. So, in 2012, exports of goods destined for the European Union – 62.8% of the total – fell 1.3% while those outside the Community rose 13.7%. The destination of Spanish exports within the EU that saw most growth was Germany (6.7%), while those to France (the main destination for Spanish >



exports with a quota of 16.2%) fell 6.2%. Sales outside the EU increased, especially to Algeria (39.5%), Morocco (28.7%), Saudi Arabia (22.4%), Russia (16%), the Arab Emirates (16.5%), the USA (14.2%) and, in Latin America, Chile (24.3%).

The notable reduction in the trade deficit, an annual 33.6%, is the main cause of the correction in the foreign imbalance, giving the Spanish economy a surplus in the current account balance since July 2012, for the first time in many years. However, over the year the balance still acquired a deficit of 1.1% of GDP, but well below the 3.7% of the previous year.

It should be noted that the Spanish economy saw its net foreign finance capacity since the second quarter of 2012 reaching 3.6% of GDP in the fourth quarter, representing a substantial correction of the imbalance against the 2.2% finance requirement one year before.

From the perspective of supply, all the main branches of activity contributed to the fall in GDP in 2012, except agriculture, livestock farming and fishing, which continued to grow, but at a lower rate than in 2011. The greatest contraction was in construction (-8.1%), as has occurred since the start of the crisis. Now, 2012 is marked by the fact that industry and services fell into recession again, with drops of -2.9% and -0.4%, respectively. In services, only the branches of property activities and information and communications saw increases (1.8% and 1.1%, respectively); the rest dropped to slow rates while financial activities and insurance stagnated.

From another point of view, the fall in Spanish GDP in 2012 was the result of a reduction in working hours of 4.2% and an increase in hourly productivity of 2.8%. This growth in productivity, together with the moderate increase in the hourly cost of labour, resulted in a new drop in unit labour costs (ULC), for the third consecutive year. By branches, industry led the reduction in ULCs, enabling the recovery of a major part of the cost competitiveness that was lost before the crisis.

Falling GDP led to greater job destruction in 2012. The fall in employment reached an interannual 4.4% (2.7 points more than in 2011), meaning a loss of 768,650 full-time jobs, according to the National Accounts.

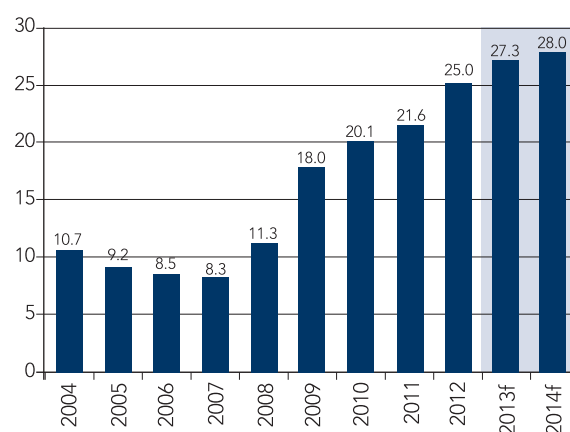
Likewise, the unemployment rate reached 26% in the fourth quarter of 2012 and the number of unemployed

touched 6 million – 692,000 more than in the last quarter of 2011. On annual terms, the number of unemployed grew 15.4% in 2012, a figure that adds to the increase recorded in the four previous years. Between 2007 and 2012, the number of unemployed multiplied by three, i.e. increased by 3.9 million. The most affected group was young people, as the youth unemployment rate (under the age of 25) reached 55.1% in the fourth quarter of 2012, 6.6 points more than in 2011. Another growing problem is the steep increase in long-term unemployment (those who are out of work for more than one year), which has already reached 47% of the total unemployed (2.78 million).

Unlike the previous year, in 2012 the job market crisis affected the group of salaried employees – representing 82.4% of those in work – more severely than the non-salaried – the remaining 17.6%. Among the salaried, the adjustment in employment especially affected temporary contracts, which fell 12%, while permanent contracts fell 3.6%. This caused the rate of temporary work to fall almost one point to reach 26.6%. On the other hand, the number of public sector employees fell for the second consecutive year and, moreover, the rate of fall increased. Finally, the lower workload of many businesses resulted in an increase in part-time contracts, which grew 1.8%, while full-time contracts fell 5.6%. As a result, the proportion of part-time work increased one point to 14.8%.

For yet another year, the Spanish economy has suffered more intensely from job destruction and rising unemployment than the other advanced economies. This differentiated behaviour, together with a higher

**UNEMPLOYMENT RATE IN SPAIN**  
As % of the active population



f: forecast

Graphic 3.2

Source: OECD, May 2013

rate of temporary work, shows that the Spanish job market is less efficient and that falling activity basically affects employment, at a high cost to growth in the long term. With the aim of solving these problems, a new labour market reform was passed in February 2012 to introduce fundamental changes, especially in the field of collective negotiation, as this considerably increases the internal flexibility of businesses 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 per year with a limit of 42 months' wages to 33 days per year with a limit of 24 months' wages).

As for wages, for the first time in many years a reduction in the labour cost per worker can be seen and even more so in 2012, as a result of the slow but progressive adaptation of wages to the overall economic trend, but above all from the effect of freezing public employees' wages and eliminating the Christmas bonus pay.

Inflation remained moderate in the first part of the year, at about 2%, but then accelerated due to the increase in VAT in September, rising energy prices, the increase in university fees and the extension to co-payment of medicines. So, inflation ended 2012 at 2.9%, five tenths higher than in December 2011. On annual average, however, the harmonised rate of inflation slowed from 3.1% in 2011 to 2.4% in 2012, and remained slightly below the average inflation in the eurozone (2.5%). Apart from these transitory effects, the slowdown in labour costs and the stagnation in demand enabled a slowdown in the underlying inflation rate – which excludes energy and unprocessed food – to 1.6% on annual average, a level that is quite similar to the previous year. The rate of variation in the CPI with constant taxes, i.e. excluding the effect of tax rises, reached 1.7%, seven tenths below overall inflation for this year.

As for the situation of public finance, 2012 was the third consecutive year of fiscal adjustment. After the deficit in the whole of the public administrations reached a historic high of 11.2% of GDP in 2009, in 2012 it managed to reach 7% of GDP. The reduction of the deficit for this year was achieved thanks to the fiscal consolidation effort made by the central government and local authorities but, above all, by

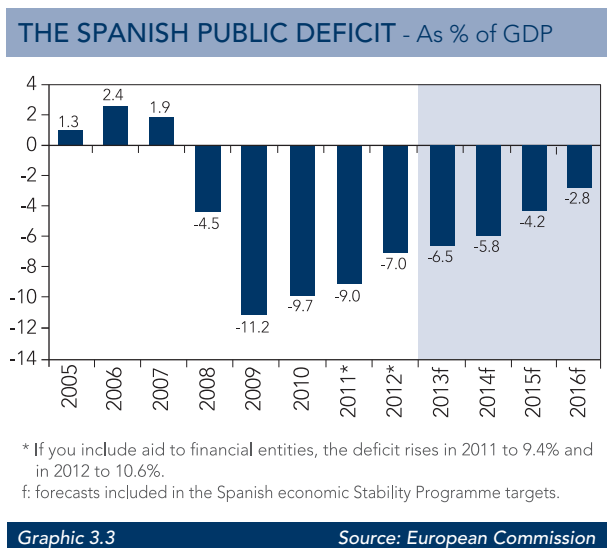
the autonomous governments which, for the first time in history, reduced their deficit from 3.3% of GDP in 2011 to 1.7% in 2012. On the other hand, Social Security was the only administrative body that increased its deficit and exceeded the initial target by one GDP point as a result of the drop in employment, wage cuts and the increase in pensioners, which caused a major reduction in contributions and an increase in benefits. Altogether, the public deficit fell from 9% of GDP in 2011 to 7% in 2012. However, if you take into account the aid for restructuring the financial system, the deficit climbed from 9.4% in 2011 to 10.6% in 2012, far from the target of 6.3% agreed with the European Commission.

In 2012, the Spanish government passed several packages for budget, tax and financial measures to bring the deficit down. In January, the increases in personal income tax (IRPF) and property tax (IBI) entered into force, initially applicable to the financial years 2012 and 2013 but extended for two more years. In April, co-payment of medicines was introduced for pensioners based on income and the increase in university fees was also passed. In July, faced with the pressure from markets, the Spanish government passed an important package of adjustment measures, with an expected saving of 65,000 million Euros until 2014. In relation to income, the increase in VAT was passed in September (from 18% to 21% and 8% to 10%, with some exceptions), a temporary tax amnesty, and measures to combat tax fraud were adopted. As for spending, officials' extra pay was cut as were several benefits (among others, unemployment and dependants). Added to these was the effect on revenue in 2012 from the increase in corporate tax, passed in April 2011.

The Spanish government also passed structural reforms with the aim of improving business competitiveness and access to credit. The main reforms were in the job market (mentioned above) and the financial sector. Likewise, a finance mechanism was put in place to settle the debts accumulated by the regional governments with their suppliers.

Restructuring of the financial sector was in three stages. The first was in February, setting a level of provisions for fixed assets in the Spanish bank which were then revised in the second reform passed in May. In June, the Bankia crisis blew up and the Spanish government opted to formally request financial aid from the Eurogroup to restore the banking system. In >





August, the third reform was passed through which the Government fulfilled the commitments it had taken on in relation to the financial aid programme to Spain to recapitalise the banking sector.

The advances in restructuring the Spanish financial sector and the measures taken to reduce the deficit enabled European aid to the banks to be released. But it was afterwards that the European Central Bank announced a plan to buy short-term sovereign debt on specific conditions in September; that confidence in the Spanish economy improved; the cost of the public debt that had reached a high since the Euro came in fell, and the flight of capital stopped. Consequently, it was possible to finance all the Treasury's requirements in 2012, but at a higher price than its European counterparts.

Finally, the Spanish public debt increased to 84% of GDP in 2012, compared with 70% in the previous year. This increase in the debt ratio is the result of the deficit in 2012, the increased cost of the debt (payment of interest), slower growth in nominal GDP, the costs of the transactions to recapitalise the banks and payment of public administration arrears.

### 3.2. Prospects

The beginning of 2013 brought a change in some indicators of a monetary and financial nature which project some improvement in mid-term economic expectations for the Spanish economy, though not free of risks. Both the rising trend in variable income and the fall in the risk premium and above all, the renewed capacity of the main national businesses and

the Public Treasury to issue debt at more acceptable rates, point in this direction. Nevertheless, in clear contrast with the incipient positive signs from the financial markets, both economic indicators and analysts' consensus forecasts continue to discount negative trends in production and employment throughout 2013.

In the first quarter of 2013, the recessive trend in the Spanish economy continued, although the rate of fall in GDP slowed, in a slightly less negative European environment. According to the INE (National Institute of Statistics), the Spanish economy has seen an inter-quarterly fall of 0.5% in the first quarter of 2013, three tenths less than in the preceding period. In interannual terms, the rate of fall in GDP was 2%, against a fall of 1.9% in the fourth quarter of 2012, as a result of a more negative contribution from domestic demand, partly compensated by a more positive contribution from the foreign sector thanks to the impetus from exports. All the components of domestic demand present negative variations in annual terms, and in the case of both private and public administration consumption, these are more significant than in the previous quarter. On the other hand, the fall in investment slowed. As for the job market, employment fell 4.5% in the first quarter, two tenths more than in the previous quarter, meaning a net reduction of 761,000 full-time jobs in one year. Labour costs fell 3.2%, more than four points below the implicit GDP deflator, and so continues the process of internal devaluation of the Spanish economy.

This reduction in unit labour costs, the weakness in domestic demand, slowing oil prices and the knock-on effect of the tax rises that came into force in 2012, helped to reduce inflation in the first four months of 2013 to 1.7% in May, after reaching the lowest rate in the last three years in April. On the other hand, underlying inflation, which excludes unprocessed food and energy products, reached 2%, putting it below overall inflation for the first time since 2009. It should be noted that inflation also slowed in the eurozone, to 1.4% in May, putting the differential at only three tenths. This narrow inflation differential, added to contained unit labour costs, result in improved competitiveness in the Spanish economy, which favours exports.

In this context of economic recession, the European Commission granted two more years to the Spanish economy to reduce the public deficit to 3%. It is

expected that the public administration deficit will fall from 7% of GDP in 2012 to 6.5% in 2013. On the other hand, the European Commission is asking the Spanish Government to adopt new measures such as applying a sustainability factor to pensions; reforming the job market to combat youth unemployment and long-term unemployment; eliminating tax deductions on the major taxes and approving tax rises where necessary (defining products that bear reduced VAT and raising environmental taxes). The IMF, on the other hand, has asked the Spanish Government to take any necessary measures to bring down dismissal costs and bring them into line with the EU average and to facilitate wage cuts.

To reach its deficit target for 2013, the State passed very restrictive budgets in relation to spending and took measures to increase tax revenue. Among the measures to contain spending are notably the freezing of public wages and new public jobs, and the cuts in public investment. And in regard to revenue, the main measures are the new tax on lottery prizes; the implementation of the general IRPF tax on short-term capital gains; the introduction of a limit on depreciation allowances for corporate tax; the elimination of the allowance for investment in the habitual residence, and the extended validity of the property tax. The creation of three new energy production taxes was also passed.

Within this scenario, the Spanish economy will continue in recession in 2013, together with Italy, Greece, Portugal, Cyprus, Slovenia and the Netherlands, and France could join the group of countries in recession in 2013. The European Commission foresees that Spanish GDP will contract 1.5% for the whole of 2013, but it may start to grow again in 2014 at a rate below 1%. The downturn in 2013 will be based fundamentally on the major fiscal adjustment which all the national public administrations must put into effect and the high rate of unemployment, which could reach 27% according to the Commission's forecasts, the highest of all the advanced countries. So, the job market will not see any improvement in 2013 either. It is expected that public spending will make a negative contribution to growth and that the downward trend in all the domestic demand variables will continue. Private consumption will intensify the fall started in 2011, as a result of the effects of falling employment, the slowdown in wages and increased taxation. This contraction in domestic demand will affect imports

so that, even in the context of a recession in Europe, foreign demand will have a positive effect on growth, for the sixth consecutive year.

In the business field, the problems of accessing credit and the need to reduce debt will remain, and to this will be added the impact of the reductions in public spending and tenders, as well as the tax rises announced by the Spanish Government in its national reform plan in April 2013 (a two year postponement of the rise in the IRPF, an increase in special taxes, the creation of new environmental taxes, the new tax on deposits and the reduction in corporate tax allowances). On the other hand, a series of stimulus measures was adopted in February to create youth employment and encourage entrepreneurs, including notably the creation of a reduced rate of corporate tax of 15% and the 20% reduction on the profits of those starting up as self-employed. Equally, the new >

#### SPAIN. MAIN MACROECONOMIC AGGREGATES Interannual variation rates

	2010	2011	2012
<b>Components of demand</b>			
Private consumption	0.6	-0.8	-2.2
Public consumption	1.5	-0.5	-3.7
Gross fixed capital formation	-6.2	-5.3	-9.1
Domestic demand (a)	-0.6	-1.9	-3.9
Exports of goods and services	11.3	7.6	3.1
Imports of goods and services	9.2	-0.9	-5.0
<b>Components of supply</b>			
Agriculture, livestock and fishing	2.0	8.2	2.2
Industry	4.3	2.7	-2.9
Construction	-14.3	-5.9	-8.1
Commerce, transport, hotels & catering	1.6	1.1	-1.2
Information and communications	6.5	3.9	1.1
Financial activities and insurance	-3.7	-3.6	0.1
Real estate activities	-0.9	2.7	1.8
Professional activities	-0.2	3.2	-0.7
Public administration, health and education	2.4	1.1	-0.5
Artistic, leisure and other activities	0.3	1.4	-0.7
<b>GDP at market prices</b>	<b>-0.3</b>	<b>0.4</b>	<b>-1.4</b>

(a) Contribution to growth from GDP at market prices

Chart 3.1

Source: National Institute of Statistics (INE)

supplier payment plan which the State plans to start up in 2013 intends to reset the counter to zero for pending bills and that all administrations will start to pay at 30 days, as required by law.

To sum up, forecasts indicate that quarterly falls in domestic demand will slow down as the year progresses and exports will also improve, allowing for GDP to stabilise in the second half of the year and start to grow in 2014, but with the aggravating circumstance that the unemployment rate, which is the main national economic and social problem, will continue to rise. Added to the contractionary fiscal policy that all the public administrations must implement are other elements that impede reactivation, such as the context of recession in the eurozone and the difficulties of businesses to access finance.



# THE ANDORRAN ECONOMY: OVERALL TRENDS

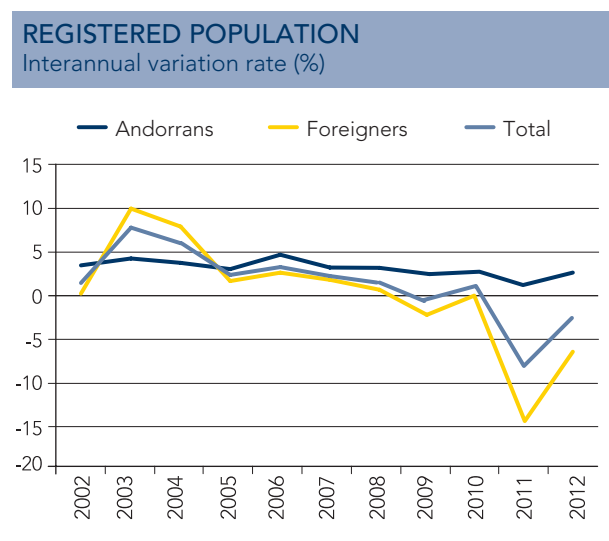
## 4. POPULATION, EMPLOYMENT AND EDUCATION

### 4.1. Population and migratory flows

According to the official data for 2012, the population of Andorra is 76,246, 2.4% lower than in 2011. This decrease adds to the one in the previous year (-8.1%) and can be explained basically by the census check being carried out by the communes in each parish, which still continues in 2013. The process of checking the administrative registers began in 2011 but, in reality, reflects a population adjustment that began at the beginning of 2008, when the crisis exploded and prompted many foreigners who lost their jobs to leave the country.

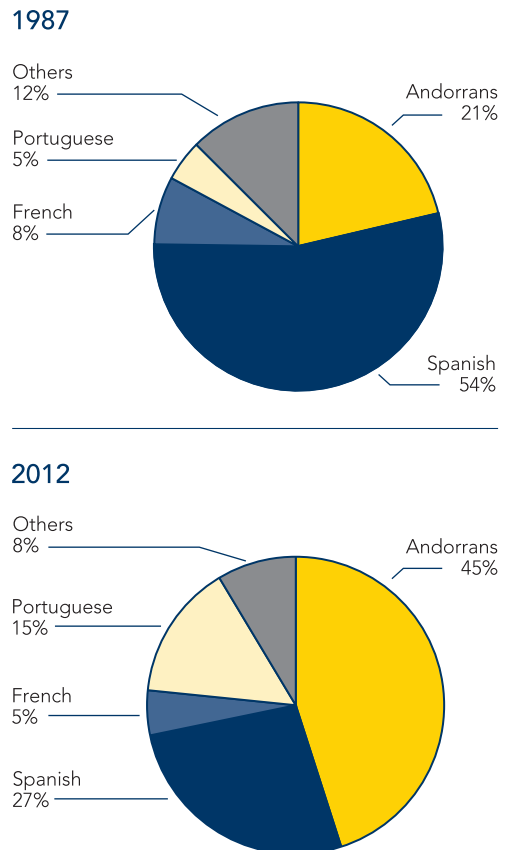
The annual decline in official population figures in absolute terms was 1,869, added to the reduction of 6,900 recorded in 2011, variations that make it impossible to compare population figures with previous years due to the particularity of the last two years with the above-mentioned census check. In a historical perspective, it can be said that the revised population figure in 2012 means a return to 2004 population levels.

By nationalities, the fall in the total population of Andorra can be explained wholly by the trend in the foreign population, as in the previous year. On the other hand, the population of Andorran nationality continues to grow at a faster rate than in 2011.



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

Specifically, the percentage of Andorrans increased 2.8% in 2012, compared with 1.6% in the previous year, representing the highest level in the last four years. Consequently, average annual growth in the last ten years was 3.1%, compared with 3.9% in the previous decade (1992-2002) and 5% in the period 1982-1992.

The result has been eight consecutive years in which the population of Andorran nationality has grown more positively than the foreign. So, the figures for 2012 show another decline in the number of foreigners, by 6.3%, although as has already been commented, this decline should be spread over the last five years, as with 2011, as can be seen in the trend in other related variables, such as the number of residence and work permits and the number of foreign employees, which >

have been falling since 2008 and 2007, respectively. This significant downturn in the number of foreigners resident in Andorra contrasts with the period of major growth seen in 2003-2008 and can be explained by the context of economic recession that Andorra is suffering, as has been said, which has prompted many foreigners who lose their jobs to leave the country.

The reduction affected all nationalities and most notably the Spanish, with a drop of 8.4%, closely followed by the French population, with a drop of 7.6%, in both cases lower than that of 2011. In third place are the Portuguese, with a slower fall of 4.1%, bringing the total figure down to 2005 levels. To complete the analysis, the group of residents of other nationalities showed the most negative behaviour, with a reduction of 2.2%, the only group to fall less than the average population, indicating that it is less affected by the crisis.

This trend has meant that the percentage of foreigners in the total population fell 2.3 more points to 54.9%, ever further from the high reached in 1987 (78.7%). In contrast, the percentage of the group of Andorrans increased in 2012 by the same amount to 45.1%, continuing the rising trend observed since 1988 which was only interrupted by the process of regularising the situation of foreign workers in 2003 and 2004. The present situation therefore shows a greater balance between Andorrans and foreigners and if it carries on this way, the day that Andorrans outnumber foreigners might be relatively near.

The analysis of the natural population movements in 2012 shows natural growth of 434 individuals, clearly lower than the previous year (-16.2%) and representing a rate of 5.7 per thousand, lower than

in 2011. This trend in the natural population growth is the result of an increase in the number of deaths (10.2%) and a fall in the number of births (-7.1%), after four consecutive years of falls, which must surely be related to the difficulties in the economic context. Consequently, the birth rate fell to 9.7 per thousand, while the death rate increased 4 per thousand. To these data should be added the negative balance of migratory movements, by 2,303 individuals which, as has been mentioned before, is affected by the census check.

As for population distribution by parishes, the revision of the 2012 figures has broken the background trend for the high, less-populated parishes to gain in percentage at the expense of the low parishes, a trend that has persisted since the beginning of the nineties. So, the most important reductions in population that resulted from the revision of the commune censuses were recorded in Canillo (-14.4%) and Encamp (-10.9%), a trend that has only been partly compensated by the population increases in Ordino (2.2%) and La Massana (1.6%). As for the low parishes, the population increased in Andorra la Vella (0.6%) and Sant Julià de Lòria (0.1%), while it fell slightly in Escaldes-Engordany (-0.8%).

As a result, Andorra la Vella remains by far the most populated parish, with 29.4% of the total Andorran population, and Canillo becomes the least populated (5.4% of the total). Moreover, the percentage of the population in the high parishes has decreased for the first time since 1995, by 1.5 points, to represent 40% of the total, compared with 29.1% at the beginning of the nineties; in contrast, the low parishes regained ground to reach 60% of the total population, the highest figure in the last four years. Altogether,

## NATURAL POPULATION MOVEMENTS

	2011	2012
Births	793	737
Deaths	275	303
Natural growth	518	434
Birth rate (per thousand)	10.152	9.666
Death rate (per thousand)	3.520	3.974
Rate of natural growth (per thousand)	6.631	5.692
Increase from migration or census regularisation	-7,418	-2,303
Total increase in population*	-6,900	-1,869
Marriages	283	288

\* Natural growth plus increase from migration.

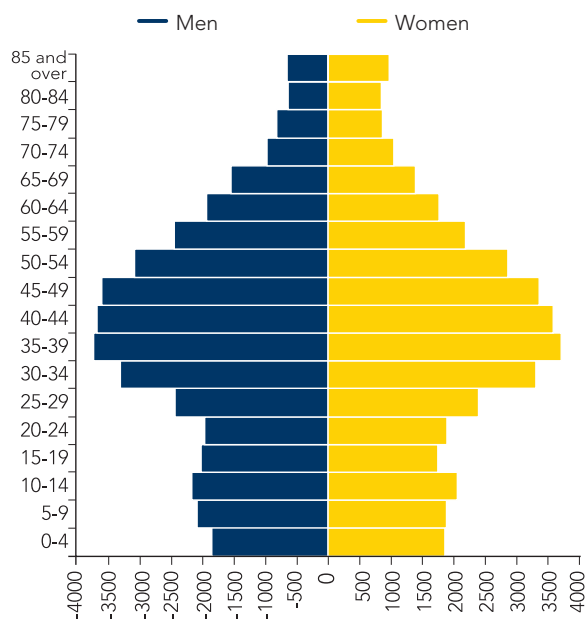
Chart 4.1

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

this means that the revision of commune censuses has halted the process of population redistribution in Andorra that marked recent years, which may be a one-off, but we will have to await the completion of the census check to see if the trend towards more equal distribution is restored.

As for the population structure by gender, it can be seen that the census check is also causing changes here, tending to reduce the predominance of the male population. So, the numbers of men are still higher than women in all working age groups but on the other hand are lower among the population over the age of 70. Equally, the difference between the percentages of the male and female populations has shrunk to only 1.9%, in contrast with 2.1% calculated in 2011. The male presence is still marked in the 40-69 age bracket due to the higher proportion of foreign workers, who traditionally are predominantly male. More specifically, 73.5% of the foreign population is concentrated in the 25-64 age bracket, while

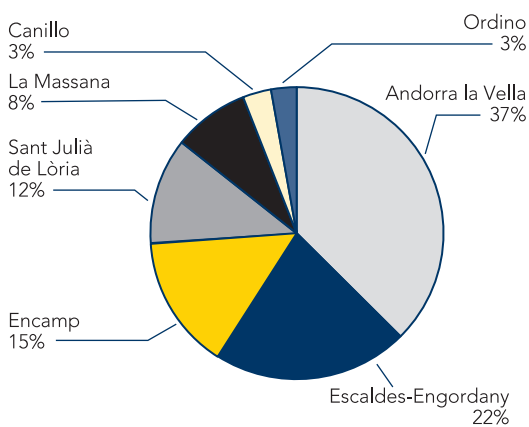
### STRUCTURE OF THE POPULATION BY AGE AND GENDER. 2012



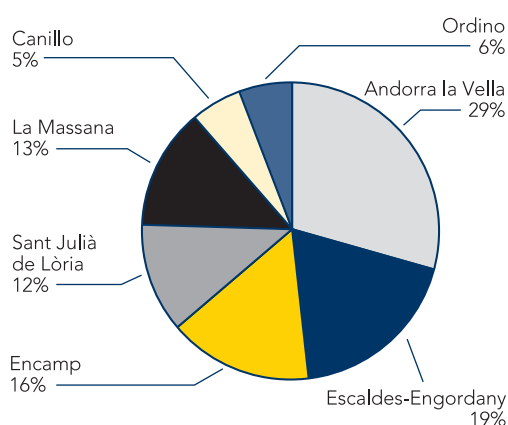
Graphic 4.4 Source: Commune parish census / Department of Statistics. Government of Andorra

### ANDORRAN POPULATION BY PARISHES

1991



2012



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

Andorrans in the same age bracket form 47.8%. So, the numbers of foreigners clearly exceed Andorrans in all age brackets from the age of 25 upwards. In contrast, the proportion of Andorrans is much greater in the 0-9 age bracket (86.3%), the 10-19 age bracket (73.7%) and the 20-24 age bracket (65.7%); however, the presence of Andorrans drops to 31% in the over-65 age bracket.

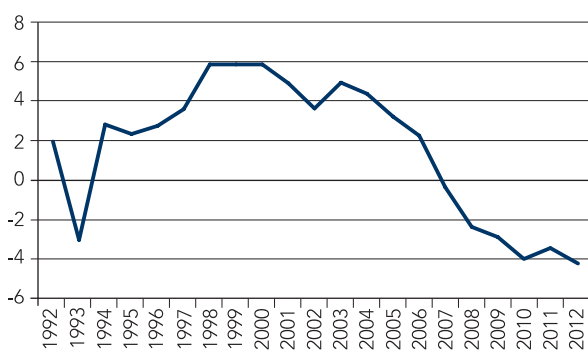
By ages, the population decreases have affected practically all the age brackets, with slightly more effect on the older age brackets. Altogether, the working age bracket (15-64) fell 2.4% and the over-65 bracket by 2.6%. As a result, their percentage of the total has stabilised at 71.9% and 12.6%, respectively. The population reduction in the bracket up to the age of 14 was slightly greater (-2.1%) but its percentage of the total hardly varied (15.5%). These data stabilise the average age of the Andorran population at 39.4 (compared with 39.3 in 2011), not the result of the natural population trend but rather the adjustment made after checking the population census.

### 4.2. Employment and unemployment

The trend in employment in Andorra in 2012 was unfavourable, for the sixth consecutive year, in keeping with the decline in Andorran economic activity and despite the programmes to promote temporary >

## EMPLOYED POPULATION

Interannual variation rate (%)



Graphic 4.5

Source: CASS (Andorran Social Security)

work on behalf of the community, passed in 2012 as employment stimulus measures.

According to data from the CASS (Andorran Social Security), employment saw a downturn of 4.2% to an annual average of 36,452 workers, signifying a return to 2001-2002 employment levels. This decline is the worst recorded in the available historical series, exceeding that of 2010 (-4%) and sets the accumulated fall in employment, in relation to the high reached in 2006, at 16%. This reduction means that almost 7,000 workers lost their jobs and 40% of the jobs created in the expansive period from 1993 to 2006 were destroyed. As a result, the employment rate – measured as the number of employees in the population between the ages of 15 and 64 – reached 66.5%, a level that is not comparable to previous years, due to the drop in population caused by the census

check that softened the fall in the employment rate. At any rate, it can be said that on comparable terms with the EU, the Andorran employment rate still lies above the average for the European Union (64.1%).

The fall in employment was greater than the reduction in the number of businesses (-1.6%) and establishments (-1.4%), so the average number of workers per business reached 4.3, compared with 4.4 in 2011, and the average number per establishment reached 5.1, a level that had not been seen since 1998.

By sectors, it can be seen that employment has fallen in all the major sectors of activity, except in agriculture, following the same pattern as in 2010 and 2011. The greatest reduction was recorded in construction (-16.9%), where the rate of job destruction continued to accelerate for the sixth consecutive year and the number of workers reached a new historic low. The fall was also very significant and similar to that of the previous year in industry (-6.6%), especially due to the decline in the manufacturing industries (-7.1%), although this is lower than in 2011, but also due to a decline in the production and distribution of energy, gas and water (-1.3%), contrasting with the increase in the previous year. Finally, the average number of workers in the extraction industries remained at 2. In contrast, the primary sector was the only one to see an increase in employment (1.9%), for the fourth consecutive year, although the rate slowed in comparison with the previous year (4.3%). Equally, developments in this sector have a much lower

## NUMBER OF EMPLOYEES

	2012	Var. 12/11	% total 2012
Agriculture, livestock and forestry	162	1.9	0.4
Industry	1,617	-6.6	4.4
Extraction industries	2	-16.0	0.0
Manufacturing industries	1,450	-7.1	4.0
Production and distribution of electricity, gas and water	166	-1.3	0.5
Construction	3,269	-16.9	9.0
Services	31,405	-2.5	86.2
Commerce and motor vehicle repairs (etc.)	9,235	-3.5	25.3
Hotels & catering	4,684	-4.0	12.8
Financial system	1,724	1.7	4.7
Public admin., defence and compulsory social security	4,405	-1.1	12.1
Others	11,357	-2.2	31.2
<b>Total</b>	<b>36,452</b>	<b>-4.2</b>	<b>100.0</b>

Chart 4.2

Source: CASS (Andorran Social Security)

impact on the economy as it holds a very small percentage of the Andorran job market, with only 162 employees.

In the field of services – the sector with the highest job concentration in Andorra – the cut in employees was 2.5%, the largest since historical data became available, although this was lower than that of the total economy. Consequently, its percentage of total employment rose 1.5 points to 86.2% of employees, setting a new historic high, above that of the previous year. On the other hand, construction lost 1.4 points to reach 9%, another historic low, while industry and agriculture remain fairly stable, at around 4.4% and 0.4%, respectively.

Within the tertiary activities, commerce and motor vehicle repairs are still the most important services subsector, with 25.3% of the total number of employees in Andorra, one tenth higher than in the previous year, meaning that its contribution to employment has stabilised at about this level since 2009. In second place is hotels and catering, with 12.8% of employees, the same as in 2011. Then there is the public administration, defence and compulsory social security (12.1%), recovering their position due to a cut in their workforce (-1.1%) that was below that of the total despite being greater than in the previous year (-0.8%). Next are real estate and rental activities and business services (10.8%) and the section “other social activities and community services; personal services” - not including health and education – (6.6%). Finally, come health and veterinary services (4.9%), the financial sector (4.7%) - with agriculture, the only ones to increase employment – households employing domestic staff (3.5%) and transport, storage and communications (3%). All other tertiary activities have employment percentages below 3%.

As occurred in the three previous years, the job destruction seen in 2012 resulted in a strong increase in the number of job seekers (41.9%), much greater than in 2011 (21.1%), reaching the figure of 1,138, the highest in the available historical series since 2007. In contrast, places offered to the job service increased 27.9% to 214, which could mean a widening disparity between the qualifications of the unemployed and those required by businesses. In any case, the ratio of applicants per offer has gone from 4.8 to 5.3, lowering the chance of finding a job. It should be added that the number of individuals on unemployment benefit has also risen significantly (60.1%), for the

third consecutive year, so the rate of coverage has increased, although it is still very small – only covering 11.3% of job applicants – in comparison with our European neighbours.

By ages, growth in unemployment tends to be greater in the older age brackets, following the trend of the last three years. So, the most important increase was seen among those aged 60 or above (48%), followed by the 40-59 age bracket (42.7%) and the 26-39 age bracket (42.5%). So, job applicants are mostly within the 40-59 age bracket (44.4% of the total) and between the ages of 26 and 39 (31.5% of the total). The increase was slightly smaller among those aged 18 to 25 (41%) and above all, in the bracket up to the age of 17 (5.9%), reducing their percentage of the total job applicants to 16% and 1.6%, respectively.

Finally, the analysis of job applicants by nationalities reflects that the greatest increase in 2012 affected Andorrans (48.4%), increasing their share to 28.8% of the total, a percentage that, nevertheless, is much lower than that of the total population of working age (39.5%). In second place are the Portuguese, with an increase of 44.3%, raising their percentage of the total by four tenths to 22.1%, which, unlike the Andorrans, is higher than their percentage of the population (18.9%). The Spanish produced most job applicants in 2012, 377 in total, the result of an increase of 40.7%, bringing their total contribution to 33.1%, also greater than their proportion of the population at working age (27.7%). As for the French, the growth in the number of applicants was also significant (36.4%), if lower than the average, while their percentage of the total was very low, 2.6%, when compared with the fact that they represent 5.1% of the total population between the ages of 15 and 64. To complete the analysis, it should be noted that it is in the group of other nationalities that the number of job applications increased the least, although this was at a significant rate, 29.9%, putting their percentage at 13.4%, making it the second smallest group after the French. So, we can conclude that unemployment in Andorra affects proportionally more foreigners than Andorrans, even though the former tend to leave the country when affected, as was evident in the revision of the population census carried out in 2011 and 2012.

### 4.3. Education

The population in education in Andorra during the 2011-2012 academic year, including the school, >

university and non-university population abroad, was 12,675, 0.7% more than the figure for the previous academic year – revised from the initially published figures. This increase can be basically explained by the rise in the university population (7.2%), which includes those in higher vocational training, being greater than in the previous year (5.4%). Non-university students abroad also increased, but at a much slower rate (1.4%), well below that of the 2010-2011 academic year, while the school population fell 0.3%, for the second consecutive year. Consequently, the percentage of non-university students abroad in relation to the total population of school age fell three tenths to 1.9%.

The distribution of the total student population by country of study shows that the number of students studying in Andorra has risen 0.3%, after two consecutive years of falls, to reach 11,269. Equally, their percentage of the total student population has continued to fall, by three tenths to 88.9%, slightly reducing the tendency of the student population to be concentrated in Andorra, in line with the last two years. This occurred because the population studying abroad grew more than the number of students in Andorra, approximately 3.6%, although this rate represents a major slowdown compared with the previous academic year (12.2%). Likewise, this trend can be explained by the smaller increase in the number of university students abroad, the group that most studies abroad (69.1%).

Andorrans studying in other countries do so mostly in Spain (9.1% of the total), with a greater percentage than in the previous academic year, thanks to the increase in the number of students of 2.2%. The presence of Andorran students in France is much lower (1.7%), although it has risen in relation to the previous year, with a significant rise in students of 18.5%, similar to that of the previous academic year. The distribution by country of study is completed by 37 students spread

throughout other countries (0.3% of the total), 9 less than in the 2010-2011 academic year.

#### 4.3.1. School population

In the 2011-2012 academic year, the number of students at school was 10,773, representing a reduction of 0.3% since 2010-2011, the same percentage as in the previous year, leading to a cut in the school population's percentage of the total by eight tenths, to 85%. Equally, the rate of schooling – calculated as the percentage of the school population in the overall population at this stage – fell to 53.4%, compared with 55% in the previous academic year.

The levels with the greatest number of students at this stage are kindergarten and primary and secondary education, concentrating 89% of students, seven tenths more than in 2011, an increase that breaks with the falling trend of the last four years. By sub-groups, this increase is the result, firstly, of the rise in the number of students in secondary education (4.3%), greater than in the previous academic year, and in second place, the increase in students in kindergarten (2.3%), contrasting with the decrease seen in the previous year. In contrast, the primary school level saw a fall, for the fourth consecutive year, of 3.1%.

The number of students at the next level of education, the baccalaureate, also fell (3.6%), ending a period of four consecutive years of growth, so that their percentage of the total population in education fell to 8%, two tenths less than in 2010-2011. Equally, vocational education lost four tenths to become 3% of the student population, the result of a major reduction in the number of students by 12.2%, after 4 years of increases.

As for the behaviour of the school population by type of education, it can be seen for yet another year that in

### SCHOOL POPULATION BY LEVELS

	2011-2012	% variation 11-12/10-11	% in 2011-2012
Kindergarten	2,435	2.3	22.6
Primary education	4,130	-3.1	38.3
Secondary education	3,026	4.3	28.1
Baccalaureate	857	-3.6	8.0
Vocational education	325	12.2	3.0
<b>Total</b>	<b>10,773</b>	<b>-0.3</b>	<b>100.0</b>

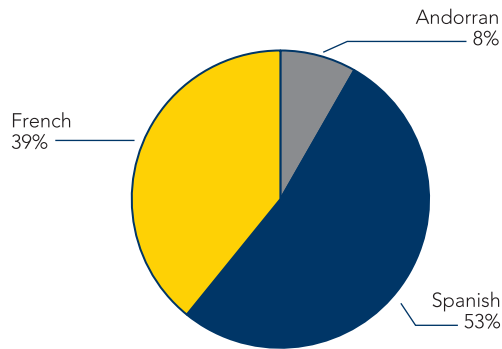
Chart 4.3

Source: Ministry of Education and Youth

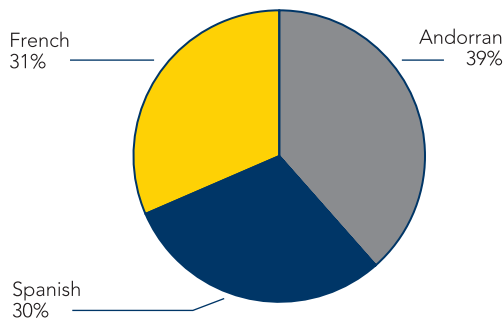


## ANDORRAN SCHOOL POPULATION BY EDUCATIONAL SYSTEM

1991



2012



Graphic 4.6

Source: Ministry of Education and Youth

the 2011-2012 academic year the Andorran educational system continued to gradually gain ground, with an increase in the number of students of 1.2%, contrasting with the fall in the total population at this stage (-0.3%) and raising its percentage by half a point to 39% of the whole of the student population. So, the number of students in the Andorran educational system has grown uninterruptedly since the beginning of the nineties to reach a new historic high in 2012. It should be noted that the increase in 2012 was driven by the Andorran School (1.3%), while Vocational Education saw a smaller downturn (-2.4%) than in the previous year, considering that the latter's low percentage of the total greatly limits its contribution in absolute terms.

Contrary to the trend seen in the Andorran educational system, the number of students in the Spanish educational system fell 0.8%, linking to eight falls in the last nine years. As a result, their percentage of the total fell two tenths to 29.9%, setting a new historic low. This trend can be explained by the reduction, for the ninth consecutive year, in the number of students in Spanish schools (-2.7%), to which can be added the

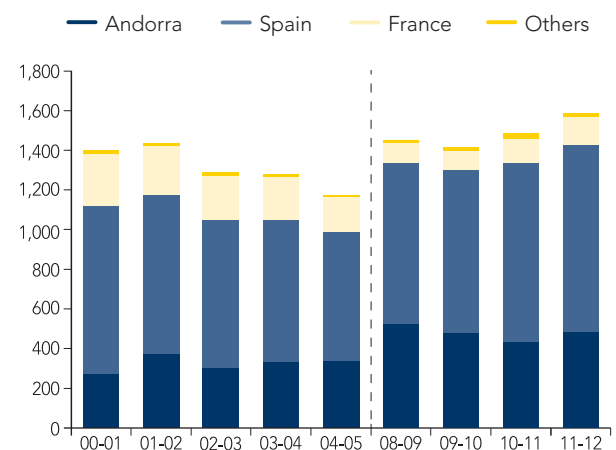
reduction in congregational schools (-0.7%), breaking a period of four years of increases. In contrast, the number of students in the one private school rose 6.2%, signifying a change in the falling trend seen since the 2006-2007 academic year.

Consequently, the percentage of the traditional Spanish schools in the total fell two tenths to 8.4% of the Andorran school population, and that of congregational schools by one tenth to 19.4%. In contrast, the percentage of the private school rose one tenth to 2.1% of the total. Finally, the French educational system recorded a drop in the number of students for the seventh consecutive year, of 1.5%, reducing its percentage of the total by four tenths to another historic low of 31.1%, although it still holds a greater percentage than the Spanish educational system.

### 4.3.2. University population

In the 2011-2012 academic year, the Andorran university population rose to 1,603 students, 7.2% more than the year before. By gender, it can be seen that the female population is still predominant, representing 57.1% of the total, four tenths more than in the previous academic year. The distribution by country shows that the most significant increase in the numbers of students was recorded by the University of Andorra, with 14.3%, contrasting with the major falls in the last two years (an accumulated 18.3%), so its percentage rose 1.9 points to represent 30.9% of the total number of Andorran university students, although this is still far from the high of 36.8% reached in the 2008-2009 >

## UNIVERSITY POPULATION BY COUNTRY OF STUDY



Graphic 4.7

Source: Institute of Andorran Studies



academic year. In this way, Andorra strengthens its position in the ranks, only behind Spain, which is in first place, with 58.6% of Andorran university students, after seeing a slower increase of 3.1% that was lower than the total increase.

Way behind is France, where the number of university students has risen more than for Spain (21.2%), following the pattern of the previous academic year, increasing its percentage by one point to 8.9% of the total. To complete the analysis, 1.5% of the remaining students – a total of 24, 8 less than in the previous academic year – are spread between other countries

(Portugal, Great Britain, the USA, Argentina, Switzerland and Uruguay).

Finally, the distribution by type of studies shows that the subject studied by most Andorran university students is still legal and economic studies, with 31.7% of the total number of university students. Then there is health sciences (16.5%) and technical sciences (16.2%) and, with a lower percentage, human and social science (12.4%) and educational science (11.1%). At the other extreme are tourism, communications and public relations and maths, with only 34, 79 and 81 students, respectively.

## 5. ACTIVITY AND DEMAND

### 5.1. The evolution in economic activity in 2012

The behaviour of the Andorran economy in 2012 was again unfavourable. Activity saw another significant fall, deepening the recession that has chastised the economy since 2007. Most of the main available indicators have remained negative, with no clear signs of improvement. The weak international context, above all in the eurozone and especially in Spain, was another obstacle blocking the Andorran economy's path to recovery. As for demand, the results were negative in both public and private consumption and investment, while exports of tourist services and foreign consumption in Andorra continued to fall. With regard to supply, the pattern was similar to the previous year, with still negative indicators in industry, construction and tourism-related services and real estate, while the financial sector and agriculture improved in relation to 2011.

More specifically, the decline in activity in 2012 is reflected in trends in the main indicators, such as the number of employees, which fell 4.2%, more than in the previous year (-3.5%), and imports, which fell 5.7%, contrasting with the slight growth seen in 2011 (0.7%). Other relevant indicators that worsened in relation to the previous year were car registrations (-16.4%), the Administration's operating costs (-2.5%) and the number of visitors (-1%); meanwhile, the growth in credit authorised by the banks slowed (2.5%). Moreover, the average wage fell (-0.4%), for the first time since data became available, restraining consumption, and the number of job applicants grew steeply (41.9%), illustrating the deterioration in the Andorran job market.

On a more positive note, it should also be noted that some indicators improved, if only slightly. This is the case of energy consumption and imports of capital goods, which saw slower rates of fall, to -1% and -1.1% respectively, and industrial vehicle registrations, which went from falling in 2011 to growing 6.2%. Moreover, the rate of decline in the number of businesses stabilised, although the number of establishments is falling faster than in 2011 (-1.4% compared with -0.8%).

In conclusion, this was another year in which the overall trend was negative and activity contracted again appreciably.

The official GDP data that the Government publishes since 2010 quantify this fall in activity in Andorra in 2012 at 1.6% in real terms (which the effect of inflation reduces to a nominal -0.6%), compared with the drop of 4.3% seen in the previous year. So, the economy has already accumulated six years of economic crisis and losses that leave the real GDP value at 2002-2003 levels. The GDP estimate prepared by the Chamber also shows a decline in GDP, even steeper than the Government's estimate. In any case, the trend in Andorran GDP was worse than in Europe, France and Spain in 2012 and, consequently, Andorra has continued to lose ground in comparison with its neighbouring economies, in terms of wealth.

It should, however, be specified that the methodology used to make these GDP estimates has serious limitations, as the calculation is based on an indirect estimation method from variables correlated to the trend in GDP, i.e. not the result of integrating

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

	2011	2012
<b>Activity</b>		
Businesses	-1.7	-1.6
Establishments <sup>(1)</sup>	-0.8	-1.4
Employees	-3.5	-4.2
Industry	-6.5	-6.6
Construction	-15.6	-16.9
Services	-1.6	-2.5
Job applicants	21.1	41.9
Number of visitors <sup>(2)</sup>	n.a.	-1.0
Electricity consumption <sup>(3)</sup>	-3.2	-1.0
Imports	0.7	-5.7
<b>Demand</b>		
Average wage	1.2	-0.4
Car registrations	-11.2	-16.4
Industrial vehicle registrations	-25.7	6.2
Imports of capital goods <sup>(4)</sup>	-7.1	-1.1
Imports of building materials <sup>(5)</sup>	-14.3	-26.2
Credit from banking entities <sup>(6)</sup>	4.1	2.5
Operating costs of the Administration	0.3	-2.5

(1) Establishments registered on the Trade and Industry Register that carry out a commercial, industrial or services activity.

(2) From May 2011, methodological changes have been made to the calculation of the number of visitors to this country, which means that the final data are not comparable to those of previous years.

(3) Except domestic use, public lighting and other distributors.

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

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

(6) Net credit investment to customers.

Chart 5.1

Source: own preparation

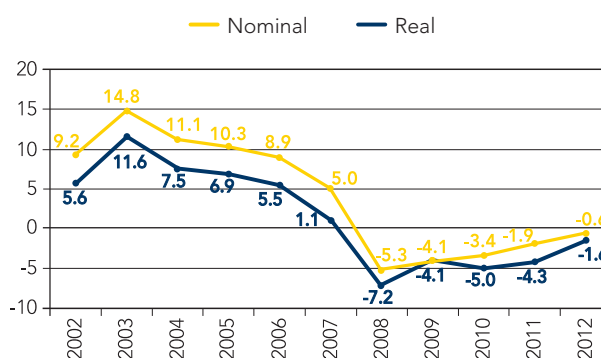
all suitable data in the sense of national accounts, as the statistical information available in Andorra still does not allow for it. So, for example, among other assumptions, application of the Government's method assumes that the productivity of the Andorran economy is identical to that of the reference area, which in this case is the eurozone, which is clearly a questionable assumption. Moreover, this means that the data need to be revised at the same time as Eurostat, resulting in major changes such as the decline in GDP in 2011, which had been estimated at -2.8% and became -4.3% at the last revision, closer to the Chamber's estimates which indicated a steeper fall in 2011. Nevertheless, and leaving aside the specific values obtained every year, it can be seen that the profile of the Government and Chamber's data is largely correlated to the main indicators of national economic activity so, despite any limitations, it can be considered a useful instrument for analysing Andorra's economic development.

According to Government data, the fall in nominal Andorran GDP in 2012 breaks down into a contraction

in gross value added (GVA) of 2.2% (component with a share of 88% of total GDP) and an increase of 12.8% of taxes linked to products (representing the remaining 12% of nominal GDP).

By sectors, the drop in nominal Andorran GDP in 2012 can be explained, firstly, by the fall in GVA in construction (-14.9%), greater than in 2011 (-13.3%), >

### TREND IN ANDORRAN GDP Interannual variation rate (%)



Graphic 5.1 Source: Department of Statistics. Government of Andorra

## ANDORRAN GDP

	ABSOLUTE VALUE	WEIGHT	% ANNUAL VARIATION		CONTRIBUTION TO GROWTH
			2012	2011	(weight x var.)
	M Euros	% of GDP	2012	2011	2012
Real GDP	1,870.6	100.0	-1.6	-4.3	-
Total nominal GDP	2,507.9	100.0	-0.6	-1.9	-0.6
Gross value added	2,203.5	87.9	-2.2	-2.9	-2.0
Taxes linked to products	304.4	12.1	12.8	6.5	1.4
	M Euros	% of GVA	2012	2011	2012
<b>Sectors</b>					
Agriculture, forestry and fishing	13.9	0.6	9.5	7.9	0.1
Industry and manufacturing	113.5	5.2	-4.1	-2.6	-0.2
Construction	166.4	7.6	-14.9	-13.3	-1.3
Commerce and motor vehicle repairs	386.2	17.5	-3.2	-3.7	-0.6
Hotels and catering	198.7	9.0	-4.9	-3.5	-0.5
Transport and storage	38.3	1.7	-4.3	-2.0	-0.1
Information and communications	88.5	4.0	-3.6	-2.6	-0.1
Financial and insurance activities	403.3	18.3	4.9	1.2	0.8
Real estate activities	222.5	10.1	-2.4	-1.2	-0.2
Professional, scientific and technical activities	131.8	6.0	-0.7	-5.2	0.0
Public admin., education, health and social work	311.6	14.1	-0.5	0.5	-0.1
Other activities	128.7	5.8	0.8	-3.0	0.0

Chart 5.2

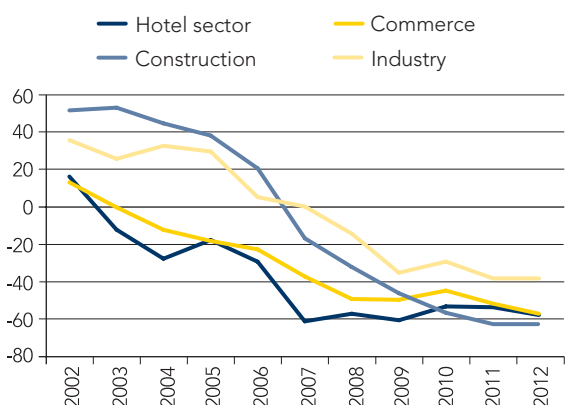
Source: Department of Statistics. Government of Andorra

linking six years of stagnation and declines, after the long cycle of expansion seen between 1997 and 2006. The available indicators of activity for the sector are in line with this profile, with a 16.9% reduction in the number of employees in the sector, greater than in the

previous year, and major falls in imports of building materials (-26.2%), building permits (-26.6%), authorised square metres (-14.2%), energy consumption (-9.6%), the number of businesses (-6%) and the number of establishments (-3.2%). Moreover, the results of the Chamber's surveys reflect that business operations have reached a new historic low, with a steep fall in sales figures (-19%) and investment (-14.7%) and the continued decline in works contracted and carried out. So, the share of construction in the economy fell to 7.6%, compared with 13.4% just before the crisis.

### TRENDS IN BUSSINESS PROGRESS BY SECTORS

Balance between the percentage of positive and negative responses



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

The contribution to GDP from industry and manufacturing was negative, with a 4.1% drop in GVA, greater than in the previous year (-2.6%), lowering its share of GVA by one tenth to 5.2%. This negative behaviour is corroborated by the responses to the Chamber's surveys from businesses, which put business at minimal levels and show very low levels of confidence, with major reductions in turnover, investment and production for the whole of the year. Other indicators that reflect the negative trend in

industry are the number of businesses in the sector (-4.1%), though falling less than in 2011; the number of establishments (-3%), which did fall more than the previous year, and the number of employees (-6.6%), with a similar rate of decline as the previous year.

In the field of services, the trend was also quite unfavourable, dragged down for yet another year by the bad results obtained in the commerce and tourism sectors. The explanation can be found in the continued decline in the number of visitors to the country (-1%) which, in cumulative terms, means that more than 3.7 million visits were lost in relation to the historic high in 2004. The weakness in these sectors has resulted in a drop in employment of 3.5% in commerce, slightly smaller than the previous year, and 4% in the hotel sector, compared with the drop of 1.6% in 2011. Likewise, the number of businesses in both sectors fell (-3.1% and -0.3%, respectively) as did the number of establishments and energy consumption. The Chamber's surveys also illustrated this decline in tourism and commercial activity, with a downturn in business and another fall in sales figures in commerce (-12%), slightly steeper than in the previous year, and in hotels and catering (-9.4%), which was slower than in 2011. So, commerce's share of the economy stands at 17.5%, two tenths less than the previous year, and hotels and restaurants at 9%, compared with 9.3% in 2011.

The finance subsector was practically the only branch of services to break away from the negative trend in 2012, with GVA growth of 4.9%, much higher than the 1.2% in the previous year, a trend that has strengthened its position as the leading sector of the economy with a share of 18.3%. The good performance of activity in this sector was reflected in an increase in deposits (1.1%) and credits (2.5%) and an increase in profits of 0.2% which, although modest, represents an improvement in relation to the falls recorded in the two previous years. Moreover, the number of employees in the whole of the financial sector increased 1.7%, three tenths more than in 2011, although the number of businesses and financial establishments fell (-2.9% and -0.6%, respectively).

The primary sector also saw an improvement in 2012, with an increase in GVA of 9.5%, higher than the increase of 7.9% in the previous year, although its share of the economy is very low (0.6%), so its effect on total GDP was very limited. This trend was reflected in favourable behaviour in other related indicators of

## BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2012

### Situation survey results for industry

- 2012 compared with 2011 (as % of businesses)

*Turnover	Higher	16
	Equal	33
	Lower	52
	Average variation (%)	-8.9

*Volume of investment	Higher	19
	Equal	53
	Lower	28
	Average variation (%)	-7

*Number of employees	More	9
	Equal	73
	Less	18

- Prospects for 2013 (as % of businesses)

*Trend in turnover	Upward	12
	Stable	53
	Downward	36

*Trend in volume of investment	Upward	12
	Stable	49
	Downward	39

### Situation survey results for construction

- 2012 compared with 2011 (as % of businesses)

*Turnover	Higher	7
	Equal	21
	Lower	71
	Average variation (%)	-19

*Volume of investment	Higher	5
	Equal	62
	Lower	33
	Average variation (%)	-14.7

*Number of employees	More	7
	Equal	33
	Less	60

- Prospects for 2013 (as % of businesses)

*Trend in turnover	Upward	16
	Stable	21
	Downward	63

*Trend in volume of investment	Upward	5
	Stable	41
	Downward	54

Chart 5.3 Source: Chamber of Commerce, Industry and Services of Andorra

activity. So, increases were seen in the number of businesses in the sector (3.5%), employees (1.9%) and livestock (1.1%). In contrast, the tobacco harvest fell 3.7%, compared with the 3.1% increase in 2011. >

## BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2012

### Situation survey results for the retail trade

- 2012 compared with 2011 (as % of businesses)

		Total retail trade	Food	Clothing & footwear	Household equipment	Hygiene & health	Electronics	Vehicles & accessories	Other trades	Superm. & dept. stores
*Sales figures	Higher	10	3	10	12	0	6	12	13	30
	Equal	19	20	10	19	32	11	17	22	10
	Lower	71	77	80	69	68	83	71	65	60
	Average variation (%)	-12	-16.5	-13.9	-12.5	-8.9	-12.9	-13.6	-9.6	-6.6
*Volume of investment	Higher	9	10	2	12	5	6	4	10	30
	Equal	61	58	50	69	68	72	54	65	50
	Lower	30	32	48	19	27	22	42	25	20
	Average variation (%)	-5.7	-7.8	-11.2	1.1	-5.8	-3.9	-10.5	-4.5	1.8
*Number of employees	More	5	13	2	10	5	6	4	3	0
	Equal	77	77	71	71	86	78	74	81	80
	Less	18	10	26	19	9	17	22	16	20

- Prospects for 2013 (as % of businesses)

*Trend in sales figures	Upward	17	7	23	16	10	11	33	16	20
	Stable	47	57	38	56	57	44	33	44	60
	Downward	36	37	38	28	33	44	33	40	20
*Trend in volume of investment	Upward	6	3	12	3	0	11	4	7	10
	Stable	67	77	45	75	86	83	63	60	90
	Downward	27	19	43	22	14	6	33	33	0

Chart 5.4

Source: Chamber of Commerce, Industry and Services of Andorra

By components of demand, the indicators of domestic demand continue with a downward trend, in general. On the one hand, private consumption continued to suffer from the contraction in available income, deriving from the major reduction in employment and the intensifying loss of wage purchasing power. Specifically, the differential between the variation in the nominal average wages of employees (-0.4%) and the inflation measured in December (1.1%) was -1.5 points, a very significant loss that adds to that of 2010 (-0.2 points) and 2011 (-1.3 points). The weakness in private consumption was reflected in a downturn in car registrations of 16.4%. On the other hand, available indicators for analysing the trend in investment show that in the field of transport material there was an increase in lorry and van registrations (6.2%), after the serious fall seen in 2011, while the rate of decline in investment in capital goods seems to have eased, considering the smaller reduction in imports of these goods (-1.1%) when compared with the previous year (-7.1%). Equally, the Chamber's surveys show steeper falls in investment than in the previous year in industry (-7%) and commerce (-5.7%), while investment in construction is falling less than in 2011, but at a much greater rate (-14.7%). Hotels and catering is the only sector to escape from the falls, with a slight increase of 2%. In total and despite the

improvement in some indicators, the overall trend in investment was still unfavourable.

As for the public sector's contribution, the performance of the central administration in 2012 was marked by the major increase in liquidated real investment (296%), after reaching minimal levels in 2011. It should be pointed out, however, that this peak in investment was basically to cover the payment of two sets of road works (the Dos Valires tunnel and the Sant Julià de Lòria bypass) which have been in progress for a long time and recently completed, which greatly increased the central administration's deficit but did not in fact signify an impetus to activity in 2012. On the other hand, austerity was implemented and operating costs tightened, which only increased 0.2% compared with 0.9% in the previous year. Equally, the communes continued to implement austerity measures which resulted in a reduction in spending (-9%) for the fifth consecutive financial year, greater than in 2011, which, together with a smaller downturn in income, resulted in an increase in their joint deficit. As a result, the public sector's aggregate real investment grew 211%, after four years of steep falls, although its real impact on the economy took effect in previous years (i.e., the works have been paid now but were carried out over several years). In contrast, as for public consumption,

## BUSINESS OPINION OF ECONOMIC PROGRESS IN THE YEAR 2012

### Situation survey results for the hotel sector

- 2012 compared with 2011 (as % of businesses)

*Turnover	Higher	11
	Equal	23
	Lower	66
	Average variation (%)	-9.4

*Volume of investment	Higher	20
	Equal	71
	Lower	9
	Average variation (%)	2

*Number of employees	More	4
	Equal	58
	Less	38

*Source of clients according to contract model (%)	TOs & travel agencies	51.4
	Individual clients	42.4
	Others	6.2

*Average stay of clients (nights)	2.2
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- Prospects for 2013 (as % of businesses)

*Trend in turnover	Upward	9
	Stable	51
	Downward	40

*Trend in volume of investment	Upward	7
	Stable	64
	Downward	29

Chart 5.5 Source: Chamber of Commerce, Industry and Services of Andorra

the austerity measures resulted in a cut in aggregate operating costs of 2.5%, compared with the increase of 0.3% in 2011. So, altogether, the public sector performance was still contractionary, continuing the trend of recent years, with a reduction in its GVA of 0.5%, according to Government estimates.

As for the foreign sector, the trend in 2012 was marked by a fall in imports of 5.7%, which was greater than in exports (4.5%). As a result of this fall, the trade deficit fell, for the second consecutive year, by 5.7%, meaning a drop in the traditional negative contribution from the trade balance to national GDP. Equally, the most relevant contribution from the foreign sector to the Andorran economy is from income from tourism – the most important source of national income – which was affected, for yet another year, by the economic crisis experienced by the neighbouring economies of Spain and France, the source of most of Andorra's visitors (49% and 44%, respectively). Specifically, the number of visitors from Spain fell 2.9% and from France

0.2%; other nationalities increased (7%), although the latter group's very small share greatly limits its contribution to the total.

Nevertheless, besides the impact of the economic situation, it should be noted that there are other factors of a structural nature that have limited the attractiveness of national tourism for years, such as growing competition from other tourist destinations. The results of the Chamber's surveys for the hotel sector have been indicating this for years, with most business responses pointing to the increase in competition, the loss of local attractiveness and the increase in operating costs as among the main factors limiting business progress in the sector.

In short, the falling number of visitors (-1%), combined with a reduction in the average length of stay – from 2.3 to 2.2 days according to the Chamber's surveys – and the level of hotel occupation, resulted in the trend in income from tourism services still being unfavourable and, consequently, this component made a negative contribution to GDP growth.

To finish the analysis of the foreign sector, it should be noted that in 2012, a new Law on foreign investment was passed in the Principality of Andorra, a step towards opening up and liberalising the economy with regards to the previous legal framework passed four years ago, and which is expected to have a favourable impact on attracting foreign capital into Andorra, giving an impetus to activity and job creation. The real results will become apparent in the years to come.

To complete the overview of the Andorran economic situation, the expectations of businesses for 2013 anticipate another year of crisis. Businessmen continue to show a generalised lack of confidence in the economic situation and do not indicate a clear improvement in activity, despite qualifying as the least pessimistic in the last two years. Specifically, construction will continue to see stronger falls in activity, with an even greater downturn in turnover expected. Also, in the other sectors – industry, the retail trade and, in particular, hotels and catering – the trend in business will continue to worsen overall, but tending towards a slowdown in the steep decline of previous years. Finally, business investment is expected to continue falling, especially in the construction sector, where most businesses will continue to implement major cuts in their investment plans. Moreover, the >



demand from neighbouring countries will continue to play against economic activity in the Principality, considering the recession in which Spain is still immersed and the economic stagnation in France and the rest of the eurozone. However, the economic prospects for Andorra point to a new contraction in GDP for 2013, with a possibility that this will slow slightly in relation to the figures for 2012.

The main indicators of activity available for the first months of 2013 point this way, with accumulated falls until May in the number of employees, total imports and car registrations, although less intense than those obtained in the same period of the previous year. Moreover, some indicators are falling, such as electricity consumption and the number of visitors, in contrast with the period up to May 2012. In conclusion, the economic crisis in Andorra will last into 2013 and we will have to wait a few more months to look for signs of recovery.

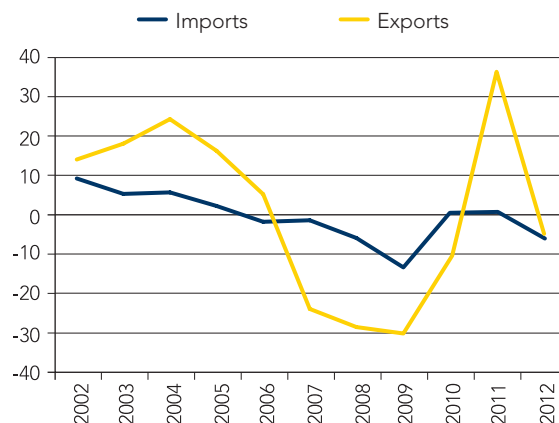
## 5.2. Foreign trade flows

Imports of goods to Andorra in 2012 added up to a total of 1,084.2 million Euros, 5.7% less than in the previous year, a decline that contrasts with the slight increase seen in 2011 (0.7%). So, Andorran imports have fallen in five of the last seven years, with the added proviso that the increases in the other two were weak. By chapters, the most negative contribution was from perfumery and toiletries (-1.6 points), followed by motor vehicles (-1.2 points), articles of apparel and clothing accessories, not knitted or crocheted (-0.6 points) and electrical machinery and equipment (-0.6 points), reductions that reflect weak consumption and investment, while on the positive side, the most relevant contribution was from fuel (1.3 points).

Imports of tobacco and manufactured tobacco substitutes – another chapter with a notable share – also grew slightly (0.3%) so, if they are excluded from the total, the fall in imports without tobacco is slightly greater (-5.8%). Altogether, this has resulted in an increase in the sectoral concentration of Andorran imports, following the pattern in 2011, so that the three leading groups (food products, mineral products and electrical machinery and equipment) represent 42.7% of the total, 1.9 points more than the three leading groups represented in the previous year.

As for Andorran exports, the trend in 2012 was also negative, with a fall of 4.5%, contrasting with the major

### FOREIGN TRADE - Interannual variation rate (%)



Graphic 5.3

Source: Andorran Customs

growth of the previous year (36.3%) and regaining the falling trend that marked the period 2007-2010. In absolute terms, the volume of exports was 53.3 million Euros, so the rate of coverage stands at 4.9%, the same level as the previous year.

The trends in the sectoral groups show great divergences in export variations and, as a result, the traditional concentration of exports decreased considerably, with the top three groups' share (transport material, textiles and pearls, precious stones and metals) at 46.4% of total sales, 8.8 points less than in the previous year and much lower than the historic high reached in 2005 (69.2%). It should be added that unlike previous years, the top three groups of imports and exports do not coincide in 2012, seeming to indicate that the activity of re-exports has lost importance, in part affected by the growing legal obstacles imposed by the European Union. Another factor that affects re-exports is the exchange rate, but in 2012 the Euro remained quite stable against the dollar, with a strong exchange rate that, in principal, creates favourable conditions for importing products from countries outside the monetary union and then exporting them to the EU, so it was not an obstacle.

## 5.3. The geographical distribution of foreign trade

### 5.3.1. Imports

In 2012, purchases from European countries, the main geographical source of Andorran imports abroad, concentrated 92.8% of the total, eight tenths more than in the previous year and the highest level in the historical series, greater than the previous high reached in 2009 (92.7%). This greater concentration of



purchases in Europe can be mostly explained by the major increase in imports from European countries that do not form part of the EU (11%); purchases from countries in the community fell 5.1%, but less than the total.

Imports from the other continents also fell and at a much greater rate than those from Europe. In the case of Asia, the second largest supplier continent to Andorra, purchases suffered a decline of 15.2%, so their share of the total fell six tenths to 6%. The drop in imports from America was a little less intense (-14.5%), leaving its share at 1%. The steepest fall in imports was seen on the African continent (-21.3%), contrasting with the previous year, when it led growth. However, its share of the total did not vary as it is so small (0.2%).

In the context of the EU-27, Spain continued to strengthen its role as the main supplier country to Andorra, thanks to the fact that purchases from this country fell less than the total (-4.5%), raising its share to 61.4% of Andorran foreign purchases, seven tenths more than the previous year and setting a new historic high. In contrast, imports from France shrank for the ninth consecutive year (-5.6%) and their share of the total stabilised at 17.5%. Nevertheless, France is still the second largest supplier country to

Andorra, well in front of the third, although its share is far from what it had in the nineties, when it was higher than 30%.

In relation to the other EU-27 countries, Germany remains in third place in the rankings of suppliers to Andorra, although purchases from this country fell 22.7%, cutting its share by eight tenths to 3.5%. Then comes Italy, with a fall in imports of 10.9% and a share of 2.3%, two tenths lower than in 2011. In contrast, purchases from the United Kingdom rose (10.8%) for the third consecutive year, raising its share by three tenths to 1.7%. Imports also grew substantially in the case of Portugal (18.4%) and the Netherlands (12.6%), so that their share of the total increased to 1.1% and 1%, respectively.

The other EU-27 countries have a very small share, below 1%. Within this group are notably the positive trends in purchases from the Czech Republic (70.8%), Finland (20.4%), Poland (16.5%) and, to a lesser extent, Ireland (3.6%), while the others have fallen or have insignificant shares.

Outside the European Union, imports from Switzerland increased, for the second consecutive year, at a very significant rate of 14.1%. Consequently, its share of the >

## FOREIGN TRADE BY GEOGRAPHICAL AREAS

	IMPORTS			EXPORTS		
	M Euros 2012	% var. 2012/11	% total 2012	M Euros 2012	% var. 2012/11	% total 2012
Spain	665.7	-4.5	61.4	28.2	-12.4	52.9
France	189.7	-5.6	17.5	11.1	-17.2	20.8
Germany	38.5	-22.7	3.5	1.9	-2.9	3.5
Italy	25.3	-10.9	2.3	2.0	393.9	3.8
United Kingdom	18.2	10.8	1.7	0.0	-69.5	0.1
Portugal	12.4	18.4	1.1	0.3	13.7	0.6
Netherlands	10.9	12.6	1.0	0.7	-6.8	1.3
<b>EU-27</b>	<b>987.6</b>	<b>-5.1</b>	<b>91.1</b>	<b>44.9</b>	<b>-10.3</b>	<b>84.3</b>
Switzerland	15.7	14.1	1.4	3.6	3.0	6.8
<b>Europe</b>	<b>1,006.5</b>	<b>-4.8</b>	<b>92.8</b>	<b>48.9</b>	<b>-9.0</b>	<b>91.8</b>
USA	6.7	-17.4	0.6	0.1	307.8	0.3
<b>America</b>	<b>10.9</b>	<b>-14.5</b>	<b>1.0</b>	<b>0.8</b>	<b>61.3</b>	<b>1.5</b>
China	40.7	-16.5	3.8	0.0	-	0.0
Japan	7.3	-16.9	0.7	0.0	269.5	0.0
India	3.9	-2.3	0.4	0.0	-	0.0
<b>Asia</b>	<b>64.8</b>	<b>-15.2</b>	<b>6.0</b>	<b>3.3</b>	<b>141.2</b>	<b>6.1</b>
<b>Total world</b>	<b>1,084.2</b>	<b>-5.7</b>	<b>100.0</b>	<b>53.3</b>	<b>-4.5</b>	<b>100.0</b>

Chart 5.6

Source: Andorran Customs

total rose two tenths to 1.4% of the total, the highest level since 2003. Imports from Turkey also increased for the second consecutive year, but at a slower rate (2.2%), leaving its quota at 0.2%.

As for imports from countries in the rest of the world, note that only those from the USA and some Asian countries are at all relevant. The trend for the USA was negative, with a drop of 17.4%, involving a return to the falling trend in the period 2008-2010 which was broken in 2011. As a result, its share of the total fell one tenth to 0.6%.

Purchases from Asian countries also showed unfavourable behaviour, in general. The decline for China is notable (-16.5%), reducing its share of the total by five tenths to 3.8% and breaking the rising trend which, with some highs and lows, lasted for more than a decade. Nevertheless, China is still the main Asian supplier to Andorra and has surpassed Germany in the global ranking, to reach third position, only behind Spain and France. Equally, imports from Japan continued to fall (-16.9%) for the fifth consecutive year, and continued to lose points to reach a new historic low of 0.7%. Finally, purchases from Vietnam and India, which had lost a few points in recent years, also lost ground in 2012, with falls of 16.9% and 2.3%, leaving their shares at 0.3% and 0.4%, respectively.

### 5.3.2. Exports

In 2012, Andorran exports saw a fall of 4.5%, contrasting with the strong growth seen in the previous year (36.3%), regaining the falling trend that marked the period 2007-2010. By geographical areas, this fall can be explained fundamentally by the downturn in sales to the EU-27 (-10.3%), the main destination of Andorran exports, meaning a change in trend compared with the major increase seen in 2011 (36.3%). The explanation for this trend can surely be found in the weakness marking the European economy in 2012, with falling demand. This behaviour contrasts with the major increases in exports to America, Asia and Africa, where the economies are more dynamic. As a result, the EU-27 share of the total saw a cut of 5.5 points to 84.3%, the lowest level in the historical series (available since 1991).

By countries, Spain is still the main consumer of products from Andorra in 2012, despite the reduction

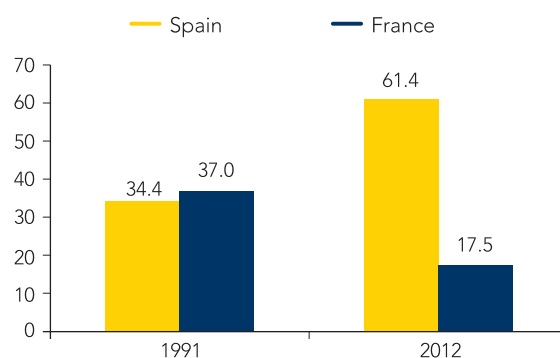
in exports of 12.4%, greater than the average. As a result, its share of the total fell 4.8 points to 52.9%, the lowest level in the last eight years. Sales to the second largest Andorran market, France, fell even more sharply at a rate of 17.2%, after increasing by 55.1% in 2011, leading to a fall in its share of the total of 3.2 points to 20.8%, returning to a level similar to 2010. In any case, the balance between Andorra's two main partners still favours Spain, in contrast with the similar shares that both countries had at the beginning of the nineties.

As for the other EU-27 countries, of note is the major growth in sales to Italy (394%), so that its share of the total rose from 0.7% in 2011 to 3.8%, a trend that pushed it up a step to third place in the rankings of EU markets for Andorran products, recovering a position that it had lost in the last two years. In contrast, exports to Germany fell 2.9%, so its share remained at 3.5%, falling one position in the rankings of EU destinations to fourth place. Behind it are the Netherlands, with its quota remaining at

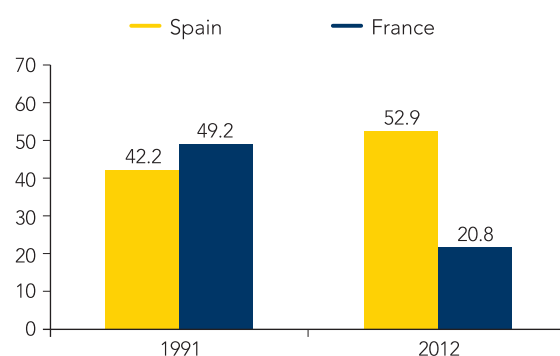
## IMPORTS AND EXPORTS FROM ANDORRA'S NEIGHBOURING COUNTRIES

Percentage of total (%)

### Imports



### Exports



Graphic 5.4

Source: Andorran Customs

1.3%, the result of exports contracting 6.8%. The trends in other markets of any significance in the EU were diverse, with sales growing to Portugal (13.7%) and dropping to Belgium (-39.5%) leaving both countries' share at 0.6%.

Unlike the EU-27, sales to the rest of Europe saw growth of 8.8%, raising their share by nine tenths to 7.5% and bringing them close to the historic high reached in 2010 (7.8%). The explanation for this behaviour can be found mainly in the increase in sales to Switzerland (3%), escaping the mostly downward trend and raising its quota to 6.8%, half a point more than in the previous year. For this reason, Switzerland is the third largest market for Andorran goods, behind Spain and France. Another market that stood out in 2012 is Azerbaijan, where sales were made for the first time, for a value of 0.7% of the total.

Along the same line, the rest of the world's share of total Andorran sales increased significantly in 2012, from 3.6% to 8.2%, a historic high. This trend was possible due to the contribution from all the continents and especially Asia, which increased its quota by 3.7 points to 6.1%, thanks to growth of 141.2%, continuing the strong rising trend of the two previous years. By countries, the most relevant contribution was from Hong Kong, to which sales have more than quadrupled, a trend that continues the strong rising trend that began in 2008 and puts its share at 5.9%, the highest level in recent history.

In parallel, Andorran sales to America saw growth of 61.3%, compared with the drop of 3.2% seen in 2011. So, its share of the total increased six tenths to 1.5%. The countries behind this trend are basically the USA (308%), with a quota of 0.3%, and Panama, where exports also equal to 0.3% of the total were made, whereas in 2011 nothing was sold to this country. Growth was also notable in Nicaragua (130.5%), raising its quota to 0.2%, while the other markets of any significance (a share of 0.1%) were marked mostly by falls.

Finally, it should be noted that Andorran exports to Africa also saw strong progress of 112.4%, stronger than the previous year (28.5%), so their share rose three tenths to 0.5%, the highest level since 2006. By countries, the only ones that individually managed to represent 0.1% of the total in 2012 are Algeria, Tunisia, Libya, Rwanda and Angola.

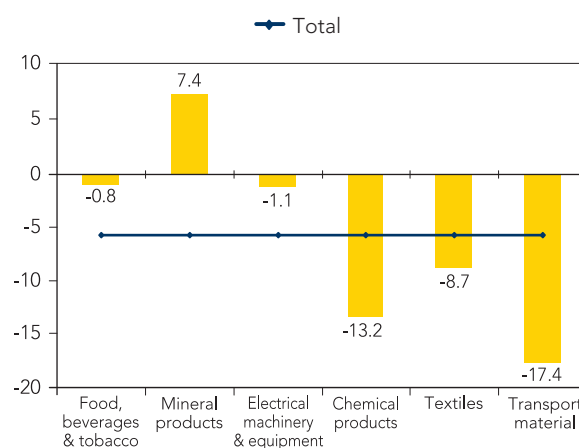
## 5.4. The sectoral composition of foreign trade

### 5.4.1. Imports

The fall in Andorran imports seen in 2012 (-5.7%) is the result of a much generalised decline by groups. The most negative contributions were from products of the chemical industries, transport material and textiles. Other groups that also made significantly negative contributions (subtracting half a point or more) were miscellaneous manufactured articles and footwear, headgear, umbrellas and feathers. Nevertheless, the strongest downturn in imports was seen in the group of pearls and precious stones and metals (-29.6%), although their small share limited their negative contribution to only three tenths. On the other hand, the only three groups that increased imports are mineral products, arms and ammunition and works of art and antiques, although the latter two have a very small share (0.1% in both cases), making a practically insignificant contribution to the total.

In more detail, imports of food, beverages and tobacco saw a slight reduction of 0.8%, compared with the increase seen in the previous year (3.4%). This less-than-average fall raised its share eight tenths to 16.1%, strengthening its position in first place in the rankings of imported products in 2012. The most important chapter in this group is beverages, alcohol and vinegar, with a 5.9% share of total Andorran imports, although the 2% increase represents a slowdown compared with 2011 (5.2%). Nevertheless, this figure has enabled it to become one of the few chapters making a positive contribution to growth. It should be noted, moreover, >

**ANDORRA'S MAIN IMPORT SECTORS. 2012**  
Interannual variation rate (%)



Graphic 5.5

Source: Andorran Customs

that the strong increase seen in exports of beverages in general can be explained by the fact that part of the imports of these products was destined for re-export. The second most important chapter in this group is tobacco, which also rose slightly in 2012 (0.3%), raising its share two tenths to 2.9%.

As occurred in the previous year, it was purchases of mineral products that made the most positive contribution to the imports variation in 2012 (1 point) which, nevertheless, was less than in 2011 (2.1 points) due to slower growth (7.4%, compared with 19% in the previous year). Consequently, the group's share of the total rose 1.8 points to 14.8%, the highest level in the available historical series, and this trend consolidates its position in second place in the imports rankings. The explanation for this behaviour can be found mostly in the increase in imports of mineral fuels, oils and wax (10.2%), the most important chapter in the group with a share of 14.4% of total imports, which in turn is the result of higher average fuel purchase prices. In fact, imports

of fuels measured in litres fell 0.2% in relation to 2011, so that the whole increase in imports in this chapter must be attributed to rising prices, as in the previous year. So, if you subtract this chapter from total imports, the result is an even greater reduction, approximately 7.9% in 2012. Moreover, purchases of salt, sulphur, earths and stone, plastering materials, lime and cement, the second most important chapter in this group, also saw a steep fall (-42.6%), for the sixth consecutive year, which can be explained by the persistent downward trend in building activity.

Imports of electrical machinery and equipment rose one place to third in the rankings, despite decreasing for the eighth consecutive year at a rate of 1.1%, admittedly slower than in the previous year (-7.1%). This fall is smaller than that of total imports, so the group's share reached 11.8%, five tenths more than in 2011, when it fell to the lowest level in the available historical series. The fall in purchases in this group can be explained exclusively by the reduction in imports of electrical machinery and equipment (-8.3%), linking

## FOREIGN TRADE BY SECTORS

	IMPORTS			EXPORTS		
	M Euros 2012	% var. 2012/11	% total 2012	M Euros 2012	% var. 2012/11	% total 2012
Live animals & animal products	59.0	-0.3	5.4	0.2	-30.3	0.4
Vegetable products	22.9	-1.0	2.1	0.0	420.9	0.0
Fats & oils	4.6	-2.8	0.4	0.1	46.0	0.1
Food products, beverages & tobacco	174.1	-0.8	16.1	0.7	309.4	1.2
Mineral products	160.9	7.4	14.8	0.3	87.2	0.6
Products of the chemical industries	124.7	-13.2	11.5	2.7	-30.7	5.1
Plastics, rubber & articles thereof	22.5	-4.6	2.1	0.7	47.0	1.3
Fur, leather & articles thereof	14.9	-10.2	1.4	0.8	6.0	1.4
Wood, cork & articles thereof	6.0	-14.2	0.5	0.8	7.9	1.5
Paper & graphic arts	24.7	-8.1	2.3	3.3	-4.0	6.1
Textiles	102.9	-8.7	9.5	7.2	92.4	13.6
Footwear, headgear, umbrellas, etc.	31.0	-16.5	2.9	2.2	-21.4	4.0
Articles of stone, cement, ceramic products	13.1	-6.2	1.2	0.3	-29.3	0.5
Pearls, precious stones and metals	8.0	-29.6	0.7	7.1	31.3	13.3
Base metals & articles thereof	29.2	-15.0	2.7	3.5	-4.0	6.5
Electrical machinery & equipment	127.5	-1.1	11.8	6.8	-28.4	12.7
Transport material	68.5	-17.4	6.3	10.4	-34.9	19.5
Optical, photographic, precision app.	43.9	-0.3	4.1	3.4	53.9	6.3
Arms & ammunition	1.1	10.0	0.1	0.1	-42.3	0.1
Miscellaneous manufactured articles	43.5	-16.0	4.0	2.4	95.0	4.6
Works of art, antiques	1.4	19.1	0.1	0.5	-47.1	0.9
<b>Total</b>	<b>1,084.2</b>	<b>-5.7</b>	<b>100.0</b>	<b>53.3</b>	<b>-4.5</b>	<b>100.0</b>

Chart 5.7

Source: Andorran Customs

five years of steep consecutive falls and explained by the major crisis suffered by the consumer electronics trade for many years. In contrast, the chapter of mechanical appliances increased for the first time in eight years, at a rate of 10.7%, seeming to indicate less unfavourable behaviour in investment when compared with previous years.

The fourth group in the rankings became chemical products, falling from third place in 2011, the result of a major reduction in its purchases by 13.2%, which contrasts with the increase in the previous year (4.9%), cutting its share of the global import figure by one point to 11.5%. This trend was the result of the major decline of 19.9% in perfumery – the most important chapter in the group, with a 6.7% share of total imports – and 2.1% in pharmaceutical products, the second in importance, with a share of 2.6%, while both saw increases in 2011. In both cases, it can be seen that the fall in imports ran parallel to major contraction in re-exports of these products. So, perfumery is the chapter that had the most negatively effect on the behaviour of imports, subtracting 1.6 points from the total variation.

As for the textiles group, foreign purchases saw a drop of 8.7% in 2012, much stronger than that of the previous year (-2.1%). So, its share fell three tenths to 9.5% but remained in fifth position in imports. Within this group, the two chapters that fundamentally explain the decline are the two with the most important share: articles of apparel and clothing accessories, not knitted or crocheted, falling 9% with a share of 6.1%, and articles of apparel and clothing accessories, knitted or crocheted, with a fall of 8.1% and a share of 2.7%. This negative trend is the result of persistent weakness in clothing sales, clearly reflected in the results of the Chamber's surveys.

Imports of transport materials remain in sixth position, despite a 7.2% fall in their share to 6.3%, as a consequence of a major reduction of 17.4%, so that purchases in this group fell by six in the last seven years. The reason for this trend is basically the downturn in imports in the chapter of motor vehicles, tractors, motorbikes and bicycles (-16.7%), the most important in the group with a share of 6.2% of total imports, in line with the reduction in vehicle registrations in the Andorran market which was not compensated this year by vehicle re-exports, unlike in the previous year.

Behind these are imports of live animals and animal products, which saw a slight reduction of 0.3% in 2012,

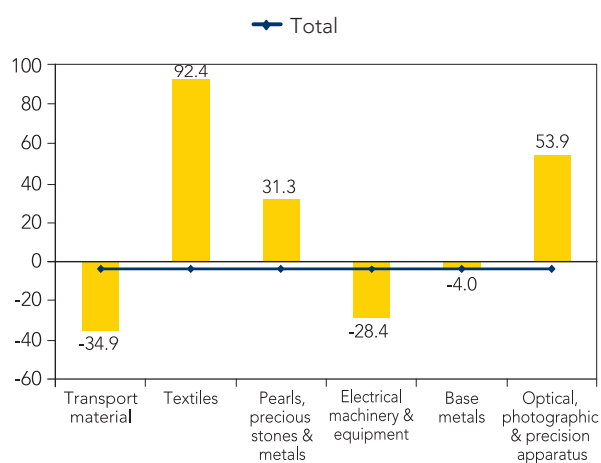
against the gentle increase in the previous year (0.6%), so their share of the total rose two tenths to 5.4%. This trend can be explained by the drop in purchases of fish and shellfish (-4.8%), contrasting with the two most important chapters in the group, meat and edible offal and milk and dairy produce, which maintained a slightly upward trend, with increases of 0.3% and 1.3%, respectively.

Finally, the trend in the group of products with a share of less than 5% of foreign purchases was marked generally by falls. The steepest fall was in the group of pearls and precious stones and metals (-29.6%), its share falling three tenths to 0.7% and also subtracting three tenths from the variation in total imports. Another group that has contributed very negatively to the global trend in foreign purchases was miscellaneous manufactured articles (-0.7 points), with a drop of 16%, reducing its share by half a point to 4%. In the same vein are notably the fall in imports of footwear, headgear, umbrellas and feathers (-16.5%), base metals (-15%), wood and cork (-14.2%) and furs and leather (-10.2%). The other groups saw smaller, one-figure reductions, and the only ones to escape this trend are arms and ammunition and works of art and antiques, with increases of 10% and 19.1%, respectively, although their slight share of the total (0.1% in both cases) means that their contribution was very small.

#### 5.4.2. Exports

The fall in Andorran exports in 2012, by 4.5%, can be explained mainly by the highly negative contribution from the groups of transport materials (-10 points), electrical machinery and equipment (-4.8 points) and >

**ANDORRA'S MAIN EXPORT SECTORS. 2012**  
Interannual variation rate (%)



Graphic 5.6

Source: Andorran Customs



products of the chemical industries (-2.2 points). On the other side of the coin are the positive contributions from textiles (6.2 points), pearls and precious stones and metals (3 points) and optical, photographic and precision apparatus (2.1 points). The trends in the main groups of exported products are analysed in more detail below.

The leading export group is still transport material, although the major reduction that it suffered in 2012, of 34.9%, cut its share of the total by more than nine points to 19.5%, a trend that contrasts with the strong growth of the previous year (71%). The chapter that determines this behaviour is motor vehicles, representing 98% of the group and showing a contraction of 30.3%.

Taking second place in exports are textiles, thanks to major growth of 92.4%, doubling its share of the total to 13.6%, so this was the group that made the most positive contribution to the trend in exports, with 6.2 points. Within this group are notably the increases in foreign sales of articles of apparel and clothing accessories, knitted or crocheted (189.5%), which became the most important chapter in the group, and articles of apparel and clothing accessories, not knitted or crocheted (44.3%), the second in importance.

Another group that developed very favourably in 2012 was pearls and precious stones and metals, which saw a major increase of 31.3%, though much slower than in the previous year (69.2%), raising its share to 13.3%. So, this group links five consecutive years of gains, from the minimal 0.6% it represented in 2007, a trend that has brought it from fourteenth place in exports to third within this period. Moreover, this group made the second largest contribution to exports (3 points), only behind textiles.

On the other hand, the group of electrical machinery and equipment had one of the worst trends in 2012, with a fall of 28.4%, cutting its share of the total by 4.2 points to 12.7%, a level that contrasts with the record share it had five years before (38.1%). This trend made a negative contribution to total growth in exports of 4.8 points, the second worst in 2012 after transport materials, and brought it down two places in the export rankings, to fourth place. By chapters, the downturn in this group can be explained by the fall in both sales of mechanical apparatus (-28.6%) and electrical machinery and equipment (-28.3%), chapters with 5.5% and 7.1% of total exports, respectively.

The fall in foreign sales for the group of base metals was slower (-4%) and lower than the total, but stronger than the previous year (-0.5%). As a result, their share of the total remained at 6.5%, allowing them to rise one place in the Andorran export rankings. This trend can be explained mainly by the reduction in the chapters cast iron, iron and steel (-7%), the most important chapter in this group, and articles thereof (-9.6%), which were partly compensated by an increase in exports of copper and articles thereof (41.5%).

In contrast, foreign sales of optical, photographic and precision apparatus saw very significant growth of 53.9%, so their share went from 3.9% to 6.3% in 2012, meaning a contribution of 2.1 points to the total variation in exports, the third highest after textiles and pearls and precious stones and metals. This progress was exclusively driven by the chapter of clocks and watches, with an increase of 165.1%, raising its share to 5.3% of the total, while the other components in the group saw falls.

Seventh in the export rankings is paper and graphic arts which saw a small reduction of 4% in 2012 and kept its 6.1% share. This trend was the result of falling sales of wood pulp and other fibrous materials (-10.8%) and paper and cardboard (-10.4%), combined with an increase in products of the printing or graphic industries (7.2%), so that the latter recovered the position of most important chapter in the group, which it had lost in the previous year for the first time since 1993.

Then comes the group of products of the chemical industries, with a steep fall of 30.7%, contrasting with the major growth seen in 2011 (99.5%). The result was a reduction of 1.9 points of its share of the total and the loss of four places in the exports rankings, as it went from fourth place to eighth. This contraction can be explained basically by the downturn in sales of perfumery and toiletries (-27.8%), the most important chapter in the group, and pharmaceutical products (-90.7%).

The other groups represent a share of less than 5% of total exports and had very varied results. On the positive side are notably the increases in exports of food, beverages and tobacco, which quadrupled and added nine tenths to total growth; miscellaneous manufactured articles with an increase of 95% and 2.1 points towards the total, and mineral products and plastics, rubber and articles thereof, with contributions of three and four tenths,

respectively. There were also gentler increases in furs and leather and cork and articles thereof. The other groups with shares of any significance saw falls, sometimes major, such as works of art and antiques - which took eight cents off the total

variation in exports - footwear, headgear, umbrellas and feathers – which took off 1.1 points, and finally, arms and ammunition, live animals and animal products and manufactures of stone, cement and ceramic products.

## 6. PRICES AND COSTS

### 6.1. Consumer prices

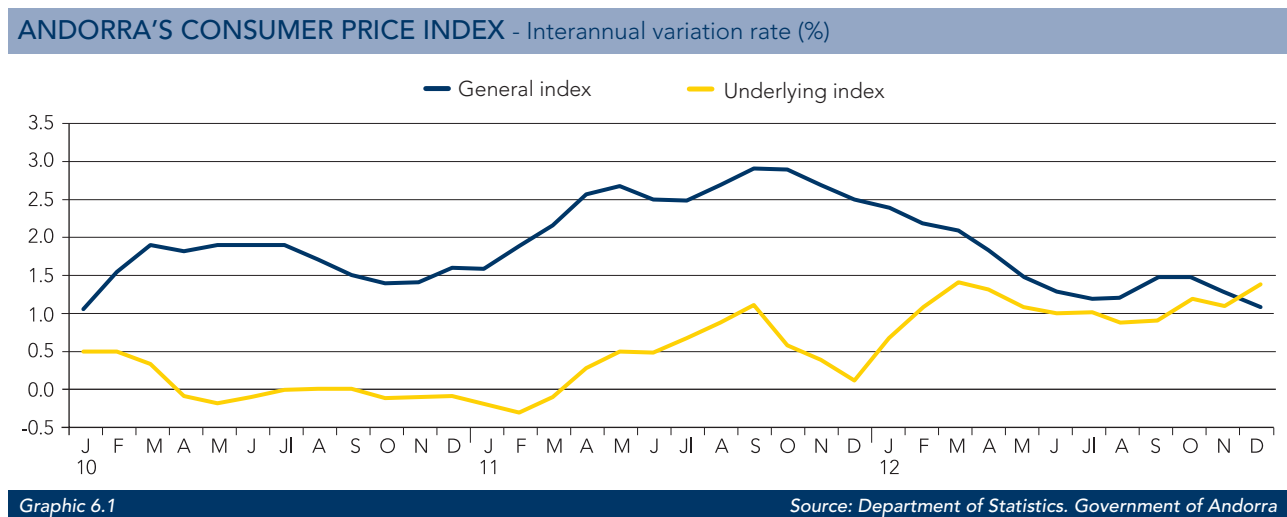
The weakness that characterised the Andorran economy in 2012 helped to moderate inflationary pressures, unlike in the previous year and despite the inflationary effect of tax increases that were applied during the financial year. The consumer prices profile was of a gradual slowdown until August, then picking up in September and October due to rising energy prices but returning to the path of moderation in November and December, to end the year at 1.1%, the lowest rate in the whole financial year. This figure is 1.4 points lower than inflation in the previous year and the lowest level in the last three years. Moreover, unlike the previous year, Andorra's inflation lay well below Spain's (3% harmonised inflation), where most consumer goods come from, and also remained below France's (1.5% in December) and the eurozone average for the same period (2.2%).

This behaviour means that Andorra has gained in price competitiveness compared with Spain, in contrast with 2011, and has continued to improve in relation to the rest of the eurozone. Another factor which contributed to this improvement in the price competitiveness of the Andorran economy is the increase in VAT rates in Spain, implemented in

September 2012, when the standard rate went from 18% to 21% and the reduced rate from 8% to 10%.

By components, the behaviour varied greatly depending on the case. On the one hand are notably the reductions in health costs (-2.6%) and housing (-1.4%), contrasting with the increases in the previous year. Moreover, it is notable that in the case of health, this is the first time that prices have gone down since CPI data became available (1998). The third largest fall in prices was in miscellaneous goods and services (-0.9%), a change in tendency compared with the previous two years. The other component that saw price cuts was clothing and footwear (-0.7%), though this was less intense than in 2011 (-5.3%), when it was the only component to lower prices. So, clothing and footwear have already accumulated three consecutive years of falling prices, demonstrating the great weakness in demand that has affected this kind of commerce for years.

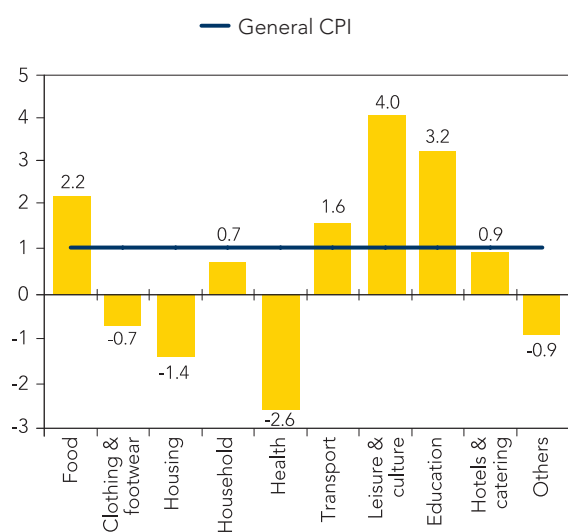
On the other hand, the highest price rise was seen in the group: leisure, shows and culture (4%), after a much slower increase in 2011 (0.3%). Then comes education, with a rise of 3.2%, also showing acceleration when compared with the previous year (2.7%). Other components that increased prices over the average are food, beverages and tobacco (2.2%) >





## CONSUMER PRICE INDEX. DECEMBER 2012

Interannual variation rate (%)



Graphic 6.2 Source: Department of Statistics. Government of Andorra

and transport (1.6%) although growth slowed in both groups compared with 2011, in the case of transport due to a more stable trend in oil prices.

Prices also rose in the other components, but at lower than average rates. This is the case of hotels, cafes and restaurants, for which prices increased by 0.9%, the same as last year, a quite moderate trend that probably results from the continued downturn in the number of visitors. Finally, price rises were also modest in the field of furniture, domestic appliances and household services (0.7%), although this was slightly higher than in the previous year.

If we analyse the prices by special groups, it can be seen that the energy group has seen an increase of 2.8%, much more moderate than the steep increases in the past two years. This is therefore another factor that helps to explain the moderation in inflationary pressures in Andorra in 2012, which was helped by the more stable trend in oil prices. Price growth also slowed in the case of food, from 2.1% to 1.8%. On the other hand, prices of services without rentals increased two tenths more than in 2011, despite a very moderate increase (0.5%), as they are still greatly affected by the weakness in demand.

So, if we look at just the nucleus of inflation measured by underlying inflation, which excludes energy and food, it can be seen that this inflation accelerated in 2012, from 0.1% to 1.4%, putting it above general

inflation, which has not happened since 2009. This value is also lower than the underlying inflation rate recorded in Spain (2.3%), a factor that should be seen as positive from the point of view of improving the competitiveness of the Andorran economy.

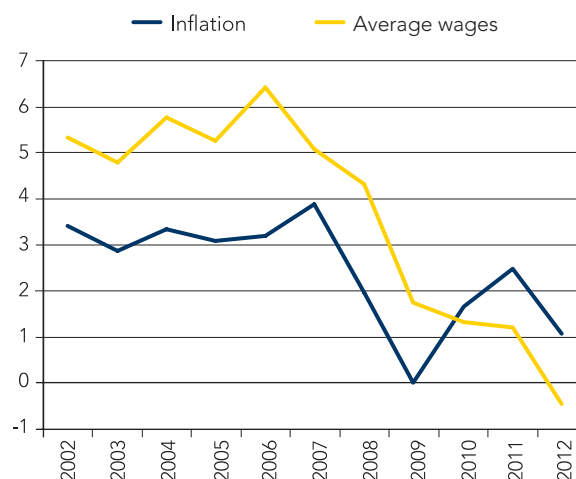
## 6.2. Wages

In 2012, for the first time since data became available, the average wage in Andorra saw a fall, of 0.4%, putting it at 1,964.9 Euros. This trend continues and accentuates the tendency for wages to slow, which has been seen since 2008. The reasons can be found mainly in the easing of inflationary pressures, the needs of businesses to cut costs in order to gain competitiveness and the passing of the Law on measures to contain public spending and personnel matters, which led to a reduction in public sector wages for the first time in history. As a result, employees incurred an average loss of purchasing power of 1.5 points, added to the losses in 2010 (0.2 points) and 2011 (1.3 points).

Therefore, since 2010, a more flexible model of setting wages has been applied to business requirements, seeking to gain competitiveness by reducing costs and prices. This model contrasts with the previous period, when wage increases were clearly higher than inflation, eroding business margins and the competitiveness of the general economy. So, it can be said that the Andorran economy has established a wage dynamic that favours competitiveness, which should help to drive economic recovery when other necessary conditions converge, such as the recovery in the Spanish economy.

## AVERAGE WAGES AND INFLATION

Interannual variation rate (%)



Graphic 6.3

Source: CASS / Department of Statistics. Government of Andorra

As for the interprofessional minimum wage, the trend was more inflationary than for the average wage since, according to the law, it is updated every year with the consumer price index from the previous year which, in the case of 2011, was 2.5%, compared with -0.4% of the average wage in 2012. Consequently, the average hourly wage was fixed at 5.49 Euros per hour in 2012 (for adult workers), the equivalent of 951.6 Euros per month for a 40-hour working week.

By sectors, wage behaviour was greatly divergent, as usual. The most important rise, excluding the very small sectors, was seen in domestic work for the community (4.6%), the sector where average wages were lowest in 2011. In second place was education, with an increase of 3.2%, quite significant acceleration in relation to the previous year (0.6%). Then come other social activities and community services with 1.7%, in contrast with the cut in the previous year, and the slight increase of 0.1% in the financial system, meaning slower wage growth than in 2011 (3.5%). All the other sectors of any significance saw wage reductions. On the margins are the extraction industries (64.7%) and extraterritorial bodies (9%), whose trends cannot be considered in the analysis for motives of statistical

representation, as very few people work in these sectors and therefore the variation in one set of wages can greatly vary the total.

Among the sectors in which wages fell are notably agriculture, livestock farming, hunting and forestry (-6.3%) and the production and distribution of electricity, gas and water (-3.7%), in which they also fell in 2011. The wage cuts were also significant in households employing domestic staff (-2.9%), hotels and catering (-1.9%), the manufacturing industries (-1.8%), construction (-1.5%), transport (-1.4%), health and veterinary activities (-1.2%) and real estate and rental activities (-1%), sectors in which wages mostly fell for the first time. Finally, the fall in wages was closer to the average in the case of public administration (-0.7%) and commerce (-0.6%), sectors in which they also fell for the first time.

Finally, in relation to wage levels, it can be seen that in 2012 the differences between sectors diminished a little, although they continue to be very significant. So, the highest wage is 3.8 times higher than the lowest wage (3.9 in 2011) if we exclude the new category "special regimes" created in 2012, due to its specific nature. To be precise, the highest wages >

AVERAGE WAGES - Euros			
	2012	Var. 2012/11	Average index in Andorra=100
Agriculture, livestock, hunting and forestry	1,360.44	-6.3	69.2
Extraction industries	2,312.87	64.7	117.7
Manufacturing industries	2,002.55	-1.8	101.9
Production and distribution of electricity, gas and water	3,043.73	-3.7	154.9
Construction	1,923.22	-1.5	97.9
Commerce and motor vehicle repairs (etc.)	1,687.50	-0.6	85.9
Hotels & catering	1,448.76	-1.9	73.7
Transport, storage and communications	2,193.16	-1.4	111.6
Financial system	4,539.02	0.1	231.0
Real estate & rental activities; business services	1,832.42	-1.0	93.3
Public administration, defence and compulsory social security	2,433.21	-0.7	123.8
Education	2,149.44	3.2	109.4
Health & veterinary activities, social services	2,290.48	-1.2	116.6
Other social activities & community services, personal services	1,649.98	1.7	84.0
Households employing domestic staff	1,201.38	-2.9	61.1
Extraterritorial bodies	2,628.89	9.0	133.8
Special regimes	1,003.15	-	51.1
Domestic work for the community	1,201.97	4.6	61.2
<b>Average</b>	<b>1,964.89</b>	<b>-0.4</b>	<b>100.0</b>

Chart 6.1

Source: CASS (Andorran Social Security)

are yet again in the financial sector, where wages more than double the average. This level contrasts with that of households employing domestic staff which, with wages 38.9% below the average, is the worst paid sector. The second sector in the wages rankings is production and distribution of electricity, gas and water, with wages more than 54.9% over the average, followed by extraterritorial bodies, which pay 33.8% more, and the public administration, with wages 23.8% above the average. Following behind are the extraction industries; health and veterinary activities and social services; transport, storage and communications; education and the manufacturing industries, with wages between 18% and 2% above the average.

## 7. THE PUBLIC SECTOR

### 7.1. Central government performance

Data about the provisional settlement of the Government budget show that there was a non-financial cash deficit in 2012, for the fifteenth consecutive year, of 86.9 million Euros. This figure represents an increase of 70.7% compared with the 2011 deficit and puts the public sector imbalance at about 3.5% of Andorran GDP. The trend in 2012 contrasts with the deficit reductions achieved in the preceding two years and is the highest figure in the last three years, although it does not match the historic high reached in 2009 (-116.6 million). Equally, the final budget result obtained by incorporating the cash deficit from the movement of financial assets and liabilities in 2012, worsened and shows a negative balance for the first time in five years, of 8.9 million Euros. The most notable movements that occurred in this field are: in relation to revenue, two new issues of treasury bills made in March and November, for a nominal amount of 100 million Euros each, and the acquirement of new credit of 114.9 million Euros to pay for road infrastructures carried out in recent years; in relation to the costs of financial liabilities, a reduction in the available balance of credit policies by 30.8 million Euros, between 31 December 2011 and 31 December 2012, to 157 million, the lowest figure since 2007.

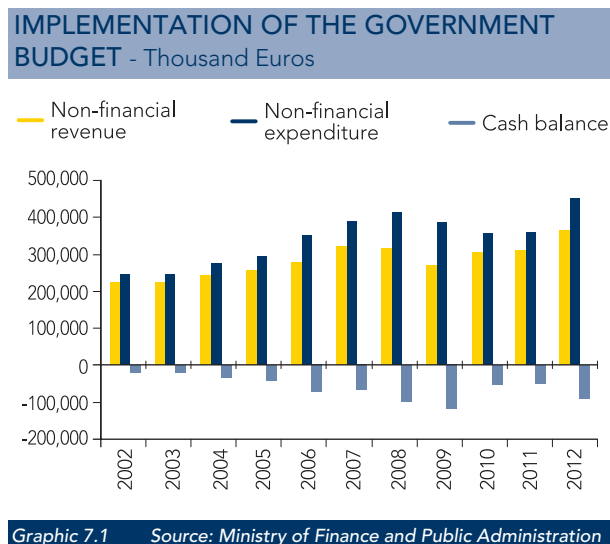
Moreover, the Government reclassified 380 million of the long-term debt as short-term, as its due date came within twelve months. So, the temporary debt structure is 13.5% long-term debt and 86.5% short-term debt, a figure that suggests that the

The other branches are below the average wage, with percentages that vary between 2% in construction, a sector that is below the average for the third consecutive year, and 39% less received by households employing domestic staff. Within this group are notably the cases of commerce and hotels and catering, which employ a large part of the Andorran population (38.2% of total employees), with wages some 14.1% and 26.3% below the average, respectively. Moreover, it can also be seen that in 2012 both sectors continued to widen the gap with the average wage which, in the case of hotels and catering is the eighth consecutive year and in commerce, the fifth time. So, since 2004 both sectors have made an accumulated loss, respectively, of 6 and 5 points off the average.

Government will have to carry out debt refinancing operations in 2013 to ensure the sustainability of public finances.

In total, the central administration's debt grew 11% and set a new historic high of 852 million Euros, while the outstanding public debt rose to 580 million Euros, more than double that of three years before. In proportion to GDP, this volume of debt represents 34%, a level that is still much lower than that of most European governments.

The rise in the deficit recorded in 2012 was the result of a higher increase in spending than in revenue. The growth in spending can be explained by capital expenditure more than doubling, after four years of falls that set it at a minimal level in 2011. In contrast, current expenditure saw a very modest increase



of 1%, contrasting with the strong growth in the previous year (16.3%). As for income, the increase was very significant (19.4%) due to the revenue obtained from the new direct taxes and, to a lesser extent, from indirect taxes.

As for new tax measures, 2012 was the first year that corporate tax and the tax on economic activities were levied, the first time that financial income generated in the country was taxed with a single overall rate of 10%, among the lowest in the EU. Moreover, in 2012 the Law on the new general indirect tax (IGI) was passed, which entered into force on 1 January 2013 and substitutes several indirect taxes that were valid until then (indirect goods tax, levy on electricity and telephone consumption, notarial tax, indirect tax on the provision of services - except the provision of insurance services - indirect tax on domestic production and indirect tax on commercial activities). So, a value added tax was created, operating like VAT in the EU, but at lower rates. Specifically, the standard tax rate was set at 4.5%, with a reduced rate of 1%, a super-reduced rate of 0% and an increased rate of 9.5%, which is only levied on banking and financial services. So, after the increase in VAT in Spain in September 2012, the tax differential with the neighbouring country stands at 16.5 points and exceeds the differential with France, which is 15.1 points. To finish the subject of new tax measures, it should also be noted that the Andorran government is preparing a new IRPF (income tax) law, with a single rate of 10%, like the taxes on companies, income from economic activities and the income of fiscal non-residents, which is expected to be passed in 2013.

In parallel, Andorra continued to progress in implementing the Law on information exchange in tax matters with prior request, passed in 2009 according to OECD principles, by signing an information exchange agreement with Poland, bringing the total number of agreements signed since 2009 and before the end of 2012 to twenty. Two more agreements were initialled in 2012 with Italy and Korea, pending signature. Moreover, in the first half of 2013 another information exchange agreement was signed with the Czech Republic and also an agreement with France to avoid double taxation and prevent tax evasion and fraud in income tax matters.

### 7.1.1. Revenue

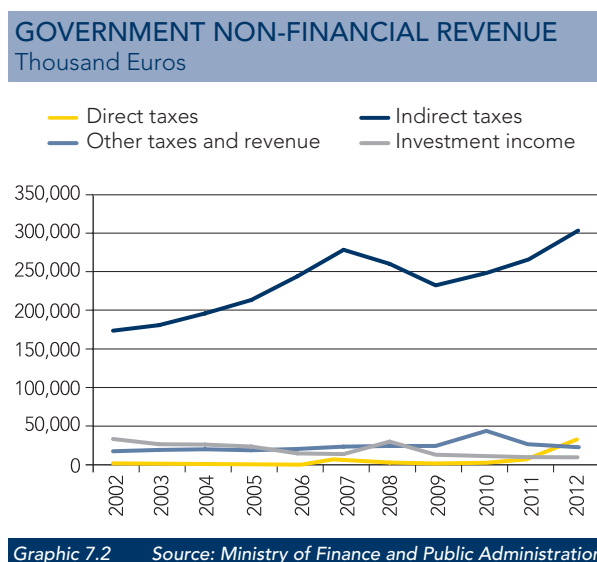
In the 2012 account settlement, non-financial revenue added up to a total of 368 million Euros, representing

a budget execution rate of 110% and an interannual increase of 19.4%, compared with the 1.4% increase in 2011. This progress can be explained, firstly, by the strong growth in revenue obtained from direct taxes (430.4%) and secondly, by the also quite significant increase in indirect taxes, of 13.5%, the strongest rate in the last five years. Another revenue entry that grew was investment income (39%) although its absolute value is fairly insignificant. The other entries fell.

More detailed analysis reveals that revenue from direct taxes saw a steep increase, for the second consecutive year, of 430.4%, putting total revenue at 29.9 million Euros, a historic high. This strong progress can be explained by the entry into force of the new corporate tax and tax on income from economic activities, which brought 16.3 million into the national coffers, to which can be added 12.4 million from the tax on the income of fiscal non-residents (which came into force in 2011) and 1.2 million from the property tax, an element which has accumulated five years of falls due to the major crisis in the property sector. As a result, the budget execution rate rose to 116% and the share of this chapter in total non-financial revenue more than quadrupled to reach 8.1%.

Revenue from indirect taxes also showed positive results, with growth of 13.5%, surpassing the annual rate of 7% recorded in the two previous financial years, and a budget execution rate of 109%. Nevertheless, this entry's share of total non-financial revenue fell 4.3 points against 2011, to reach 81.9%, although it is still clearly the Government's most important source of finance.

The increase in indirect taxes is basically the result of the major increase in revenue from foreign trade taxes >



## IMPLEMENTATION OF THE GOVERNMENT BUDGET<sup>(1)</sup> - Thousand Euros

	Settlement 2012	Variation % settlement 12/11	% execution 2012 <sup>(2)</sup>
<b>Direct taxes</b>	<b>29.9</b>	<b>430.4</b>	<b>116</b>
On capital gains on property	1.2	-19.9	47
On companies / economic activities	16.3	-	94
On non-residents' income	12.4	199.9	210
<b>Indirect taxes</b>	<b>301.5</b>	<b>13.5</b>	<b>109</b>
On property transfers & doc. legal acts	6.9	-8.8	106
On consumption of goods	52.2	-4.5	97
-Indirect goods tax	42.6	-4.6	98
-Tax on commercial activities	9.5	-4.4	95
On consumption of services	81.7	7.8	108
On production	3.1	10.7	111
Special taxes	47.6	-1.2	89
On foreign trade	100.9	49.2	134
Levies	7.2	3.2	99
On gambling	2.0	-10.1	90
Other taxes and revenues	23.6	-14.0	116
Current transfers	0.0	-99.4	1
Investment income	13.0	39.0	120
<b>Non-financial revenue</b>	<b>368.0</b>	<b>19.4</b>	<b>110</b>
<b>Current expenditure</b>	<b>274.4</b>	<b>1.0</b>	<b>85</b>
Personnel costs	94.4	-0.8	96
Consumption of goods and services	41.9	2.5	88
Financial expenditure	29.3	55.9	86
Current transfers	108.7	-6.8	77
<b>Capital expenditure</b>	<b>180.5</b>	<b>106.2</b>	<b>84</b>
Real investments	135.1	295.8	80
Capital transfers	45.4	-15.0	97
<b>Non-financial expenditure</b>	<b>454.9</b>	<b>26.7</b>	<b>85</b>

(1) The settlements of the 2011 and 2012 budgets are provisional.

(2) In the case of expenditure, this is calculated from the final budget, which is the result of incorporating into the budget passed by the General Council the credit obligations undertaken during the previous financial year relating to expenses proposed for the following financial year, and the modifications and increases in budget credit. In 2012 these modifications represented an increase of 38% on the initial spending budget.

Chart 7.1

Source: Ministry of Finance and Public Administration

(49.2%) which, in turn, can be explained by the increase in revenue from the consumption tax (which taxes import chapters 1 to 24) which was approximately 49.7%. Within this entry, the most important elements refer to imports of beverages, which saw an increase of 4.8%, and tobacco imports, which increased 32.6%, which can be explained by changes in the general rate of consumption tax and are added to those of the previous year. As a result of this tax increase, foreign trade taxes became the main tax element in Andorra in 2012, ahead of the ISI.

In the case of the indirect tax on the provision of services (ISI), revenue increased 7.8%, unlike the fall seen in

2011, and the budget execution rate easily exceeded 100%. This trend is the result of the increase in the banking and financial ISI (12.9%); in contrast, the ISI on the provision of business and professional services and the ISI on insurance fell (-2.1% and -0.5%, respectively), in line with the weakness of the economy in 2012.

Another component of indirect tax that showed a rising trend is the tax on domestic production (IPI), with an increase in revenue of 10.7%, contrasting with the major reduction seen in the previous year (-28.2%). Income from levies from the semi-public bodies (FEDA and Andorra Telecom) have also grown but at a modest

rate of 3.2%, after two years of steep falls motivated by the economic crisis and the reduction in the tax rate.

There was an opposite trend in the case of revenue from the taxes on goods consumption (IMI and IAC), which saw a fall of 4.5%, compared with the modest increase seen in 2011 (2.7%), which can be explained by the falling volume of imports motivated by constantly falling demand. The most important chapter on which the IMI is levied is 27, dedicated to fuels, from which a similar volume of revenue to the previous year was obtained, in line with sustained energy prices.

Another important entry that saw negative behaviour was special taxes, with a drop of 1.2%, leaving them in fourth place in the rankings of indirect tax revenue. Similarly, the trend in revenue from the property transfer tax saw a downturn of 8.8%, affected by the contraction still felt by the sector, and finally, income from the bingo tax fell 10.1%.

As for other taxes and revenues, 2012 levels were also very negative, with a reduction for the second consecutive year, of 14%, although the budget execution rate was equally high (116%). This trend was clearly worse than that of revenue in the account settlement and resulted in its share falling 2.5 points to 6.4%, less than half of what it represented only two years ago.

On making a more detailed analysis by entries, it can be seen that this reduction in 2012 was basically the result of the trend in the section "unplanned", which is greatly influenced by the major variations in special revenue, relating to the amounts confiscated on behalf of the Andorran state when carrying out Criminal Court rulings relating to money laundering.

As for the other entries, of note are the increases in revenue from tax (2.5%) and the provision of services (6.8%); in contrast, there was a downturn in revenue from goods sales of 6.5%. It should be remembered that within the section "provision of services", the most important income refers to retentions on savings income, in fulfilment of Law 11/2005, of 13 June, on the implementation of the Agreement between the Principality of Andorra and the European Community relating to the establishment of equivalent measures to the provisions of the Council's Directive 2003/48/EC on matters of taxation of savings income in the form of interest payments. For this purpose, the retained amount of 2.6 million Euros referring to the financial

year 2011 was paid in, surpassing the 1.9 million of the previous year.

On a positive note, it should also be highlighted that in 2012 the entry for investment income grew 39%, breaking the falling trend of the past three years and allowing for its share of the total to increase half a point to 3.5%. The most important entry in this section is the distribution of profits from the semi-public bodies (82.3% of the total in 2012) which advanced 31% to reach 10.7 million Euros. Another component that showed a very important rise was income deriving from real investment, which tripled.

To complete the analysis of revenue, it should be added that current transfers fell to almost 0.

### 7.1.2. Expenditure

In 2012, the settlement of non-financial expenditure rose to 454.9 million Euros, 26.7% more than in 2011, setting a historic record as it exceeds the previous high reached in 2008. This trend is wholly dependent on an exceptional increase in real investment from payments for works carried out in previous years, but if you exclude this factor, the behaviour of the other entries was very contained, following the path of austerity that has marked the central government's fiscal policy since 2009, as has occurred in other neighbouring eurozone states. Consequently, the execution rates of expected expenditure in the final budget (that of the initial budget plus any modifications and increases approved during the financial year) was 84.7%, higher than the previous year but lower than the percentage of revenue execution.

As mentioned, the steep increase in expenditure in 2012 can be explained almost exclusively by major growth in capital expenditure (106.2%), after four years of steep falls, which contrasts with the slight increase in current expenditure (1%). So, the trend seen in 2011, when growth in spending was concentrated in current expenditure, has reversed.

So, capital expenditure reached a figure of 180.5 million Euros, the highest in the last four years, after reaching a low in 2011. As a result, its share of the total shifted to 39.7%, 15.3 points more than in 2011, and the budget execution rate rose to 83.6%, a slightly lower level than in current expenditure. By chapters, the strong progress in capital expenditure is the result of major growth in real investment, which almost >



quadrupled, after four years of steep falls, to a historic high of 135.1 million Euros. This peak in investment spending can be explained by the payment of two sets of road works (the Dos Valires tunnel and Sant Julià de Lòria bypass) which had been in progress for a long time and recently completed. The result was that real investment's share of total non-financial expenditure rose twenty points to 29.7%, the highest level since 2007, with an execution rate of 80%.

In contrast, capital transfers saw a 15% fall, continuing the falling trend seen in the previous year. So, the budget execution rate for capital transfers reached 96.5% and its share of the Government's total non-financial expenditure in 2012 was 10%, which is a historic low.

As for current expenditure, the most important growth was concentrated in financial expenditure (55.9%), as in the previous year, above all due to the Government's greater volume of debt, so its share of total non-financial expenditure rose 1.2 points to 6.4%, the highest level seen since 1994. The other entry that increased was consumption of goods and services, although this was at a very modest rate (2.5%), leading to a fall in its share by 2.2 points, to 9.2%.

In contrast, personnel costs were cut for the first time in history, by 0.8%, as a result of cuts in the average wage (-0.7% for the whole of the administrations) and in the number of employees. This wage cut can be explained by the Law passed in 2012 on measures to contain public spending on personnel matters which includes, among other measures, a wage reduction of between 5 and 10% for all offices and public sector

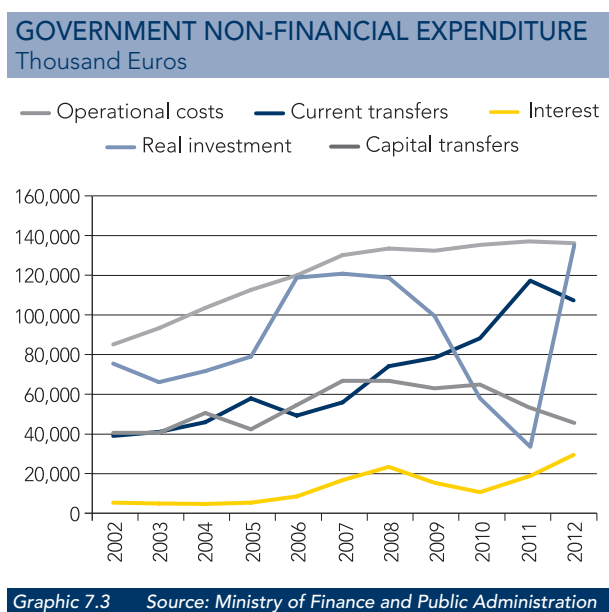
staff attached to the central government with gross monthly wages of over 3,000 Euros. Finally, current transfers – the most important entry in current expenditure with a share of 23.9% - also saw a fall of 6.8%. Altogether, current expenditure represented 60.3% of the Government's non-financial expenditure, 15.3 points less than the previous year, and its execution rate fell to 85.4%.

## 7.2. Communes (local government) performance

The settlement of the commune administrations' budgets shows that in 2012 the communes collected the amount of 119.7 million Euros, higher than the 113.8 million Euros of actual expenditure. So, the balance of all the commune administrations together was positive for the fifth consecutive year, for the sum of 5.8 million Euros, 53.9% more than in the previous year. This improvement in the communes' budget surplus was the result of greater containment in expenditure than revenue, the opposite of what happened in the past three years.

In closer detail, it can be seen that five of the communes saw a better surplus than the budgeted fiscal balance or surplus, while two of them ended the financial year with a deficit (Encamp and Canillo). Of the first five, there are two communes (Ordino and Andorra la Vella) that increased their surpluses in relation to the previous year and two (La Massana and Sant Julià de Lòria) that reduced them, while Escaldes-Engordany inverted its deficit into a surplus. As a result, Andorra la Vella has become the commune with the largest surplus (5.7 million Euros), four times as much as in 2011; it should be noted, however, that this significant increase is basically the result of taking out a 3.5 million Euro loan to finance the work on the new government building. In second place is Ordino, with a surplus of 1.5 million Euros, very similar to that of the previous year. Then comes La Massana (0.7 million), a reduction of 54% after being first in the rankings in the last year, followed by Escaldes-Engordany (0.3 million) and Sant Julià de Lòria (0.1 million). At the other end of the scale, the commune that obtained the highest deficit was Encamp (-2.2 million), with an increase of 32.8% compared with the previous year, while Canillo reverted from a slight surplus in 2011 to a relatively moderate deficit of 0.25 million Euros.

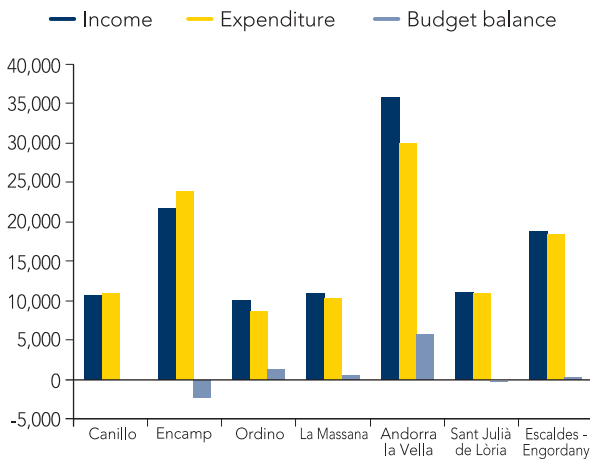
In relation to debt, 2012 ended with an accumulated debt for the communes of 233.9 million Euros, according to the data published by them, which are still provisional because they are pending review by the Court of Accounts. This figure represents a reduction of





## COMMUNE BUDGET SETTLEMENTS. 2012

Thousand Euros

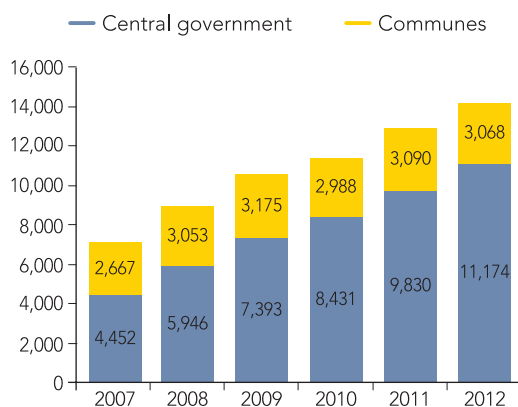


Graphic 7.4 Source: Commune administrations / Department of Statistics. Government of Andorra

3.1% compared with the 2011 data, already reviewed by the Court, which continues the falling trend begun in 2010, which was made possible thanks to the fiscal surplus obtained. So, the communes represent 21.5% of the total public debt (i.e. the sum of the central government's and communes' debts), a proportion that still lies above their share of the administrations' non-financial public expenditure (18.2%) and signifies about 9% of Andorran GDP. Altogether this means that in relative terms they are more indebted than the Government. In aggregate terms, the total debt of Andorra (adding together the central government and the communes) means that the per capita debt is 14,242 Euros, 10.2% more than in 2011 and more than double what it was five years before (7,119 Euros in 2007).

By parish, there are five communes that reduced their debt and two that increased it (Sant Julià de

## PER CAPITA DEBT - €/person



Graphic 7.5 Source: Ministry of Finance and Public Administration, commune administrations, Department of Statistics of the Government of Andorra and own preparation

Lòria and La Massana), despite the budget surplus recorded by the last two. It should be noted that the most indebted commune is still Andorra la Vella (23.6% of the total commune debt) in accordance with its greater economic importance, while the lowest level of public debt is in Sant Julià de Lòria (8.6% of the total) despite the increase of 8.7% seen in 2012. Finally, it should be noted that the commune that made the greatest relative effort to reduce its debt is Escaldes-Engordany (-8.4%).

### 7.2.1. Revenue

The total settled revenue of the communes in 2012 fell 7.2%, continuing the falling trend that began in 2009 and in line with the still unfavourable overall economic climate. The revenue settlement was very close to the budgeted figure (99.3%) but its share of total public sector revenue (i.e. the central government plus the communes) fell 3.2 points to represent 13.8%. It has to be said, however, that this low level is greatly distorted by the central government's volume of financial liabilities, the result of its debt requirements, which greatly increased its revenue from 2009, artificially lowering the communes' share of the total.

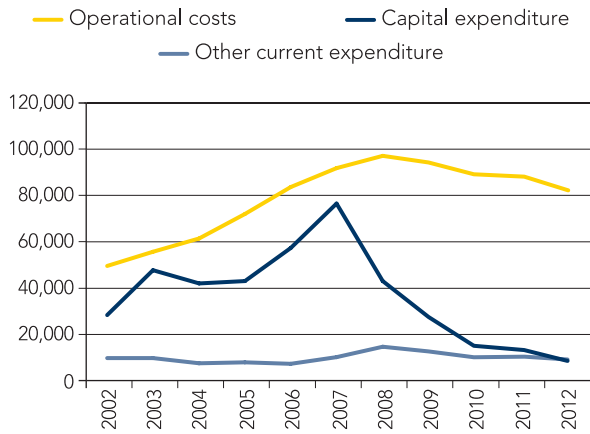
By parish, the most important fall in revenue was seen in Sant Julià de Lòria (-29.8%), explaining the major reduction in its budgeted surplus. Then comes Encamp, with a fall, for the fourth consecutive year, of 13.1%, which worsened its fiscal deficit. The reduction in revenue in Escaldes-Engordany was also important (-9.6%), although in this case it was not an obstacle to improving the budget balance. Then comes La Massana, with a cut in revenue of 7.4%, while the fall was much more moderate in Canillo (-2.4%) and Ordino (-0.9%) although all three have already accumulated four years of falls. The only commune that managed to increase its revenue is Andorra la Vella (5.8%) enabling it to greatly improve its surplus and strengthen its position in the commune rankings by volume of revenue, with 35.9 million (30% of the total). At the other extreme is still Ordino, with the lowest volume of revenue in Andorra, equal to 10.2 million Euros (8.5% of the total).

### 7.2.2. Expenditure

In 2012, the settlement of the communes' expenditure saw a fall, for the fifth consecutive financial year, of 9%, meaning that the rate of fall has accelerated >

## COMMUNES' NON-FINANCIAL EXPENDITURE

Thousand Euros



Graphic 7.6

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

in comparison with 2011. This downturn put the percentage of budget execution at 95.4% and lowered the communes' share of total public sector expenditure (i.e. the central government plus the communes) by 3.8% to 13.1%, a slightly lower percentage than that of revenue. It should be added that the communes' low share of total public sector expenditure is influenced, as was already commented in the section on 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' percentage of total expenditure rises to 18.2%.

By chapters, the fall in commune expenditure can be explained by the reduction in both current and capital expenditure. More specifically, current expenditure fell, for the fourth consecutive year, by 6.7%, a much faster rate than in 2011 (-0.6%). Within this section, all chapters fell: personnel costs – the most important chapter with a share

of 44.3% of total expenditure – were cut, for the second consecutive year, by 1.8%, a trend that demonstrates the fiscal containment effort made by the communes. The greatest reduction occurred in consumption of goods and services (-13.3%) which was one of the few chapters that increased in 2011 (1.2%). The contraction in current transfers was 9.2% and in financial expenditure 5.3%, facilitated by the efforts made to reduce the debt.

In the section of capital expenditure, it can be seen that the communes also implemented severe austerity measures, with a global reduction of 37.3%, which is added to those of the previous four years. So, the accumulated fall against 2007 was 89%, showing that investment has absorbed a major part of the budget adjustment measures. Consequently, the level of the communes' capital expenditure in 2012 (8.7 million Euros) is the lowest in the available historical series. The cut in capital expenditure affected both real investment (-41.3%) and capital transfers (-17.3%) although the volume of the latter is less important.

Finally, the distribution of expenditure by parishes shows that all the communes except Canillo made cuts, though these varied greatly in size. The steepest downturn was seen in Sant Julià de Lòria (-23.4%), the commune with the greatest increase in 2011, matched by the fact that this commune had the greatest fall in revenue in 2012. Next come Escaldes-Engordany (-12.6%), Encamp (-10.2%) and Andorra la Vella (-7.4%), while the gentlest fall was in Ordino (-1.6%) and La Massana (-0.5%). Canillo was the only one to increase expenditure in relation to 2011, although this was very discreet (0.5%). As a result and following the same pattern as revenue, Ordino is the commune with the lowest expenditure (7.7% of the total) while Andorra la Vella is still leading the commune rankings for volume of expenditure, at 26.5%.

## BUDGET SETTLEMENTS FOR THE COMMUNE ADMINISTRATIONS - Thousand Euros

	Income			Expenditure		
	2012	Var. 12/11	% 2012	2012	Var. 12/11	% 2012
Canillo	10,790.89	-2.4	9.0	11,043.79	0.5	9.7
Encamp	21,754.77	-13.1	18.2	23,988.28	-10.2	21.1
Ordino	10,170.13	-0.9	8.5	8,704.50	-1.6	7.6
La Massana	11,108.28	-7.4	9.3	10,401.90	-0.5	9.1
Andorra la Vella	35,944.10	5.8	30.0	30,210.97	-7.4	26.5
Sant Julià de Lòria	11,013.87	-29.8	9.2	10,877.97	-23.4	9.6
Escaldes-Engordany	18,868.24	-9.6	15.8	18,592.76	-12.6	16.3
<b>Total</b>	<b>119,650.28</b>	<b>-7.2</b>	<b>100.0</b>	<b>113,820.15</b>	<b>-9.0</b>	<b>100.0</b>

Chart 7.2

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

# THE ANDORRAN ECONOMY: DEVELOPMENTS IN THE MAIN SECTORS

## 8. THE PRIMARY SECTOR

Efforts have continued, as in recent years, to reform Andorra's primary sector in order to make improvements, achieve better economic results and consolidate the latest successful products or expand new farms. This is the case in the livestock sector and the cultivation of potatoes, vines and aromatic and medicinal plants.

The success of some crops depends greatly on the weather, which can easily damage them, especially in summer. This was the case of tobacco, which was severely hit by hailstorms in the northern towns.

The primary sector does not see many variations over the years. So, in 2012, the number of farms was 366, 2% more than in the previous year, but the surface area remained virtually stable, increasing 0.4%. Pasture and forage are the largest areas. The area for growing tobacco shrank 0.9%, for potatoes it increased 4.0% and vineyards 13.8%, although the latter is still very small.

Livestock breeding also remained stable. The overall number of livestock increased by 1.1%, mostly due to the increasing number of sheep (+5.2%). On the other hand, efforts continued to obtain EU certification as a Protected Geographical Indication (PGI) for the production of quality veal, which was conceded by the EU this year. Efforts are also being made to have the production of quality horsemeat recognised. The number of slaughtered animals grew 4.1%, especially with the increasing numbers of lambs and kids.

## 9. INDUSTRY

All indicators for the industrial sector indicate that activity in this sector is still falling. So, the number of businesses fell to eight, remembering that it fell to eighteen units in the previous year, 2011. Equally, the overall number of employees in industry fell 6.6% in 2012 – practically the same as the previous year – it should be noted that since the beginning of the national crisis in 2007, more than three hundred jobs have been lost. The average wages of employees fell 1.7%.

TOBACCO HARVEST BY PARISHES		
Real kilogrammes produced		
	2012	Var. 12/11 (%)
Canillo	9,064.7	-46.0
Encamp	28,142.0	0.0
Ordino	34,526.1	0.0
La Massana	45,007.5	-2.9
Andorra la Vella	30,839.0	-0.1
Sant Julià de Lòria	81,956.4	0.2
Escaldes-Engordany	11,615.8	-2.2
<b>Total</b>	<b>241,151.5</b>	<b>-3.7</b>

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

The tobacco harvest fell 3.7% due to the major hailstorms that affected the high parishes: Canillo, Ordino, Encamp and La Massana. In contrast, the low parishes hardly suffered any damage and their harvest was of a high quality.

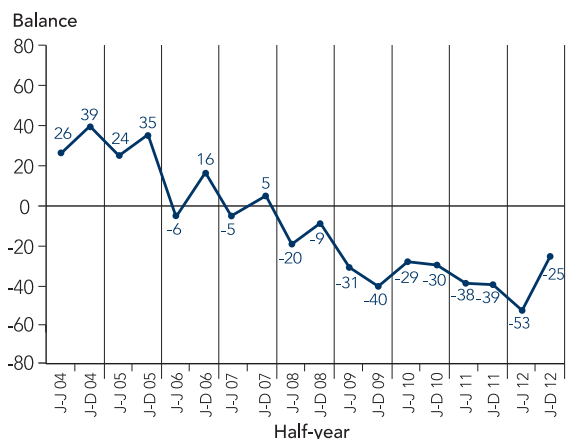
In recent years, Andorra has been making efforts to increase potato production. In 2012, the harvest was much larger but producers are faced with major problems in selling it. Nevertheless, there are plans for improvement.

The number of employees working in the primary sector remained practically stable, only increasing by three people. The average wage, in contrast, fell 6.3%.

The results of the situation surveys, which clearly reflect businesses' opinions about their current situation, indicate that the crisis continues and the situation is bad.

According to the results of the Chamber's situation survey, a major new development in the first half of 2012 is undoubtedly the deepening crisis in the industrial sector which, until now, showed a slightly >

## BUSINESS PROGRESS - Industrial sector



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

Graphic 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

more moderate adjustment in relation to the other sectors of activity. Specifically, the very negative evaluations of business progress reflect a much higher level of pessimism than in previous half years and suggest that the downturn in industrial activity throughout the first months of 2012 was the worst since the crisis started five years ago.

Likewise, industry, which is affected by the major downturn in domestic demand and weakening foreign sales, continued to suffer from a very significant cut in production volumes, with the rate of fall intensifying in most businesses. In this scenario of increasingly weak activity, the average rate of productive capacity utilisation fell to 54.2%, a new historic low that stands almost 10 points below the average for the last five years. The order book remained at very low levels and stocks of finished products stood at values slightly over those considered normal for this time of the year. On the other hand, faced with the deteriorating economic context and strong competition, businesses continued to cut sales prices to try to maintain competitive prices, and the downward adjustments in the number of employees in the sector continued.

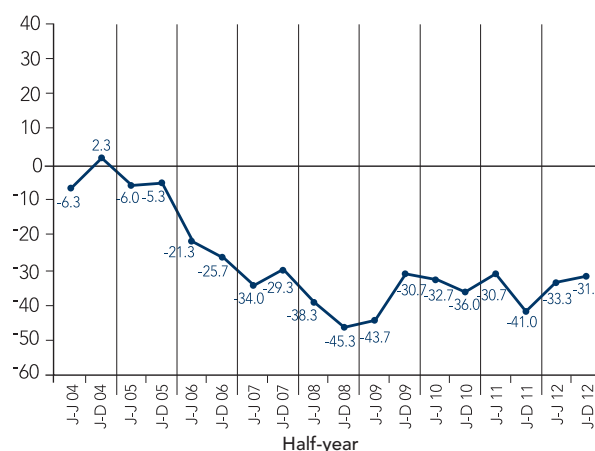
In the second half of 2012, the fall in industrial activity slowed, despite maintaining a rather negative trend. Specifically, businesses' evaluations of business operations, despite reflecting evident pessimism, show less notable despondency overall than in previous half-years, in line with a more contained profile of decline in activity.

So, the rate of decline in production tended to soften, both in interannual terms and in relation to the first six

months of 2012 – in which the downturn in activity was especially intense. This slight correction in volumes of production, in a context of persistent weakness in consumer demand and investment, could be explained by a recovery in exports in the last part of 2012 – when foreign sales grew 6.8% in relation to the first half of the year – and also by a certain need to restock after many months of major reductions. Equally, this slighter downturn in business resulted in an improvement in the average rate of productive capacity utilisation, which came back up to 61.1% and which, despite being far from the low reached in the previous half year (54.2%), is still 1.2 points below the average rate for the last five years. The stocks of finished products were considered mostly adequate for the time of year and the situation of the order book is still evaluated in very negative terms, suggesting that the downturn in activity will still be significant in the coming months. On the other hand, sales prices still headed down and the downward profile in employment of the previous half years was consolidated.

Businesses' expectations in relation to the first half of 2013 indicate that business progress in the industrial sector will continue to worsen although, in general, a certain slowdown in the rate of decline is expected. In this regard, businesses in the sector foresee further reductions in the order books and production levels, though smaller than those in the same period of 2011. Likewise, the average rate of productive capacity utilisation will tend to stabilise close to current levels (60%). Employment will continue to decline and sales prices to contract as in previous months.

## CONFIDENCE INDICATOR<sup>(1)</sup> - Industrial sector



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

Graphic 9.2

Source: Chamber of Commerce, Industry and Services of Andorra

Corroborating these impressions, the industrial climate index, which summarises the level of confidence of businesses in the sector, remains very negative (-31.3 points) but reflects less pessimistic prospects than those of a year earlier (-41.0 points).

Weak demand is still the main factor limiting business progress, with 81% of businesses pointing to it. Moreover, the importance of finance or cash flow difficulties has intensified, cited by 38% of those surveyed and already the second most important obstacle ahead of competition (26%).

The tobacco industry remained relatively stable. The number of establishments did not vary in relation to 2011. The average number of employees was 287 in 2012, a figure that represents an increase of 2.2%. On the other hand, the average wage in this industrial branch fell 4.3%. Tobacco imports reached 31,077.32K Euros, compared with 30,970.58K Euros in the previous year, only 0.3% more than in 2011.

In a year of rather irregular and especially dry weather, electricity production fell again, which it already did in 2011. Hydroelectric power was 76,182 MWh, 3.5% less than the previous year, and thermal energy (urban waste) also fell to 11,676 MWh, 5.3% less than in 2011. In total, energy production fell 3.7%. In this context, electricity imports had to rise slightly by 1.9% to meet the shortfall in domestic production and the slight increase in real consumption of 0.3%. By sectors, consumption increased in the public administrations, ski resorts, street lighting, domestic use and, to a lesser extent, industry. All other users reduced their consumption.

The other important part of energy consumption, fuels, continued to suffer from the crisis. In global terms, imported fuels fell a modest 0.2%. Despite this moderate decline, they have now been pursuing a negative trend for seven years. The reduction was generalised for all kinds of fuel, except for imports of domestic heating oil. Overall, energy consumption (TOE) increased very slightly by 0.3%.

BUSINESSES' OPINIONS ABOUT TRENDS IN INDUSTRY - % of businesses										
		2010			2011			2012		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	12	14	13	14	10	12	5	12	8.5
	Normal	47	42	44.5	34	41	37.5	37	52	44.5
	Poor	41	44	42.5	52	49	50.5	58	37	47.5
	Balance	-29	-30	-29.5	-38	-39	-38.5	-53	-25	-39
2. Orders (half-year reviewed)	High	6	7	6.5	3	6	4.5	2	7	4.5
	Normal	32	25	28.5	34	25	29.5	27	27	27
	Low	62	68	65	63	69	66	71	67	69
	Balance	-56	-61	-58.5	-60	-63	-61.5	-69	-60	-64.5
3. Stocks of finished products (half-year reviewed)	Excessive	9	14	11.5	6	13	9.5	7	10	8.5
	Adequate	34	44	39	38	36	37	48	52	50
	Insufficient	3	5	4	5	1	3	2	2	2
	No stocks	54	37	45.5	52	50	51	43	36	39.5
	Balance	6	9	7.5	1	12	6.5	5	8	6.5
4. Average productive capacity utilisation (as %) (half-year reviewed)		58.7	62.9	60.8	56.7	55.6	56.2	54.2	61.1	57.7
5. Production (compared with same half-year of previous year)	Higher	14	14	14	14	10	12	2	21	11.5
	Similar	33	28	30.5	22	35	28.5	35	28	31.5
	Lower	52	58	55	64	55	59.5	63	52	57.5
	Balance	-38	-44	-41	-50	-45	-47.5	-61	-31	-46
6. Sales prices (compared with previous half-year)	Higher	3	2	2.5	8	3	5.5	2	8	5
	Equal	53	75	64	58	67	62.5	64	58	61
	Lower	44	24	34	34	31	32.5	34	33	33.5
	Balance	-41	-22	-31.5	-26	-28	-27	-32	-25	-28.5
7. Number of employees (compared with previous half-year)	More	8	3	5.5	9	8	8.5	16	15	15.5
	Equal	74	85	79.5	70	68	69	66	66	66
	Less	18	12	15	20	24	22	18	19	18.5
	Balance	-10	-9	-9.5	-11	-16	-13.5	-2	-4	-3

Chart 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

## 10.CONSTRUCTION AND RELATED INDUSTRIES

This sector, which had been one of the most important driving forces behind the major economic expansion that lasted for many years, is still in deep crisis, which has become progressively more marked every year since 2008. In 2012, it continued to produce rather bad results according to available indicators: the number of businesses, number of employees, wage trends, energy consumption, works carried out, public investment, imports of building materials, authorised surface area for construction, the Chamber's surveys, etc.

The average number of employees in 2012 was 3,269, 16.9% less than in 2011; in absolute terms, 663 workers less. If these figures are compared with those for 2006, it can be seen that employment fell more than half, exactly -52.7%. Imports of building materials fell to 24,052.62K Euros, 26.2% less than imports in 2011, yet if this is compared with the high reached in 2006, 72,304.62K Euros, it can be seen that imports for this year are only one third of those in 2006. Electricity consumption by this sector saw a drop of 9.6% in relation to 2011, to reach consumption of 4,361 MWh, a figure that represents only one third of consumption in 2006. This serious situation is also reflected in applications for new building permits. This year, the number of authorised square metres was only 53,482, far from the figures for previous periods.

The contribution from public investment to activity in the construction sector was not positive either. The Government's proposals for real investment in the budget for 2012 were already very small. The yearly payments were substantial but that does not mean that the yearly public investment was. Major payments were made for the investment in the Dos Valires tunnel and the Sant Julià de Lòria bypass. Real investment by the communes fell steeply, by -41.3%, meaning a drop from 11.6 million Euros in 2011 to 6.8 million Euros in 2012.

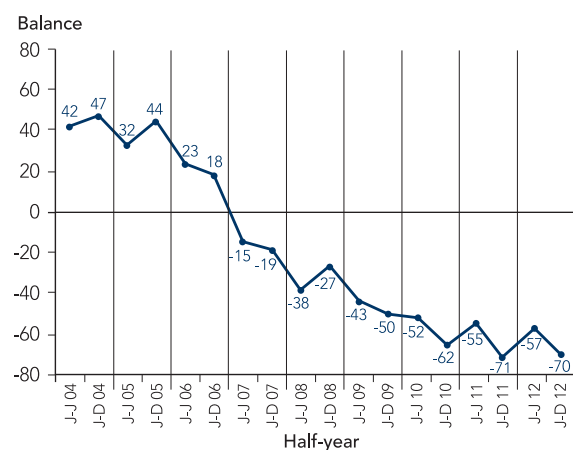
The replies to the Chamber's surveys from businesses in the sector very clearly show the situation seen in 2012: six continuous years of decline already, year by year.

The situation survey for the first half of 2012 reflects the persistently deep pessimism dominating the construction sector, at a time when economic uncertainty remains very high. Specifically, the trend

in business, despite showing a lower rate of decline than in the previous half year, continued to strike a very negative note, in line with the same period of the previous year. This corroborates the fact that the background trend in the building activity is still unfavourable and the possibility of recovery remains remote.

The volume of works carried out again shrank significantly in relation to the two previous half years, and demonstrated the continued shortage of investment in public works and also the problems of excess supply suffered by the housing sector, keeping investment in new residential construction below the minimum. In parallel, levels of contracted works were considered very low in all branches of construction. On the one hand, businesses suffered from a notable slowdown in public works contracts, which have fallen steeply since 2008, and on the other hand, they pointed to a very notable fall in non-residential construction contracts and, above all, residential works, until now the main driving force behind activity in the sector. The latter is the result of stagnation in the property market, which confirms the persistent difficulty in offloading the housing stock accumulated during the boom, despite major price adjustments. Moreover, aspects such as the difficulty in circulating credit and increased instability in the job market are factors that weigh more and more on demand and aggravate the overall situation experienced by construction. Finally, these bad results in construction, in terms of activity, have had

### 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



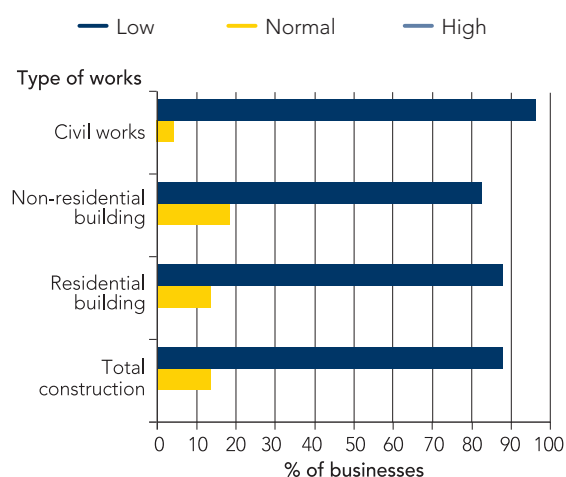
effects on the trend in sales prices, which maintained a clearly downward trend, and also in the job market, with a significant loss in the number of jobs.

According to the results of the Chamber's opinion survey for the second half of 2012, businesses show clear concern about the worsening situation in the construction sector, which continues to sink into a very deep general crisis, which has lasted for six years and still does not let up. The evaluations of business progress in the last part of 2012 reflect a major fall in business confidence which plunged again. Specifically, a record percentage of building companies (74% of the total) indicated a negative business trend and only 4% of those surveyed gave favourable opinions of the trend in activity.

The volume of works carried out again saw a notable fall in relation to the two preceding half years, as a result of the scarce investment in public works and also the major fall in demand in the residential works sector, with a housing market that still does not react. Moreover, toughening credit conditions and the falling population, in a context of economic recession and clear weakening of the job market, do not help to achieve a sustained reactivation of activity in this sector. Nor does analysis of the volume of contracted works allow for optimism.

On the one hand, businesses pointed to a major reduction in levels of contracts in the building subsector - residential and non-residential - showing

### CONTRACTED WORKS - Construction sector Half-year July-December 2012



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

the intensity of the adjustment in real estate. On the other hand, civil works, far from recovering, continued to decline steeply and saw the most negative figures in the whole series of survey results. The consequences of this weakness were also seen in the job market, which saw a steeply falling trend in employment. Finally, the low rate of activity continued to encourage a climate of moderate contract unit prices, in a context in which falling prices become a decisive factor in reviving the chances of buying a home.

The prospects for the first half of 2013 are still notably pessimistic and continue to indicate a prolonged,

### BUSINESSES' OPINIONS ABOUT TRENDS IN THE CONSTRUCTION SECTOR - % of businesses

		2010			2011			2012		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	2	0	1	4	0	2	7	4	5.5
	Normal	45	38	41.5	37	29	33	29	22	25.5
	Poor	54	62	58	59	71	65	64	74	69
	Balance	-52	-62	-57	-55	-71	-63	-57	-70	-63.5
2. Volume of works carried out (compared with same half-year of previous year)	Higher	9	4	6.5	4	4	4	7	7	7
	Equal	9	13	11	22	15	18.5	20	18	19
	Lower	81	83	82	74	81	77.5	73	76	74.5
	Balance	-72	-79	-75.5	-70	-77	-73.5	-66	-69	-67.5
3. Contract unit prices (compared with previous half-year)	Higher	0	0	0	0	0	0	0	0	0
	Equal	34	40	37	36	38	37	38	33	35.5
	Lower	66	60	63	64	63	63.5	62	67	64.5
	Balance	-66	-60	-63	-64	-63	-63.5	-62	-67	-64.5
4. Number of employees (compared with previous half-year)	More	5	2	3.5	2	4	3	7	4	5.5
	Equal	43	47	45	57	50	53.5	47	50	48.5
	Less	52	51	51.5	41	46	43.5	47	46	46.5
	Balance	-47	-49	-48	-39	-42	-40.5	-40	-42	-41

Chart 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

intense downturn in activity. Businesses foresee worsening business operations and a notable decline in the volume of works carried out, at a similar rate to the previous half year. The decline in contracted works in the subsectors of residential and non-residential buildings will still be significant, but with a more moderate profile than in previous half years. As for civil works, expectations are still more unfavourable and anticipate a notable slowdown in the execution of public works, due to budget restrictions to contain

the deficit and the public administrations' debt. Sales prices will maintain a falling trend and the process of job destruction will continue to be notable.

Weak demand – cited by 93% of businesses – is again the main obstacle to improving business. As for other factors, of note are the growing importance of finance and cash flow difficulties, which has become the second most cited obstacle by businesses (44%), followed by the increase in competition (37%).

## WORKS BY THE MINISTRY OF THE ECONOMY AND LAND. Works awarded in 2012 or in previous years and finished in 2012

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2013)
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
Envalira tunnel	Works/evacuation lane parallel to Envalira tunnel	CAPICSA	Jul-08	23 months	23,039,876.29 €	Finished
Sectoral plan new infrastructures	Sant Julià de Lòria bypass, 3rd section: link with Ave. Francesc Cairat in zone of Laurèdia Sq. to north mouth of Tàpia tunnel. Proj. 9/2005	UTE CEVALLS / COPISA / TP MONTANÉ	Jan-09	30 months	27,811,434.60 €	Finished
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 €	Finished
Construction (sewers)	Sewer Valira Nord - Escaldes to bridge at c/Josep Viladomat; phase II	TP UNITAS ARMENGOL & MONTANÉ	Dec-09	18 months	1,207,572.98 €	Finished
Dos Valires tunnel	Dos Valires tunnel; phase IV	UTE COPSA / INDRA SISTEMAS	Feb-10	15 months	22,436,014.44 €	Finished
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
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
Ordino sports grounds	Ordino specialist sports centre; phase III (sports buildings)	UTE COPSA / LOCUBSA	Jan-11	20 months	2,985,732.06 €	Finished
National Traffic Centre - implant. 112	Works 4th floor Boïgues car park	EMPUB	Feb-11	4 months	721,899.56 €	Finished
Link-road CG2 – Encamp bypass	Link-road CG2 - Encamp bypass at Ave. Joan Martí; phase II	UTE TP ARMENGOL / TP MONTANÉ	Feb-11	5 months	663,749.73 €	Finished
Link-road CG2 – Encamp bypass	Link-road CG2 – Encamp bypass; phase I	PROGEC	Feb-11	5.5 months	771,156.42 €	Finished
Resurfacing of CG, CS & streets	Resurfacing or reinforcement of road surfaces of CG and CS and streets - 2011.	PAVAND	March-11	10 months	3,245,500.00 €	Finished
School, sports and other infra.	French schools playground. Proj. 0012/2011	CEVALLS	Nov-11	4 months	313,715.03 €	Finished
School, sports and other infra.	French schools playground at La Peletera	CEVALLS	Nov-11	4 months	324,434.54 €	Finished
Repairs, masonry, roads	Platform road surface CS329; Cortals de Sispony. Proj. 0014/2011	DRAGASA	Dec-11	12 weeks	93,468.80 €	Finished
Stabilising banks	Sowing banks on road network.	INACCÉS	March-12	6 months	542,696.19 €	Finished
Occasional/functional network improvements	Modification roundabout Unió PK 0. Proj. 0007/2012	PIDASA	May-12	6 weeks	42,010.20 €	Finished
Schools	Anchors Encamp & Fiter i Rossell schools	GEOTECH	May-12	8 weeks	21,184.80 €	Finished
Occasional/functional network improvements	Improvement to former Pas de la Casa Customs	EMPUB	June-12	3 months	274,345.46 €	Finished
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 €	Finished
Schools	Lift at French school El Roc in Andorra la Vella. Proj. 0019/2012	CONSTRUCCIONS LOAN	Jul-12	8 weeks	120,531.60 €	Finished

Chart 10.2

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2013)
Winter roads	Reinstate COEX base in La Cortinada	COANSA	Jul-12	8 weeks	85,444.50 €	Finished
Schools	Installation of lift in French school in Sta. Coloma. Proj. 0016/2012	LOCUBSA	Jul-12	8 weeks	69,612.44 €	Finished
Schools	Repair toilets in Andorran school in St. Julià de Lòria. Proj. 0017/2012	EMPUB	Jul-12	8 weeks	240,029.52 €	Finished
Stream and river protection	Walls channelling Montaup	DRAGASA	Jul-12	2 months	81,418.58 €	Finished
Meritxell church refurbishment	Meritxell church refurbishment	CONSTRUCCIONS MODERNES	Aug-12	7 weeks	87,245.00 €	Finished
Schools	Emergency stairs – Encamp school	SIMCO	Aug-12	9 weeks	66,404.11 €	Finished
Public buildings	Air conditioning – Seat of Justice; phase I	INSTAL·LACIONS INTEGRALS	Sept-12	12 weeks	79,128.72 €	Finished
Public buildings	Emergency intervention to Ràdio Andorra building; phase II	EMPUB	Sept-12	14 weeks	155,004.51 €	Finished
Public buildings	Construction foundations - Les Sitges de Sal	SIMCO	Oct-12	4 weeks	10,203.90 €	Finished

Chart 10.2

Source: Department of Land Planning. Government of Andorra

## WORKS BY THE MINISTRY OF THE ECONOMY AND LAND.

Works awarded in 2012 or previous years, finished or in progress in 2013

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2013)
New Seat of Justice	New seat of Justice and extension to the Government administrative building; phase I Proj. 0018/2002 / Commune facilities	LOCUBSA	Jan-05	89 months	18,073,121.10 €	In progress
Isolated functional road network improvements	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
Resurfacing of CG, CS and streets	Resurfacing or reinforcement of road surfaces of CG and CS and streets - 2012	PAVAND	March-12	9 months	2,922,014.16 €	Finished
Mountain huts	Equipping Borda de Sorteny	MANCOMUNITAT DEL COMÚ I DELS QUARTS-ORDINO	Apr-12	5 months	478,922.95 €	In progress
Schools	Anchors at Institut Margineda	PIRINEU INSPECCIÓ I CONTROL	May-12	8 weeks	71,385.60 €	In progress
Link-road CG2 – Encamp bypass	Link-road CG2 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 - Ave. Través; phase II. Proj. 0004/2012	TP UNITAS ARMENGOL & MONTANÉ	Jul-12	5 months and 3 weeks	429,930.45 €	Finished
Widening and straightening CG1; Margineda bridge-Fontaneda bridge	Reforming crossroads CG1 - CS Fontaneda; 3 lanes	TP LA COMA	Aug-12	7 weeks	144,920.23 €	Finished
Avalanche and risk protection	Stabilise slope at Roc Corbs - Solana Andorra; phase III	DESPLOM	Aug-12	2 months	255,895.35 €	Finished
Roundabout Ave. Dr. Vilanova - Ave. Tarragona	Roundabout CG1 - Dr. Vilanova. Proj. 0029/2009	COPSA	Aug-12	17 months	2,457,989.76 €	In progress
Mountain huts	Borda de Sorteny mountain hut	COPSA	Sept-12	5 months	474,534.21 €	In progress
Construction (sewers) Stream and river protection	Sewer - Escaldes-Engordany zone. Proj. 0056/2008	TP UNITAS ARMENGOL & MONTANÉ	Sept-12	12 months	805,154.35 €	In progress
CG3; crossroads CS340 - El Serrat	CG3; La Cortinada roundabout. Proj. 0014/2012	DRAGASA	Oct-12	4.5 months	291,760.20 €	In progress
Construction (sewers)	North-east sewer; Bordes Envalira - Soldeu; phase I. Proj. 0053/2007	CEACSA	Oct-12	11 months	687,218.45 €	In progress
CG1; Margineda bridge – frontier and access	Straighten and improve drainage CG1- Riberola	COPSA	Nov-12	7 weeks	152,602.27 €	Finished
Public buildings	Active security at Edifici Les Columnes	EMTE	Nov-12	11 weeks	81,844.52 €	Finished

Chart 10.3

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2013)
Public buildings	Central heating COEX – Cortinada	SIMCO	Dec-12	6 weeks	30,842.63 €	Finished
CG3; Riu Montaner bridge - CG4 crossroads	Repairing CG3 - CS320; Sispony. Proj. 0026/2012	TP UNITAS ARMENGOL & MONTANÉ	Dec-12	14 weeks	344,785.31 €	In progress
Avalanche and risk protection	Stabilising SV1 Roc St. Vicenç Solana Andorra	DESPLOM	Jan-13	1 month	92,921.80 €	Finished
Construction (sewers)	Connection from Mereig sewer to main sewers. North-east system. Proj. 0036/2012	CONSTRUCCIONS LOAN	Jan-13	6 weeks	38,066.01 €	In progress
Stream and river protection	Dredging Gran Valira river - Parc Central zone	TP COMESA	Jan-13	6 weeks	46,029.72 €	Finished
Schools	Demolishing Aixovall modules	LOCUBSA	Jan-13	8 weeks	70,034.46 €	Finished
Repairs, masonry, roads	Stabilising Puïol del Piu, CS500. Proj. 0029/2012	DRAGASA	Jan-13	2 months	172,347.88 €	In progress
Public buildings	New CPD technical hall, at Government administrative building	AMAC	Jan-13	12 weeks	289,448.07 €	Finished
Repairs, masonry, roads	Pedestrian access; CG3 - Dos Valires. Proj. 0053/2012	LOCUBSA	Jan-13	3 months	88,091.88 €	In progress
Avalanche and risk protection	Stabilising Roc Corbs; phase IV. Proj. 0013/2012	INACCÉS	Jan-13	3 months	348,683.27 €	In progress
Avalanche and risk protection	Repairing barriers MET 2012. Proj. 0035/2012	DRAGASA	Jan-13	13 weeks	164,435.23 €	In progress
Repairs, masonry, roads	CG3; PK 15+200 - Torrent de Farreres. Proj. 0002/2011	CONSTRUCCIONS PURROY	Jan-13	15 weeks	92,633.92 €	In progress
Construction (sewers)	Restabilising various sections of main sewer - 2012. Proj. 0040/2012	CONSTRUCCIONS MODERNES	Jan-13	4 months	244,103.18 €	In progress
National stadium - Stream and river protection	Channelling right edge Valira – sports field. Proj. 0049/2012	COPSA	Jan-13	20 weeks	657,807.38 €	In progress
CG1; c/Unió - Santa Coloma roundabout	Left side CG1; PK 0+600. Proj. 0003/2012	TP UNITAS ARMENGOL & MONTANÉ	Jan-13	5 months	566,499.57 €	In progress
Construction (sewers)	North-east sewer; Bordes Envalira - Soldeu; phase II. Proj. 0051/2008	CEACSA	Jan-13	10 months	309,129.22 €	In progress
Ordino school	G. Riba d'Ordino school. Proj. 0011/2012	COPSA	Jan-13	17 months	3,249,157.88 €	In progress

Chart 10.3

Source: Department of Land Planning. Government of Andorra

## WORKS BY THE MINISTRY OF THE ECONOMY AND LAND. Works awarded in 2013 and in progress

Budget project name	Description of works	Company	Contract start date	Term	Cost	Present state (June 2013)
Resurfacing of CG, CS and streets	Resurfacing CG, CS and streets. Proj. 0038/2012	PAVAND	March-13	10 months	4,499,900.08 €	In progress
National stadium	Construction works on national stadium. Proj. 0015/2011	LOCUBSA	Apr-13	15 months	3,779,887.63 €	In progress
Road signs	Supplying safety barriers and motorbike protection on roads CG i CS - 2013	MULTISERVEIS COPRINCEP	May-13	5 days	48,231.56 €	In progress
Repairs, masonry, roads	Works to repair pavement CG1 to PK 3+500. Proj. 0014/2013	CONSTRUCCIONS MODERNES	May-13	3 weeks	49,902.24 €	In progress
Avalanche and risk protection	Protection CG6; section 1; phase III – fitting dynamic barriers. Proj. 0006/2013	INACCÉS	June-13	3.5 months	337,150.40 €	In progress
Radio Andorra	Emergency interventions to Ràdio Andorra building; phase III. Proj. 0008/2013	COANSA	June-13	16 weeks	179,375.53 €	In progress
Road signs	New fit and repair to safety barrier on CG and CS	PROGEC	June-13	6 months	47,617.31 €	In progress
Schools	Refurbishment of Andorran kindergarten playground in Santa Coloma	CONSTRUCTORA IMMOBILIÀRIA CARRACEDO	Jul-13	4 weeks	94,282.56 €	In progress

Chart 10.4

Source: Department of Land Planning. Government of Andorra

**WORKS BY THE MINISTRY OF THE ECONOMY AND LAND. Works expected to start in 2013**

	Budget project name	Description of works
<b>Canillo</b>	New school - Canillo	Extending Canillo School
	Avalanche and risk protection	Protection CG2, eastern access to Canillo
	Roundabout on CG2 - Gros river zone	Roundabout on CG2 - river Gros area
	Avalanche and risk protection	Protection CG2, eastern Vall del Riu area
	CG2; Ransol - Soldeu	Roundabout CG2 - Tarter area
	CG2; Ransol - Soldeu	CG2; Tarter - Roc de Sant Miquel area, Sector 2. Proj. 0045/2012
	Avalanche and risk protection	Protection CG2; Sant Joan de Caselles area. Proj. 0016/2013
<b>Encamp</b>	Schools	Pas de la Casa school façade
	CG2 - CS220 - Pont de Mollereres	CG2 - Encamp slate quarry
	Occasional/functional road improvements	Reform square and build office of community police service -Pas de la Casa
	Avalanche and risk protection	Proteccions antiavalles CG2, zona de la Gavatxa
<b>Ordino</b>	CG3; crossroads CS340 - El Serrat	El Serrat bypass - development road
	Schools	Prefab modules at La Covanella
	Ordino sports grounds	Ordino specialised sports centre - Athletics building and football stands; phase IV
<b>La Massana</b>	CG3; river Montaner bridge - crossroads CG4	CG3; Sispony crossroads
	CG4; Erts - Pal crossroads	Improvement CG4 - inner Pal
	Highways	Highways MTB
	Repairs, masonry, roads	Stabilising CG4, Fontanals area
	Construction (sewers)	Fixing final section of storm drains - Serra de l'Honor area; phase I
<b>Andorra la Vella</b>	River and stream protection	Channelling c/Prat Salit - c/Pobladó; phase IV (left and right margins)
	Public buildings	Edifici Boigues
	Public buildings	Improving pedestrian areas (Edifici Govern - Agència Tributària)
	Avalanche and risk protection	Lateral protection Roc del Corb; phase V
	Avalanche and risk protection	Lateral protection Roc de Persoma
	Occasional/functional road improvements	Improving access to París bridge
	Schools	Reforming and extending La Gavernera home
	Stabilising banks	Stabilising bank of Sant Ermengol car park
	Public buildings	Seat of Justice air conditioning, Edifici Les Columnes; phase II. Proj. 0030/2013
<b>Sant Julià de Lòria</b>	CG1; Margineda bridge - Frontier and access	CG1; Remodelling Ave. Rocafort
	Avalanche and risk protection	Protection CG1, Aixovall crossroads area
	Arranging town square	Sant Julià de Lòria town square
	Schools	Supply and fit fuel deposit - St.Julià de Lòria Andorran school
<b>Escaldes-Engordany</b>	CG2; Carrer Unió - Tosca bridge roundabout	Roundabout area of Obac administrative building
	Mountain huts	Madriu mountain hut

Chart 10.5

Continued		
	Budget project name	Description of works
Miscellaneous	Repairs, masonry, roads	Stabilising platform Coll d'Ordino (Canillo - Ordino)
	Repairs, masonry, roads	Stabilising road platforms (all parishes)
	Stabilising banks	Stabilising banks (all parishes)
	Public buildings	Energy efficiency and saving (all parishes)

Chart 10.5 Source: Department of Land Planning, Government of Andorra

## 11. SERVICES

The services sector continued to suffer from the impact of the crisis. All branches forming the hard core of the Andorran economy were affected by the decline in activity: commerce, hotels, restaurants and, in general, all activities linked to tourism.

Apart from the financial sector, which saw an increase in employment of 1.7%, all other branches saw major reductions in the number of employees and rates of decline that were generally greater than in the previous year. So, in commerce, the reduction in employees was -3.5%; in education, -4.9%; in transport, -4.3%, and in hotels and catering -4.0%. Overall, wages stagnated or else tended to fall and electricity consumption also remained quite stable.

### 11.1. Commerce

If the number of visitors slows and they buy less, the retail trade feels the effect. This is what happened in Andorran commerce in 2007, and in 2012 the same trend continued. Employment fell -3.5%, wages -0.6% and electricity consumption -1.6%. Logically, imports also fell; the global figure decreased 5.7% but if building materials, tobacco and fuel are excluded, the fall in other imports was -7.5%.

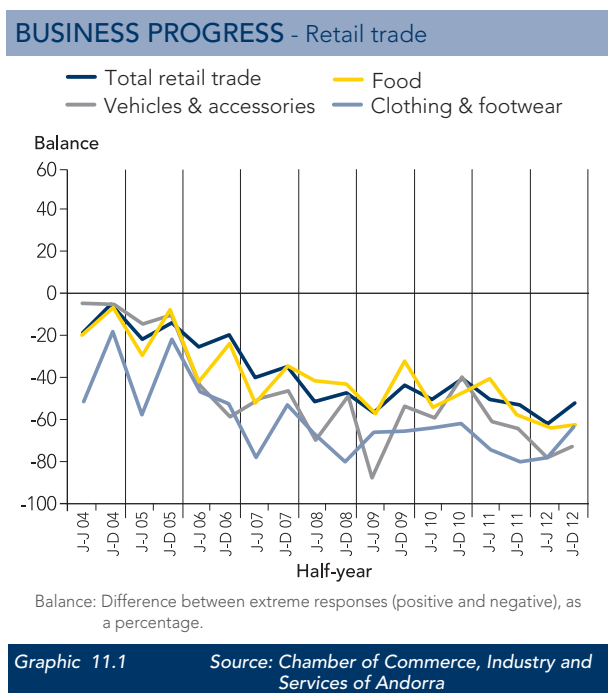
The results of the Chamber's surveys confirm these figures and highlight the continued climate of uncertainty.

The retail trade showed one of the most negative balances in the current economic situation. So, the results of the situation survey for the first half of 2012 depict a historic fall in business spirits and warn of the delicate times that this sector is going through in the face of the persistent fall in private consumption.

Businesses' opinions about the trend in business were the most pessimistic ever seen in this crisis, and suggest that the decline in commercial activity is becoming deeper and more generalised.

From a sectoral perspective, the unfavourable trend in business dominated most branches. However, the bad results in the branches of vehicles and accessories and clothing and footwear stand out, continuing the trend that appeared in the last two half years and again showing a negative business climate that was more marked than in the rest of commerce.

Overall, the steep downturn in sales suffered by the sector for the last five years became more marked again in the first half of 2012, in which commerce indicated very low levels of sales, much lower than the already negative levels in 2011. This downturn in sales confirms that households are barely interested





**BUSINESSES' OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of businesses**

1. Business progress (half-year reviewed)		2010			2011			2012		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Good	7	7	7	7	5	6	4	6	5
	Normal	35	48	41.5	37	36	36.5	30	37	33.5
	Poor	58	46	52	57	59	58	66	57	61.5
	Balance	-51	-39	-45	-50	-54	-52	-62	-51	-56.5
Food	Good	10	0	5	15	0	7.5	0	3	1.5
	Normal	26	53	39.5	30	42	36	38	30	34
	Poor	64	47	55.5	55	58	56.5	63	67	65
	Balance	-54	-47	-50.5	-40	-58	-49	-63	-64	-63.5
Clothing & footwear	Good	2	3	2.5	5	0	2.5	0	5	2.5
	Normal	32	32	32	18	21	19.5	22	29	25.5
	Poor	66	65	65.5	78	79	78.5	78	67	72.5
	Balance	-64	-62	-63	-73	-79	-76	-78	-62	-70
Household equipment	Good	6	4	5	0	7	3.5	3	9	6
	Normal	27	52	39.5	41	39	40	29	28	28.5
	Poor	67	44	55.5	59	54	56.5	68	63	65.5
	Balance	-61	-40	-50.5	-59	-47	-53	-65	-54	-59.5
Hygiene & health	Good	12	5	8.5	9	5	7	0	14	7
	Normal	52	74	63	43	40	41.5	65	50	57.5
	Poor	36	21	28.5	48	55	51.5	35	36	35.5
	Balance	-24	-16	-20	-39	-50	-44.5	-35	-22	-28.5
Electronics	Good	6	6	6	0	5	2.5	13	6	9.5
	Normal	28	29	28.5	44	50	47	31	44	37.5
	Poor	67	65	66	56	45	50.5	56	50	53
	Balance	-61	-59	-60	-56	-40	-48	-43	-44	-43.5
Vehicles & accessories	Good	4	4	4	0	8	4	0	0	0
	Normal	33	54	43.5	40	20	30	22	28	25
	Poor	63	42	52.5	60	72	66	78	72	75
	Balance	-59	-38	-48.5	-60	-64	-62	-78	-72	-75
Other trades	Good	11	12	11.5	8	7	7.5	8	9	8.5
	Normal	41	49	45	40	36	38	21	41	31
	Poor	48	39	43.5	51	57	54	71	50	60.5
	Balance	-37	-27	-32	-43	-50	-46.5	-63	-41	-52
Supermarkets & department stores	Good	0	15	7.5	13	8	10.5	0	0	0
	Normal	54	39	46.5	53	46	49.5	60	70	65
	Poor	46	46	46	33	46	39.5	40	30	35
	Balance	-46	-31	-38.5	-20	-38	-29	-40	-30	-35

Chart 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

in consumption as families prefer to stay cautious and allocate less of their income to spending, in a context marked by a loss of purchasing power and a clear lack of confidence in the future of the labour and economic situation. By subsectors, the interannual decline in sales figures seriously harmed specialised small trade – especially the segments of vehicles and accessories and household equipment – but also affected department stores, even though in the latter case, the rate of contraction in sales appeared to be a little more moderate than for other establishments. In the traders' opinion, stocks of products were mostly considered adequate for the time of the year and the number of people employed in the sector continued to fall. Finally, in relation to sales prices, the downturn in consumption continued

to drive a vigorous policy of sales and discounts in most shops.

In the second half, the situation survey on the retail trade reflects that business saw a slight, basically seasonal recovery during the last six months of 2012. Nevertheless, in interannual terms, it is still considered very weak, following the bad results that the sector has obtained since consumption began to fall fast in 2008.

From a sectoral perspective, the worsening business situation was significant in most areas of commerce. Now, on the most negative side are notably the branches of food and household equipment, with a more unfavourable trend in activity than one year >

before, especially the disastrous levels in the branch of vehicles and accessories which has maintained an intensely pessimistic climate in every half year since 2006, in line with the marked falling trend in activity. For its part, the subsector of clothing and footwear – which in recent times has had notably bad results - also showed a very weak rate of activity but with a certain tendency to moderate the steep decline of previous half years. In other branches, the downturn in business stabilised or showed a more moderate profile.

The global sales figure continued to fall, though we should qualify this in that a clear slowdown in the rate of fall can be seen in relation to the previous two half years, a moderation that can only be explained by the

accumulation of many half years of continual falls. By subsectors, the interannual fall in the sales figures was felt intensely in small specialised trade and affected both the food branch and the other product segments in a generalised manner, mainly durable goods and those for personal use (such as clothing and footwear and hygiene and health). In contrast, only supermarkets and department stores showed more stable behaviour and managed to maintain similar sales levels to one year ago. So, as could be expected in the current situation of economic weakness and uncertainty, it has been confirmed that consumers tend to adjust their rate of spending more rationally, prioritising the price factor and being cautious in relation to the convenience of doing large shops.

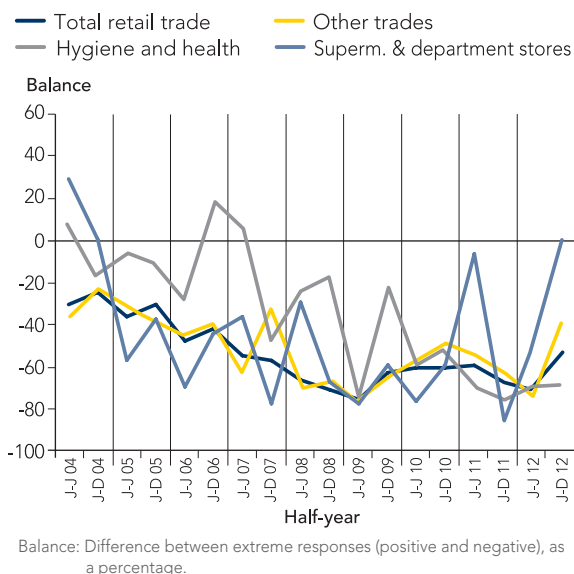
## BUSINESSES' OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of businesses

2. Sales figures (half-year reviewed compared with same half-year of previous year)		2010			2011			2012		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Higher	8	9	8.5	9	7	8	3	9	6
	Similar	24	23	23.5	23	20	21.5	22	30	26
	Lower	68	69	68.5	68	74	71	75	61	68
	Balance	-60	-60	-60	-59	-67	-63	-72	-52	-62
Food	Higher	13	0	6.5	9	6	7.5	3	3	3
	Similar	15	21	18	25	17	21	28	33	30.5
	Lower	72	79	75.5	66	77	71.5	69	63	66
	Balance	-59	-79	-69	-57	-71	-64	-66	-60	-63
Clothing & footwear	Higher	13	12	12.5	5	7	6	0	8	4
	Similar	23	9	16	23	14	18.5	28	25	26.5
	Lower	64	79	71.5	72	79	75.5	73	68	70.5
	Balance	-51	-67	-59	-67	-72	-69.5	-73	-60	-66.5
Household equipment	Higher	10	8	9	12	8	10	3	6	4.5
	Similar	16	24	20	15	35	25	19	28	23.5
	Lower	74	68	71	73	58	65.5	77	66	71.5
	Balance	-64	-60	-62	-61	-50	-55.5	-74	-60	-67
Hygiene & health	Higher	0	11	5.5	5	0	2.5	0	0	0
	Similar	42	26	34	23	25	24	30	32	31
	Lower	58	63	60.5	73	75	74	70	68	69
	Balance	-58	-52	-55	-68	-75	-71.5	-70	-68	-69
Electronics	Higher	6	0	3	0	10	5	7	11	9
	Similar	11	19	15	7	10	8.5	14	39	26.5
	Lower	83	81	82	93	80	86.5	79	50	64.5
	Balance	-77	-81	-79	-93	-70	-81.5	-72	-39	-55.5
Vehicles & accessories	Higher	13	8	10.5	4	4	4	0	8	4
	Similar	25	33	29	30	15	22.5	18	20	19
	Lower	63	58	60.5	65	81	73	82	72	77
	Balance	-50	-50	-50	-61	-77	-69	-82	-64	-73
Other trades	Higher	4	12	8	11	9	10	7	15	11
	Similar	33	26	29.5	24	21	22.5	13	30	21.5
	Lower	62	62	62	65	70	67.5	80	55	67.5
	Balance	-58	-50	-54	-54	-61	-57.5	-73	-40	-56.5
Supermarkets & department stores	Higher	0	8	4	33	0	16.5	0	30	15
	Similar	23	25	24	27	15	21	50	40	45
	Lower	77	67	72	40	85	62.5	50	30	40
	Balance	-77	-59	-68	-7	-85	-46	-50	0	-25

Chart 11.2

Source: Chamber of Commerce, Industry and Services of Andorra

### 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

In general terms, stocks of products were estimated as rather low and only considered high again in the branch of clothing and footwear. The number of

employees in the sector continued to fall and sales prices continued to be adjusted downward, especially in markets under high pressure from competition, such as the segments of hygiene and health, clothing and footwear, and electronics.

Expectations for the first half of 2013 are less negative than those for the last two half years and indicate a slower decline in business progress. In businesses' opinions, the downturn in sales figures will continue, and although this is expected to be quite generalised in most branches, a slightly more moderate profile is expected in the next few months, to a certain extent logical after so many half years of steep falls. The number of employees in the sector will tend to fall and sales prices will generally show quite stable behaviour.

The factors limiting improvement in business most often cited by businesses were weak demand (cited by 84% of trades), loss of attractiveness in the area (mentioned by 45% of responses) and rising operating costs (cited by 42% of the businesses consulted).

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### IMPORTS - Thousand Euros

	2006	2007	2008	2009	2010	2011	2012
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	65,294.51	65,485.18	67,536.29	62,284.73	58,907.76	59,235.51	59,039.35
Section II (Chapters 06-14) Vegetable products	19,882.47	21,295.74	22,605.94	22,087.89	24,550.12	23,118.05	22,875.64
Section III (Chapter 15) Fats and oils	6,035.06	5,537.94	5,613.66	4,705.33	4,433.04	4,774.08	4,638.52
Section IV (Chapters 16-24) Food products, beverages and tobacco	178,319.43	161,717.34	172,381.93	161,633.98	169,679.09	175,407.59	174,068.05
Section V (Chapters 25-27) Mineral products	100,335.56	108,799.45	138,676.80	107,659.88	125,842.18	149,795.03	160,878.79
Section VI (Chapters 28-38) Products of the chemical industries	148,308.58	153,654.44	148,373.01	139,931.64	136,943.38	143,659.56	124,687.20
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	27,886.57	28,469.40	27,699.87	25,477.20	24,087.08	23,561.97	22,468.90
Section VIII (Chapters 41-43) Furs, leather and articles thereof	23,259.17	23,151.70	20,843.64	15,739.85	1,033.36	16,633.42	14,943.21
Section IX (Chapters 44-46) Wood, cork and articles thereof	16,488.65	15,039.67	12,173.31	9,945.09	8,672.18	6,946.32	5,958.05
Section X (Chapters 47-49) Paper and graphic arts	23,672.36	24,120.96	24,034.86	22,652.34	27,344.74	26,853.16	24,689.77
Section XI (Chapters 50-63) Textiles and articles thereof	126,283.54	129,900.27	121,536.36	112,692.13	115,109.90	112,735.95	102,933.95
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	37,166.85	37,046.21	34,985.56	34,715.46	37,344.13	37,100.52	30,969.50
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	27,818.24	28,015.20	24,724.21	18,034.19	16,778.57	13,938.81	13,074.14
Section XIV (Chapter 71) Pearls, precious stones and metals	13,482.20	13,543.25	11,738.28	10,820.89	10,284.83	11,390.51	8,013.61
Section XV (Chapters 72-83) Base metals and articles thereof	66,633.94	59,422.25	54,507.73	44,016.87	38,450.39	34,287.19	29,161.14
Section XVI (Chapters 84-85) Machinery and electrical equipment	247,956.79	243,208.35	196,767.22	161,723.01	138,848.30	128,965.07	127,547.60
Section XVII (Chapters 86-89) Transport material	153,130.44	130,727.95	102,218.25	79,694.32	84,694.28	82,863.22	68,454.20
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	53,210.92	54,543.37	50,442.90	39,904.65	42,755.54	44,076.99	43,941.61
Section XIX (Chapter 93) Arms and ammunition	1,281.48	1,370.07	1,293.41	1,142.14	971.16	964.32	1,061.14
Section XX (Chapters 94-96) Miscellaneous manufactured articles	77,187.02	82,282.13	71,093.12	60,464.16	59,317.80	51,701.46	43,454.51
Section XXI (Chapters 97-99) Works of art, antiques	2,047.69	8,018.22	3,433.78	2,025.77	654.47	1,161.34	1,382.86
<b>Total</b>	<b>1,415,681.45</b>	<b>1,395,349.11</b>	<b>1,312,680.15</b>	<b>1,137,351.51</b>	<b>1,141,702.31</b>	<b>1,149,170.06</b>	<b>1,084,241.75</b>

Chart 11.3

Source: Andorran Customs

Without doubt the best indicator for measuring how Andorran commerce has progressed, both overall and in detail, is to observe the imports figures. Most of the imported goods are sold to the retail trade, both to Andorrans themselves and, above all, to visitors. This year's figures clearly depict the crisis and the trend in the Andorran economy, especially commerce, the largest sector. The absolute value of imports in 2012 reached 1,084.2 million Euros, 5.7% less than that of 2011. If this figure is compared with that of 2005, the last year of major activity, it appears that the fall in imports was 24.8%.

In 2012, there was a general downturn in imports. From the chapter-by-chapter analysis, it appears that very few had positive behaviour and among those which went well, there are some with very modest growth. Among the chapters with positive behaviour are notably works of art, collectors' items and antiques, with 27.1% growth; mechanical apparatus, with an increase of 10.7%; clocks and watches, with an increase of 9.2%, and soaps and waxes, which grew 7.2%. As has been said, there are other chapters that

increased but they did so very slowly. This is the case of plastics and products thereof, which grew 2.9%; alcoholic beverages, which grew 2.0%, and finally, milk and dairy produce (+1.3%) and meat and fish products (+0.3%).

Most of the other chapters decreased, some substantially. The most notable cases are furs and leather, which shrank 36.2%, and pearls, precious stones and metals, which fell 29.6%. There were also significant declines in the chapters of toys and leisure and sports articles (-28%), sugar and confectionery (-21.4%), perfumery (-19.9%), motorised vehicles and motorbikes (-16.7%), footwear, headgear and umbrellas (-16.5%), cutlery and knives (-15.8%) and furniture and lighting (-15.7%). There were also falls in imports of optical, photographic and cinematographic apparatus (-9.6%), all textiles, which together fell -8.7%; products of graphic arts (-11.1%) and electrical and electronic apparatus (-8.3%). It should be said that there are still many others that have also fallen but they did so much more slowly; this is the case, in general, of food products and also pharmaceuticals (-2.1%).

#### STRUCTURE OF IMPORTS - %

	2006	2007	2008	2009	2010	2011	2012
Section 0 (Chapter 00)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Section I (Chapters 01-05) Live animals and animal products	4.6	4.7	5.1	5.5	5.2	5.2	5.4
Section II (Chapters 06-14) Vegetable products	1.4	1.5	1.7	1.9	2.2	2.0	2.1
Section III (Chapter 15) Fats and oils	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Section IV (Chapters 16-24) Food products, beverages and tobacco	12.6	11.6	13.1	14.2	14.9	15.3	16.1
Section V (Chapters 25-27) Mineral products	7.1	7.8	10.6	9.5	11.0	13.0	14.8
Section VI (Chapters 28-38) Products of the chemical industries	10.5	11.0	11.3	12.3	12.0	12.5	11.5
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	2.0	2.0	2.1	2.2	2.1	2.1	2.1
Section VIII (Chapters 41-43) Furs, leather and articles thereof	1.6	1.7	1.6	1.4	1.4	1.4	1.4
Section IX (Chapters 44-46) Wood, cork and articles thereof	1.2	1.1	0.9	0.9	0.8	0.6	0.5
Section X (Chapters 47-49) Paper and graphic arts	1.7	1.7	1.8	2.0	2.4	2.3	2.3
Section XI (Chapters 50-63) Textiles and articles thereof	8.9	9.3	9.3	9.9	10.1	9.8	9.5
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	2.6	2.7	2.7	3.1	3.3	3.2	2.9
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	2.0	2.0	1.9	1.6	1.5	1.2	1.2
Section XIV (Chapter 71) Pearls, precious stones and metals	1.0	1.0	0.9	1.0	0.9	1.0	0.7
Section XV (Chapters 72-83) Base metals and articles thereof	4.7	4.3	4.2	3.9	3.4	3.0	2.7
Section XVI (Chapters 84-85) Machinery and electrical equipment	17.5	17.4	15.0	14.2	12.2	11.2	11.8
Section XVII (Chapters 86-89) Transport material	10.8	9.4	7.8	7.0	7.4	7.2	6.3
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	3.8	3.9	3.8	3.5	3.7	3.8	4.1
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	5.9	5.4	5.3	5.2	4.5	4.0
Section XXI (Chapters 97-99) Works of art, antiques	0.1	0.6	0.3	0.2	0.1	0.1	0.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Chart 11.4

Source: Andorran Customs

## VARIATIONS IN IMPORTS - %

	2006	2007	2008	2009	2010	2011	2012
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	0.7	0.3	3.1	-7.8	-5.4	0.6	-0.3
Section II (Chapters 06-14) Vegetable products	4.3	7.1	6.2	-2.3	11.1	-5.8	-1.0
Section III (Chapter 15) Fats and oils	4.5	-8.2	1.4	-16.2	-5.8	7.7	-2.8
Section IV (Chapters 16-24) Food products, beverages and tobacco	-5.3	-9.3	6.6	-6.2	5.0	3.4	-0.8
Section V (Chapters 25-27) Mineral products	23.8	8.4	27.5	-22.4	16.9	19.0	7.4
Section VI (Chapters 28-38) Products of the chemical industries	1.9	3.6	-3.4	-5.7	-2.1	4.9	-13.2
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	-0.7	2.1	-2.7	-8.0	-5.5	-2.2	-4.6
Section VIII (Chapters 41-43) Furs, leather and articles thereof	-0.6	-0.5	-10.0	-24.5	1.9	3.7	-10.2
Section IX (Chapters 44-46) Wood, cork and articles thereof	-1.0	-8.8	-19.1	-18.3	-12.8	-19.9	-14.2
Section X (Chapters 47-49) Paper and graphic arts	-4.9	1.9	-0.4	-5.8	20.7	-1.8	-8.1
Section XI (Chapters 50-63) Textiles and articles thereof	2.5	2.9	-6.4	-7.3	2.1	-2.1	-8.7
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	-5.4	-0.3	-5.6	-0.8	7.6	-0.7	-16.5
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	2.7	0.7	-11.7	-27.1	-7.0	-16.9	-6.2
Section XIV (Chapter 71) Pearls, precious stones and metals	-24.2	0.5	-13.3	-7.8	-5.0	10.8	-29.6
Section XV (Chapters 72-83) Base metals and articles thereof	9.2	-10.8	-8.3	-19.2	-12.6	-10.8	-15.0
Section XVI (Chapters 84-85) Machinery and electrical equipment	-9.1	-1.9	-19.1	-17.8	-14.1	-7.1	-1.1
Section XVII (Chapters 86-89) Transport material	-7.6	-14.6	-21.8	-22.0	6.3	-2.2	-17.4
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	-0.2	2.5	-7.5	-20.9	7.1	3.1	-0.3
Section XIX (Chapter 93) Arms and ammunition	-10.3	6.9	-5.6	-11.7	-15.0	-0.7	10.0
Section XX (Chapters 94-96) Miscellaneous manufactured articles	-2.8	6.6	-13.6	-15.0	-1.9	-12.8	-16.0
Section XXI (Chapters 97-99) Works of art, antiques	-28.4	291.6	-57.2	-41.0	-67.7	77.4	19.1
<b>Total</b>	<b>-1.8</b>	<b>-1.4</b>	<b>-5.9</b>	<b>-13.4</b>	<b>0.4</b>	<b>0.7</b>	<b>-5.7</b>

Chart 11.5

Source: Andorran Customs

## 11.2. The financial system

The financial system is one of the main foundations of the Andorran economy, with a share of about 18%. In 2012, this sector also felt the effects of the general crisis, both inside and outside Andorra, although on the whole, it came out quite well. The number of employees in the whole sector continued to grow, but at a very slow rate, as it only increased 1.7% in relation to the previous year. Average wages, which are the highest of all sectors of the Andorran economy, remained almost stable, rising only 0.1%. Finally, electricity consumption in the sector fell only slightly by 0.6%.

The core of the Andorran financial system is the banking system, which consists of a total of five banking groups with a network of 44 branches. On a positive note, we should highlight the sector's excellent solvency and liquidity ratios - 21.22% and 65.46%, respectively - among the highest in European countries and indicating the good performance of the Andorran financial system. Equally, both consolidation of the domestic market and the good outcome of

the internationalisation of Andorran banking have resulted in business diversification and growth and also an increase in structures and the aggregate number of employees – domestic and international – of 9.8%, without undergoing major increases in their efficiency ratios.

### THE MOST SIGNIFICANT AGGREGATE DATA FOR THE ANDORRAN BANKS - Thousand Euros

	2011	2012
Total assets	14,102,898	15,234,158
Gross credit investment	7,431,342	7,629,465
Managed funds	31,090,137	35,390,075
Results <sup>(*)</sup>	196,541	196,838
ROE	12.97%	12.60%
ROA	1.48%	1.32%
Efficiency ratio	44.24%	48.77%
Solvency ratio	20.96%	21.22%
Liquidity ratio	66.58%	65.46%
Default rate	2.94%	3.33%

(\*) Results attributed to the group.

Chart 11.6

Source: Andorran Bank Association



Another indicator of solvency in the banking entities are the ratings prepared by specialised agencies such as Fitch Ratings, Moody's or Standard & Poor's. You can see the ratings awarded in 2012 to some Andorran banks in the adjoined table. Moody's had not yet issued its 2012 report at the time of publication.

In 2012, the aggregate assets of Andorran banks saw an increase, mainly in the chapter Portfolio of securities, with an increase of 14.7% against 2011 (representing 29.9% of the total assets) and also in the chapter Credit investment, with an increase of 2.5% against 2011 (representing 49.5% of the total assets).

The composition of the aggregate liabilities at the end of the 2012 financial year is characterised by the relatively significant share of clients' Deposits in the Andorran banks' finance structure, representing 70.4% of aggregate liabilities (75.2% in 2011). Own funds represent 9.5% and Results 0.9%, while the rest of the liabilities consist mainly of the chapters Other liabilities, with 9.0% and Financial intermediaries, with 10.2%.

The slowdown suffered by gross credit investment in 2009 – the growth rate went from 8.5% in 2008 to

#### RATINGS AWARDED TO ANDORRAN BANKS

	Ratings (2012)		Agency
	Long-term	Short-term	
Andbank Group	A-	F2	Fitch Ratings
MoraBanc Group	A3	P-2	Moody's
Banca Privada d'Andorra	BB+	B	Fitch Ratings
Crèdit Andorrà Group	A-	F2	Fitch Ratings
BancSabadell d'Andorra <sup>(*)</sup>	-	-	-

(\*) 51% owned by Banc Sabadell.

Chart 11.7 Source: Fitch Ratings' report in June 2013. Moody's report for 2012 had not been received at the time of publication

1.8% in 2009 – was mainly due to the effects of the economic slowdown and the entities' stricter caution in conceding credit operations. The aggregate growth rate in the last three years was 3.5%, 4.1% and 2.3% for the period 2010, 2011 and 2012, denoting a certain recovery in confidence in the financial markets.

The aggregate default rate of the Andorran banks was 3.33% on 31 December 2012 (dubious loans / credit investment to customers). This rate saw a rising trend in recent years in line with the deterioration in the economic situation, although

#### ANDORRAN BANKS BALANCE SHEET DATA. 2011 - 2012 - Thousand Euros

	ANDBANK GROUP		MORABANC GROUP		BANCA PRIVADA D'ANDORRA		CRÈDIT ANDORRÀ GROUP		BANC SABADELL D'ANDORRA		ANDORRAN BANKS AGGREGATE BALANCE SHEET	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
<b>ASSETS</b>												
Cash and banks	451,918	579,445	241,387	289,735	321,569	321,428	429,659	409,427	59,085	55,847	1,503,618	1,655,882
Credit investment <sup>(1)</sup>	1,684,136	1,792,920	1,096,393	1,127,334	1,077,964	1,124,663	3,090,775	3,071,818	399,449	416,841	7,348,717	7,533,576
Portfolio of securities	940,059	993,937	889,675	577,201	596,708	1,005,315	1,426,527	1,851,627	121,155	129,368	3,974,124	4,557,448
Tangible assets	128,522	133,681	96,172	97,621	143,153	141,305	281,523	321,346	18,239	23,505	667,609	717,458
Intangible assets	13,053	14,161	16,075	14,127	13,979	19,266	46,053	56,234	3,124	3,002	92,284	106,790
Other assets	149,969	186,877	28,797	41,452	182,065	233,486	143,558	188,077	12,157	13,112	516,546	663,004
<b>TOTAL ASSETS</b>	<b>3,367,657</b>	<b>3,701,021</b>	<b>2,368,499</b>	<b>2,147,470</b>	<b>2,335,438</b>	<b>2,845,463</b>	<b>5,418,095</b>	<b>5,898,529</b>	<b>613,209</b>	<b>641,675</b>	<b>14,102,898</b>	<b>15,234,158</b>
<b>LIABILITIES</b>												
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 <sup>(2)</sup>	310,842	311,627	180,816	197,619	150,236	149,232	379,998	410,596	19,173	23,499	1,041,065	1,092,573
Results	54,246	56,581	46,687	45,175	18,809	17,588	70,628	70,862	6,452	6,624	196,822	196,830
Subordinated liabilities	-	-	60,000	60,000	63,667	63,131	150,000	150,000	-	-	273,667	273,131
Financial intermediaries	158,687	450,329	123,981	52,820	362,778	691,959	142,723	303,194	45,280	53,418	833,449	1,551,720
Deposits	2,603,367	2,580,506	1,851,030	1,682,732	1,484,676	1,621,477	4,315,606	4,454,875	357,442	388,814	10,612,121	10,728,404
Other liabilities	162,454	223,917	63,578	66,717	185,272	232,076	289,140	439,002	154,794	139,252	855,238	1,100,964
<b>TOTAL LIABILITIES</b>	<b>3,367,657</b>	<b>3,701,021</b>	<b>2,368,499</b>	<b>2,147,470</b>	<b>2,335,438</b>	<b>2,845,463</b>	<b>5,418,095</b>	<b>5,898,529</b>	<b>613,209</b>	<b>641,675</b>	<b>14,102,898</b>	<b>15,234,158</b>

(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



the Andorran banks' default rate remains at considerably lower levels than those of credit institutions in neighbouring countries.

Funds managed by Andorran banks, i.e. customers' deposits and intermediation, whether custodial or not, saw growth of 13.8% in 2012, reaching the figure of 35,390K Euros, marking a historic high and surpassing the levels achieved in 2011. The increase came mostly from intermediation (shares, investment funds, bonds, etc.) which increased 20.4% and represents 69.7% of managed funds. Clients' deposits also increased, but to a lesser extent, by 1.1%. The increase in managed funds is greatly due to intermediation, the effect of internationalisation and the revaluation of financial markets encouraged by interventions by central banks.

The Andorran banking system, in this critical year for the international financial system, obtained an aggregate result of 196.8 million Euros (0.2% higher than in 2011). The increase in personnel costs and general costs, due to major international expansion, was compensated by the increase in ordinary revenue.

### 11.3. Tourism

As we have often remarked, it is tourism that sets the trend for most economic activities in this country. To the absolute volume of visitors should be added, at any rate, their purchasing power and spending intentions. This year, the decline in numbers of visitors was not as important as in other years but, on the other hand, their spending fell, as can be seen in the trend in commercial sales.

Entries of visitors (tourists and day-trippers) fell only 1%. The numbers of Spanish fell most, by 2.9%; the French remained practically stable, as they only fell 0.2% and, in contrast, other nationalities increased 7%. This greater diversification is good for the country's economy. Tourists, who stay at least one night, fell only 0.2%, while day-trippers fell -1.4%. By nationalities, the numbers of French tourists and other nationalities rose, while the Spanish fell 1.2%. As for day-trippers, the increase was in other nationalities, with 12.2%, with falling numbers of French (-0.3%) and Spanish (-4.0%).

Whereas in the 2011-2012 ski season, the weather had a very negative impact on tourism due to scarce snowfall, in the last season the weather did the

opposite: snowfall and temperatures encouraged skiers to come, although occasional excesses of snow were also detrimental at times. The 2012-2013 season ended with 2,181,533 skiing days sold, a figure that represents a 9.4% increase in relation to the 2011-2012 season.

The skiing season was long. It began on 1 December at the two main national ski areas and ended on 7 April at Vallnord and 28 April at Grandvalira. This means 128 days open at Vallnord and 149 at Grandvalira.

In recent years, investments by the ski resorts were relatively modest. In 2011, 7 million Euros were invested and in 2012, 8.3 million Euros. On the other hand, they have continued to pursue promotional campaigns abroad and make efforts to organise and diversify many activities to attract clients.

Caldea spa was also affected by the crisis. This is an activity centre that has attracted many visitors. The high point was reached between 2002 and 2005 with more than four hundred thousand tickets sold per year. Since then, the trend dipped. In 2012, the number of tickets sold was 292,958, 6.3% less than in 2011. Clearly, this affected revenue, which fell 7.3%, and profits in particular, which were 904K Euros >

PASSES/DAY 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
2012 – 2013	2,181,533

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

Chart 11.9 Source: Ski Andorra

this year, 53.2% less than in 2011. The number of employees remained stable.

The 2012 financial year was not very good for the Ice Palace. Income fell 27.7%, seriously affecting profits. The installation received current expenditure grants of 397,986 Euros and capital grants of 73,833 Euros. The Palace has made investments in improvements of 75,348 Euros and the final result for the financial year was losses of 112,169 Euros.

Naturlandia, the ecological theme park at Camp de la Rabassa, which had quite bad results in the 2011-2012 season, improved in 2012 and had a better snow season in 2012-2013.

Finally, the available data about overnight stays at the various types of establishments, obtained using the new methodology, indicate that there were 6,636,279 overnight stays, meaning an increase of 1.9% compared with 2011. By type of establishment, two thirds were in hotels and ten percent in holiday apartments. The months when most available beds were used were January, February, March and August, and the least used were May, June and November.

In the adjoined tables are the data for tourist accommodation by parish and the data per type of establishment and category. The accommodation supply has not changed much and the slight increase seen is due more to matters of record than a real increase in the supply.

As for hotel managers' perceptions gathered by this situation survey in the first half of 2012, the trend in business is considered to be very weak and, overall, a little worse than one year before. So, in a context of global economic crisis and clear exhaustion of the Andorran tourism market, the hotel sector continues to suffer from a significant adjustment in tourism demand, closely linked to the delicate economic situation experienced by neighbouring countries, especially Spain. Moreover, the significant changes in consumer trends should also be taken into account, such as the obsession with finding the best quality-price ratio, or the average cut in spending per traveller, in a highly competitive environment, which continue to have a major influence on the bad results in the sector and contribute to the growing decline in hotel activity. From a geographical perspective, the trend in business followed a clearly negative profile in the parishes most oriented towards skiing, due to a rather unfavourable snow season and very erratic weather. As for the central areas of the country, the results were disparate: the weakness in activity intensified in Escaldes-Engordany, while in Andorra la Vella the downturn in business reached more moderate levels.

The average level of employment worsened in comparison with the previous half year and also saw a clear decline in interannual terms, although it must be said that overall its rate of fall did not increase significantly. In this regard, it should be noted that intensified promotional tourism campaigns to reduce the seasonal bias and, above all, the major efforts of

#### SUPPLY OF TOURIST ACCOMMODATION BY PARISHES

	2009		2010		2011		2012	
	Establ.	Beds	Establ.	Beds	Establ.	Beds	Establ.	Beds
Canillo	49	6,657	55	7,831	56	7,823	56	8,030
Encamp	56	6,747	65	10,070	66	10,884	67	10,610
Ordino	28	2,013	27	1,914	28	2,002	29	2,235
La Massana	38	5,209	41	5,445	40	5,427	39	5,401
Andorra la Vella	44	6,195	43	6,672	41	6,570	41	6,803
Sant Julià de Lòria	12	1,329	12	1,254	11	1,216	11	1,177
Escaldes-Engordany	33	5,550	34	5,412	35	5,560	35	5,883
<b>TOTAL</b>	<b>260</b>	<b>33,700</b>	<b>277</b>	<b>38,598</b>	<b>277</b>	<b>39,482</b>	<b>278</b>	<b>40,139</b>

\* Data at 31 December of the corresponding year.

1. From 2010, the data include a new type of establishment, "Furnished holiday apartments", created by Law 26/2008, of 20 November, regulating furnished holiday apartments and companies that operate them, and the Regulations regulating the classification of furnished holiday apartments of 25/11/2009.

2. 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

## SUPPLY OF TOURIST ACCOMMODATION BY TYPE OF ESTABLISHMENT AND CATEGORY

	2009						2010						2011						2012						
	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.	185	5	34	84	53	9	183	4	34	84	53	8	183	3	32	84	56	8	181	3	31	81	58	8
	Rooms	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	10,909	74	917	3,905	5,312	701
	Beds	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	28,378	197	2,207	9,485	14,456	2,033
Hostals / residences	Establ.	15	5	8	2	-	-	15	5	9	1	-	-	14	6	8	-	-	-	12	6	6	-	-	-
	Rooms	319	73	174	72	-	-	267	84	154	29	-	-	229	88	141	-	-	-	192	88	104	-	-	-
	Beds	719	161	414	144	-	-	620	170	334	116	-	-	486	178	308	-	-	-	402	171	231	-	-	-
Pensions	Establ.	9	7	2	-	-	-	7	5	2	-	-	-	7	5	2	-	-	-	7	5	2	-	-	-
	Rooms	198	167	31	-	-	-	144	111	33	-	-	-	144	111	33	-	-	-	135	104	31	-	-	-
	Beds	361	311	50	-	-	-	293	223	70	-	-	-	293	223	70	-	-	-	288	222	66	-	-	-
Aparthotels	Establ.	24	2	4	15	3	-	24	2	4	15	3	-	22	2	4	13	3	-	22	2	4	12	4	-
	Rooms	808	88	122	440	158	-	863	89	152	455	167	-	812	89	152	404	167	-	782	64	152	374	192	-
	Beds	3,586	313	701	1,800	772	-	3,388	282	578	1,882	646	-	3,128	282	578	1,622	646	-	3,033	203	520	1,531	779	-
Tourist apartm.	Establ.	27	6	10	11	-	-	29	4	12	12	1	-	27	3	11	12	1	-	27	3	11	12	1	-
	Apart.	511	80	221	210	-	-	505	39	250	191	25	-	471	33	222	191	25	-	488	33	207	224	24	-
	Beds	2,406	421	1,030	955	-	-	2,294	164	1,160	870	100	-	2,120	134	1,016	870	100	-	2,170	146	953	953	118	-
Furnished apartm. <sup>(1)</sup>	Establ.	-	-	-	-	-	-	19 <sup>(2)</sup>	-	-	-	-	-	24 <sup>(2)</sup>	-	-	-	-	-	29 <sup>(2)</sup>	-	-	-	-	-
	Apart.	-	-	-	-	-	-	982	419	480	83	-	-	1,229	533	620	76	-	-	1,174	385	707	77	5	-
	Beds	-	-	-	-	-	-	4,810	1,851	2,557	402	-	-	6,036	2,415	3,243	378	-	-	5,868	1,736	3,712	383	37	-
Total	Establ.	260	25	58	112	56	9	277 <sup>(3)</sup>	20	61	112	57	8	277 <sup>(3)</sup>	19	57	109	60	8	278 <sup>(3)</sup>	19	54	105	63	8
	Rooms/Apart.	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	13,680	748	2,118	4,580	5,533	701
	Beds	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	40,139	2,675	7,689	12,352	15,390	2,033

Notes:

\*Data at 31 December of corresponding year.

\*From 2010, the total data include "Furnished holiday apartments", a new type of establishment created by Law 26/2008, of 20 November, regulating furnished holiday apartments and the companies that operate them, and the Regulations on classification of furnished holiday apartments of 25/11/2009.

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

(2) Data relating to the number of commercial companies authorised to manage this kind of establishment.

(3) From 2010, data referring to the total number of establishments also includes commercial companies authorised to manage furnished holiday apartments.

Chart 11.11

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

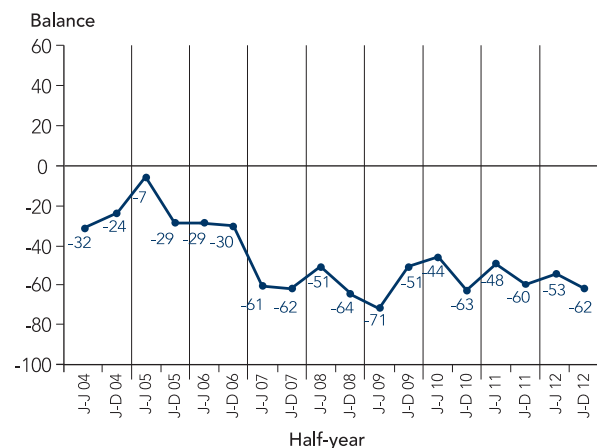
hotel owners to continually adjust prices, have largely helped to avoid an even greater fall in activity. On the other hand, in this adverse scenario of low activity, hotel establishments continued to indicate a reduction in the number of employees in the sector.

As for the second half year, the views of businesses that are reflected in the Chamber's situation survey confirm that the hotel sector has still not recovered, with a still very negative balance sheet, due to the low note in tourism demand. So, hotel managers show clear signs of concern about the situation in tourism, which has been affected, mostly in the summer campaign, by various negative factors, such as the persistent weakness of traditional source markets, with the Spanish market shrinking and strong competition from other destinations. Altogether, evaluations of business progress retained the pessimistic climate of the previous year and suggested a new downturn in hotel activity throughout the second half of 2012.

From a geographical perspective, the situation in business followed a rather negative trend in the most

commercial parts of the country – Andorra la Vella and Escaldes-Engordany – but also worsened, more notably, in the parishes dedicated to snow tourism which, moreover, acknowledged the seasonal decline in usual activity for this time of year. They highlight, in particular, the very pessimistic results of the parishes of Sant Julià de Lòria and La Massana, whereas in >

### BUSINESS PROGRESS - Hotel sector



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

Graphic 11.3

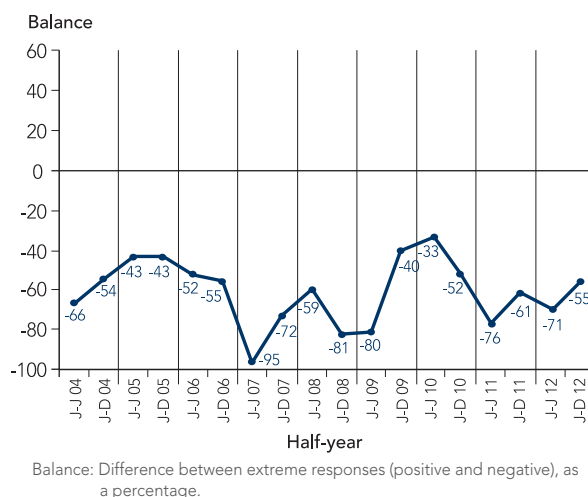
Source: Chamber of Commerce, Industry and Services of Andorra

contrast, Ordino was the only area where the decline in business remained moderate.

In global terms, the average level of employment fell in relation to the previous half year and has also clearly fallen below the already bad levels of one year before, due to the reduction in the average stay and the parallel decline in the number of nights. Nevertheless, this should be qualified in that this interannual fall in employment tended to slow in most areas, except in the parish of Escaldes-Engordany, where the decline in activity continued to be intense and more marked than for the same months of 2011. Another point of concern for hotel managers are sales prices which, despite high pressure from costs and the gradual reduction in turnover, are still being adjusted downwards to improve competitiveness, which continues to eat away at the trading accounts of hotel companies. On the other hand, this low rate of activity has also encouraged a rather significant fall in the number of employees in the sector.

As for the distribution of clients by nationalities, the main clients are still the Spanish, representing 75% of

#### LEVEL OF OCCUPANCY IN RELATION TO THE SAME PERIOD OF THE PREVIOUS YEAR - Hotel sector



Graphic 11.4

Source: Chamber of Commerce, Industry and Services of Andorra

the total, of which 45% came from Catalonia. In second place were the French, representing 14%, followed by clients of other nationalities, with 11%.

Business expectations for the first half of 2013, although less negative than in the last three years, still indicate

#### BUSINESSES' OPINIONS ABOUT TRENDS IN THE HOTEL SECTOR - % of businesses

		2010			2011			2012		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business progress (half-year reviewed)	Good	3	2	2.5	6	7	6.5	4	2	3
	Normal	50	33	41.5	41	26	33.5	39	33	36
	Poor	47	65	56	54	67	60.5	57	64	60.5
	Balance	-44	-63	-53.5	-48	-60	-54	-53	-62	-57.5
2. Average distribution of clients (%) (half-year reviewed)	Catalonia	40	36	38	34	40	37	31	45	38
	Rest of Spain	28	28	28	26	27	26.5	24	29	26.5
	France	15	23	19	17	18	17.5	25	14	19.5
	Others	17	12	14.5	23	14	18.5	21	11	16
3. Level of reservations (half-year reviewed)	High	2	4	3	1	0	0.5	2	2	2
	Adequate for the period	24	19	21.5	15	16	15.5	16	23	19.5
	Low	71	75	73	82	84	83	82	73	77.5
	Reservations not used	3	2	2.5	1	0	0.5	0	2	1
Balance	-69	-71	-70	-81	-84	-82.5	-80	-71	-75.5	
4. Average rate of occupancy (compared with same half-year of previous year)	Higher	24	13	18.5	4	7	5.5	4	7	5.5
	Equal	19	23	21	16	25	20.5	22	31	26.5
	Lower	57	65	61	80	68	74	75	62	68.5
	Balance	-33	-52	-42.5	-76	-61	-68.5	-71	-55	-63
5. Prices paid by clients (compared with previous half-year)	Higher	5	4	4.5	8	7	7.5	6	2	4
	Equal	31	43	37	36	41	38.5	47	33	40
	Lower	64	53	58.5	56	52	54	47	64	55.5
	Balance	-59	-49	-54	-48	-45	-46.5	-41	-62	-51.5
6. Number of employees (compared with previous half-year)	More	17	4	10.5	13	2	7.5	8	2	5
	Equal	41	38	39.5	55	44	49.5	49	46	47.5
	Less	41	58	49.5	32	54	43	43	52	47.5
	Balance	-24	-54	-39	-19	-52	-35.5	-35	-50	-42.5

Chart 11.12

Source: Chamber of Commerce, Industry and Services of Andorra

that business will worsen, in line with a downturn in the average level of occupancy which is expected to have a slightly more moderate profile. Equally, hotels saw a very low global volume of reservations and anticipate more cuts in sales prices and another drop in employment in the sector.

Weak demand, despite relenting a little in relation to the previous half years, is still the major obstacle to improvement in activity – with a rate of 75%. As for other factors, the increase in operating costs stands out, again the second most important obstacle cited by businesses (55% of hotel establishments pointed to it), ahead of the increase in competition (46%) and the loss of attractiveness in the area (41%).

#### 11.4. Transport and communications

Logically, the branches of transport services and communications are feeling the effects of the general crisis on productive activity and other services. This has been happening for years and 2012 was not an exception. So, the total number of employees in these two kinds of services fell by 4.3% and average wages fell 1.4%.

As for transport, vehicle registrations saw a downturn of 10.5% (some -16.4% for cars and -11.8% for lorries). This major downturn is added to the also steep fall seen in 2011, after the slight recovery in 2010. The overall number of vehicles fell slightly, by -0.4%, but the vehicle population is aging.

The telecommunications services also feel this general crisis situation, despite adopting the latest technology. So, land-lines, equipment, fell by -2% in 2012 and mobile phones by -1.8%. In contrast, broadband Internet grew 4.4%. Telecommunications traffic was also affected. The total national telephone traffic fell 6.8%, very similar to the land-line network, which fell 6.7%, and mobiles, 6.8%. International telephone traffic also fell in a similar fashion: incoming by -6.7% and outgoing by -6.6%. In contrast, broadband Internet traffic grew strongly; national traffic by +56.3% and international by +27.8%. Despite the crisis in telecommunications, the latest technologies were not affected and continued to take root.





# statistical appendix 2012



CAMBRA DE COMERÇ  
INDÚSTRIA I SERVEIS D'ANDORRA



# THE ANDORRAN ECONOMY: GENERAL STATISTICS

## 1. POPULATION, EMPLOYMENT AND EDUCATION

### 1.1 Population

<b>Registered population by nationalities (persons)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Andorrans	31,363	32,085	32,962	33,481	34,417
Foreigners	53,121	51,997	52,053	44,634	41,829
Spanish	27,300	26,662	26,688	22,187	20,320
Portuguese	13,794	13,362	13,100	11,711	11,229
French	5,214	5,099	5,087	4,104	3,794
Others	6,813	6,874	7,178	6,632	6,486
<b>Total</b>	<b>84,484</b>	<b>84,082</b>	<b>85,015</b>	<b>78,115</b>	<b>76,246</b>

<b>Registered population by parishes (persons)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	5,625	5,903	6,194	4,826	4,133
Encamp	14,234	14,263	14,357	13,521	12,051
Ordino	3,947	4,187	4,396	4,322	4,417
La Massana	9,635	9,773	9,937	9,744	9,902
Andorra la Vella	24,678	23,380	23,505	22,256	22,398
Sant Julià de Lòria	9,651	9,715	9,706	9,051	9,063
Escaldes-Engordany	16,714	16,861	16,920	14,395	14,282
<b>Total</b>	<b>84,484</b>	<b>84,082</b>	<b>85,015</b>	<b>78,115</b>	<b>76,246</b>

<b>Natural population movement</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Births	875	838	828	793	737
Deaths	237	272	239	275	303
Natural growth	638	566	589	518	434
Birth rate (per thousand)	10.357	9.966	9.739	10.152	9.666
Death rate (per thousand)	2.805	3.235	2.811	3.520	3.974
Natural growth rate (per thousand)	7.552	6.732	6.928	6.631	5.692
Total population growth	1,347	-402	933	-6,900	-1,869
Increase from migration and census regularization	709	-968	344	-7,418	-2,303

<b>Population structure by ages (individuals)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Up to 14 years	12,211	12,150	12,229	12,095	11,841
From 15 to 64 years	61,902	61,122	61,463	56,163	54,801
65 years and over	10,371	10,810	11,323	9,857	9,604
<b>Total</b>	<b>84,484</b>	<b>84,082</b>	<b>85,015</b>	<b>78,115</b>	<b>76,246</b>

Note: In 2012 there was another decline in the population compared with the previous year, of 2.4%, which is added to the fall of 8.1% recorded in 2011, due to the Census check carried out by the communes in each parish. It is expected that the communes prepare this official general revision of census data over the course of 2013.

Source: Communes parish censuses / Department of Statistics. Government of Andorra

### 1.2 Employment

<b>Jobs (annual average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Jobs	48,380	46,968	45,869	44,405	42,915

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

<b>New CASS registrations (social security - annual total)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
New registrations	4,811	3,596	3,821	3,583	3,383

Note: 2012 data are provisional

<b>Number of employees by main sectors (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Primary	147	148	152	159	162
Industry	1,900	1,923	1,851	1,731	1,617
Construction	6,094	5,410	4,657	3,932	3,269
Services	34,081	33,538	32,733	32,210	31,405
<b>Total</b>	<b>42,222</b>	<b>41,019</b>	<b>39,393</b>	<b>38,031</b>	<b>36,452</b>

<b>Number of employees by sectors (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Agriculture, livestock, hunting and forestry	147	148	152	159	162
Extraction industries	-	4	3	2	2
Manufacturing industries	1,736	1,765	1,687	1,561	1,450
Production and distribution of electricity, gas and water	164	154	161	168	166
Construction	6,094	5,410	4,657	3,932	3,269
Commerce and motor vehicle repairs (etc.)	10,870	10,362	9,977	9,574	9,235
Hotels & catering	5,242	5,136	4,956	4,877	4,684
Transport, storage and communications	1,291	1,220	1,185	1,156	1,107
Financial system	1,665	1,696	1,671	1,695	1,724
Real estate and rental activities; business services	4,100	4,115	4,132	4,076	3,952
Public administration, defence & compulsory social security <sup>(*)</sup>	4,675	4,698	4,487	4,452	4,405
Education	684	594	584	571	543
Health & veterinary activities, social services <sup>(*)</sup>	1,505	1,695	1,762	1,800	1,777
Other social activities & community services; personal services	2,442	2,445	2,419	2,456	2,419
Households employing domestic staff	1,382	1,354	1,326	1,324	1,294
Extraterritorial bodies	12	23	26	26	22
Special regimes <sup>(**)</sup>	-	-	-	-	41
Domestic work for the community (communities of owners)	204	200	206	203	202
Voluntary declaration, no activity (volunteers)	9	2	1	-	-
<b>Total</b>	<b>42,222</b>	<b>41,019</b>	<b>39,393</b>	<b>38,031</b>	<b>36,452</b>

(\*) From July 2012, this includes employees of the communes, semi-public bodies and public companies within the framework of the temporary work Programme to promote temporary contracts for the unemployed and workers registered with the Job Service, to do work on behalf of the community.

(\*\*) From March 2012, data relating to the section Special Regimes relates to individuals employed by the Government within the framework of the temporary work Programme to promote temporary contracts for the unemployed and workers registered with the Job Service, to do work on behalf of the community.

Source: CASS (Andorran Social Security)

<b>Registrations with the Job Service by nationalities (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Andorran	136	159	170	221	328
Spanish	163	219	218	268	377
French	18	23	21	22	30
Portuguese	145	162	152	174	251
Others	68	94	102	117	152
<b>Total</b>	<b>529</b>	<b>656</b>	<b>662</b>	<b>802</b>	<b>1,138</b>

<b>Registrations with the Job Service by age brackets (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Up to 17	28	28	21	17	18
18 – 25	116	126	109	129	182
26 – 39	185	211	213	252	359
40 – 59	186	261	283	354	505
60 and over	14	30	36	50	74
<b>Total</b>	<b>529</b>	<b>656</b>	<b>662</b>	<b>802</b>	<b>1,138</b>

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

### 1.3 Education

#### Population in education by education level

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
School	10,850	10,796	10,837	10,802	10,773
University <sup>(*)</sup>	na	1,444	1,419	1,496	1,603
Non-university abroad	199	265	269	295	299
<b>Total</b>	<b>11,049</b>	<b>12,505</b>	<b>12,525</b>	<b>12,593</b>	<b>12,675</b>

(\*) The university population data relating to the school years 2009-2010 and 2010-2011 have been revised and updated by the Institute of Andorran Studies  
na: not available

Note 1: For the academic year 2007-2008 the total population in education does not include university students, therefore comparison with other years is difficult.

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

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Andorra	10,850	11,327	11,316	11,236	11,269
Spain	141	998	1,030	1,133	1,158
France	56	156	150	178	211
Others	2	24	29	46	37
<b>Total</b>	<b>11,049</b>	<b>12,505</b>	<b>12,525</b>	<b>12,593</b>	<b>12,675</b>

Note 1: For the academic year 2007-2008 the data does not include university students. Therefore comparison with other years is difficult.

Note 2: For 2007-2008 the data do not include higher vocational training students.

Note 3: From 2008-2009 the data on university students do not include those in the UNED (Open University).

Note 4: The data on university students for 2009-2010 and 2010-2011 have been revised and updated by the Institute of Andorran Studies.

#### School population by levels

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Kindergarten	2,507	2,408	2,411	2,380	2,435
Primary	4,492	4,474	4,367	4,263	4,130
Secondary	2,782	2,776	2,838	2,900	3,026
Baccalaureate	807	826	854	889	857
Vocational training	262	312	367	370	325
<b>Total</b>	<b>10,850</b>	<b>10,796</b>	<b>10,837</b>	<b>10,802</b>	<b>10,773</b>

#### School population by type of schooling

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
French educational system	3,549	3,468	3,430	3,402	3,351
<i>French schools</i>	3,549	3,468	3,430	3,402	3,351
Spanish educational system	3,390	3,326	3,285	3,243	3,217
<i>Spanish schools</i>	1,142	1,030	997	930	905
<i>Congregational schools</i>	2,006	2,071	2,075	2,102	2,088
<i>Private schools</i>	242	225	213	211	224
Andorran educational system	3,911	4,002	4,122	4,157	4,205
<i>Andorran schools</i>	3,817	3,888	3,977	4,031	4,082
<i>Vocational schools</i>	90	114	145	126	123
<i>Workshop schools</i>	4	-	-	-	-
<b>Total</b>	<b>10,850</b>	<b>10,796</b>	<b>10,837</b>	<b>10,802</b>	<b>10,773</b>

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

#### University population by country of study

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Andorra	na	531	479	434	496
Spain	na	799	822	912	940
France	na	96	98	118	143
Others	na	18	20	32	24
<b>Total</b>	<b>na</b>	<b>1,444</b>	<b>1,419</b>	<b>1,496</b>	<b>1,603</b>

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 (Open University)

Note 2: The university population data relating to the academic years 2009-2010 and 2010-2011 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

<b>Number of establishments, registrations/deregistrations</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Registrations	552	634	613	542	550
Deregistrations	594	605	626	602	652
<b>Total</b>	<b>7,324</b>	<b>7,353</b>	<b>7,340</b>	<b>7,280</b>	<b>7,178</b>

Note: Number of establishments registered with the Trade and Industry Registry that carry out a commercial, industrial or services activity.

<b>Number of establishments by sectors</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Primary <sup>(*)</sup>	25	24	28	32	37
Extraction industries	-	-	-	1	1
Manufacturing industries	340	345	340	331	321
Production and distribution of electricity, gas and water	4	4	4	5	5
Construction	854	848	837	817	791
Commerce and motor vehicle repairs (etc.)	2,729	2,732	2,682	2,627	2,556
Hotels & catering	955	955	967	963	950
Transport, storage and communications	407	410	404	414	411
Financial system	181	177	167	164	163
Real estate and rental activities; business services	1,206	1,208	1,236	1,242	1,253
Public administration, defence & compulsory social security	-	-	-	-	-
Education	66	67	65	66	66
Health & veterinary activities, social services	118	125	139	148	156
Other social activities & community services; personal services	439	458	471	470	468
Others	-	-	-	-	-
<b>Total</b>	<b>7,324</b>	<b>7,353</b>	<b>7,340</b>	<b>7,280</b>	<b>7,178</b>

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

Note: Number of establishments registered with the Trade and Industry Registry that carry out a commercial, industrial or services activity.

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

<b>Vehicle registration (units)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Cars	2,422	1,945	2,118	1,881	1,573
Motorbikes	560	462	437	408	421
Vans	163	139	128	96	108
Lorries <sup>(1)</sup>	71	29	47	34	30
Special vehicles	111	80	27	28	35
Mopeds	36	26	26	14	13
Snowbikes	11	11	21	11	5
Others <sup>(2)</sup>	123	96	89	53	74
<b>Total</b>	<b>3,497</b>	<b>2,788</b>	<b>2,893</b>	<b>2,525</b>	<b>2,259</b>

(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

<b>Number of businesses by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	7,564	7,371	7,361	7,272	7,217
From 6 to 10	776	730	672	635	605
From 11 to 25	542	521	487	471	435
From 26 to 100	246	227	208	201	180
Over 100	52	53	52	51	51
<b>Total</b>	<b>9,181</b>	<b>8,902</b>	<b>8,781</b>	<b>8,630</b>	<b>8,488</b>

Source: CASS (Andorran Social Security)



<b>Number of businesses by sectors of activity (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Primary <sup>(*)</sup>	83	89	99	94	97
Extraction industries	-	1	1	1	1
Manufacturing industries	210	218	217	200	192
Production and distribution of electricity, gas and water	7	5	6	6	6
Construction	659	594	539	506	475
Commerce and motor vehicle repairs (etc.)	1,569	1,411	1,369	1,339	1,298
Hotels & catering	756	720	691	690	687
Transport, storage and communications	181	175	155	149	149
Financial system	74	83	77	76	73
Real estate and rental activities; business services	800	785	775	791	800
Public administration, defence & compulsory social security	45	43	42	42	45
Education	50	51	53	47	46
Health & veterinary activities, social services	201	194	196	202	207
Other social activities & community services; personal services	380	373	377	386	377
Households employing domestic staff	3,601	3,574	3,593	3,526	3,460
Extraterritorial bodies	6	8	9	8	8
Special regimes <sup>(**)</sup>	-	-	-	-	1
Domestic work for the community (communities of owners)	543	566	577	569	567
Voluntary declaration, no activity (volunteers)	16	12	4	-	-
<b>Total</b>	<b>9,181</b>	<b>8,902</b>	<b>8,781</b>	<b>8,630</b>	<b>8,488</b>

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

(\*\*) From March 2012, includes declarants within the framework of the Programme of temporary work for the unemployed and registered with the Job Service, by the Government to do work providing a service to the community.

Source: CASS (Andorran Social Security)

<b>Electricity consumption (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Domestic use	91,904	91,476	95,267	90,475	92,253
Construction and construction related activities	6,455	5,715	5,136	4,826	4,361
Industries	5,476	5,048	4,751	4,258	4,294
Distribution	76,240	75,886	76,384	74,799	73,634
Hotels and Catering	70,537	68,029	68,381	66,263	64,687
Financial services	26,065	25,743	24,289	23,320	23,179
Other services	68,714	69,771	71,599	68,883	66,706
Street lighting	7,133	7,698	7,480	7,789	7,988
Ski resorts	17,001	15,272	17,221	15,125	17,052
Government	23,636	22,866	23,900	24,997	25,645
Other distributors	182,010	182,157	185,771	179,272	182,011
<b>Total</b>	<b>575,171</b>	<b>569,662</b>	<b>580,179</b>	<b>560,007</b>	<b>561,809</b>

Source: FEDA (Andorran Electricity Co.)

### 3. PRICES AND COSTS

<b>Consumer price index (Interannual variation rate in December) (%) - Base 2001</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Group 1. Food, beverages and tobacco	2.8	-0.3	0.7	2.6	2.2
Group 2. Clothing and footwear	-1.7	3.6	-4.7	-5.3	-0.7
Group 3. Housing, water, gas, electricity and other fuels	3.2	-0.8	2.9	3.8	-1.4
Group 4. Furniture, domestic appliances and household services	2.3	1.6	-1.1	0.6	0.7
Group 5. Health (unsubsidised expenses)	3.1	1.1	4.3	0.9	-2.6
Group 6. Transport	0.2	0.6	5.2	5.6	1.6
Group 7. Leisure, entertainment and culture	-0.3	-3.2	-2.4	0.3	4.0
Group 8. Education	3.2	0.8	3.3	2.7	3.2
Group 9. Hotels, cafes and restaurants	2.4	0.4	1.2	0.9	0.9
Group 10. Miscellaneous goods and services	1.1	-0.2	0.1	0.4	-0.9
<b>Total</b>	<b>2.0</b>	<b>0.0</b>	<b>1.6</b>	<b>2.5</b>	<b>1.1</b>

Source: Department of Statistics. Government of Andorra

**Special groups -Base 2001**

	2008	2009	2010	2011	2012
Underlying inflation	2.3	0.3	-0.1	0.1	1.4
Food	2.8	-1.0	0.1	2.1	1.8
General index less tobacco	2.0	-0.1	1.4	2.1	1.4
Energy	-0.7	-3.0	13.4	14.9	2.8
Services	2.9	0.1	0.8	0.3	0.5
Petroleum based products	-1.9	-5.0	15.2	16.6	4.2
Fresh produce	1.2	-1.0	2.3	1.2	2.1
Food – durables	5.0	-0.9	-3.0	3.6	1.3
Rent, water and waste disposal	3.1	0.3	0.4	0.2	-0.7
Health services	4.6	1.0	-0.1	-1.6	-7.0
Petroleum based and fresh products	1.0	-1.6	8.9	10.2	2.5
CPI without energy	2.2	0.1	0.2	0.3	1.4
CPI without Group 1 (food, beverages and tobacco)	1.8	0.2	1.9	2.2	1.2

Note: Data for special groups relating to 2011 have been revised by the Department of Statistics.

Source: Department of Statistics. Government of Andorra

**Average monthly salaries (euros)**

	2008	2009	2010	2011	2012
Agriculture, livestock, hunting and forestry	1,366.06	1,431.76	1,461.48	1,452.10	1,360.44
Extraction industries	-	2,371.92	3,036.48	1,404.41	2,312.87
Manufacturing industries	1,935.00	1,996.77	1,985.78	2,038.43	2,002.55
Production and distribution of electricity, gas and water	3,115.95	3,222.45	3,260.46	3,161.40	3,043.73
Construction	1,937.01	1,931.91	1,919.58	1,952.70	1,923.22
Commerce and motor vehicle repairs (etc.)	1,658.51	1,671.50	1,687.64	1,697.23	1,687.50
Hotels & catering	1,463.59	1,467.63	1,472.57	1,476.32	1,448.76
Transport, storage and communications	2,048.81	2,142.85	2,181.08	2,223.76	2,193.16
Financial system	4,153.70	4,215.38	4,380.86	4,535.97	4,539.02
Real estate and rental activities; business services	1,798.65	1,846.60	1,838.15	1,851.16	1,832.42
Public administration, defence & compulsory social security <sup>(*)</sup>	2,290.15	2,318.68	2,417.51	2,449.42	2,433.21
Education	1,987.38	2,033.69	2,070.55	2,083.17	2,149.44
Health & veterinary activities, social services <sup>(*)</sup>	2,198.48	2,301.08	2,306.96	2,318.05	2,290.48
Other social activities & community services; personal services	1,651.35	1,661.55	1,683.36	1,622.66	1,649.98
Households employing domestic staff	1,159.20	1,172.94	1,217.26	1,236.93	1,201.38
Extraterritorial bodies	1,791.01	2,521.89	2,407.69	2,411.81	2,628.89
Special regimes <sup>(**)</sup>	-	-	-	-	1,003.15
Domestic work for the community (communities of owners)	1,036.99	1,126.05	1,142.74	1,149.60	1,201.97
Voluntary declaration, no activity (volunteers)	1,093.51	1,537.75	1,182.19	-	-
<b>Average</b>	<b>1,889.11</b>	<b>1,922.25</b>	<b>1,949.35</b>	<b>1,973.69</b>	<b>1,964.89</b>

(\*) From July 2012, these include employees of the communes, semi-public bodies and public companies within the framework of the temporary work programme to promote temporary employment for the unemployed registered with the Job Service, to carry out work on behalf of the community.

(\*\*) From March 2012, the data relating to the section Special Regimes relates to those employed by the Government within the framework of the temporary work programme to promote temporary employment for the unemployed registered with the Job Service, to carry out work on behalf of the community.

Source: CASS (Andorran Social Security)

## 4. PUBLIC SECTOR

### 4.1 Central Government

<b>Budgeted income for central Government (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010<sup>(*)</sup></b>	<b>2011<sup>(*)</sup></b>	<b>2012</b>
Direct taxation	11,072.33	6,266.73	-	-	25,851.27
Indirect taxation	319,836.49	312,366.66	-	-	276,920.96
Other taxes and revenues	24,649.77	24,838.87	-	-	20,346.40
Current transfers	203.29	78.77	-	-	22.04
Investment income	75,833.40	14,234.80	-	-	10,774.23
<b>Total non-financial revenues</b>	<b>431,595.29</b>	<b>357,785.83</b>	<b>-</b>	<b>-</b>	<b>333,914.90</b>
Financial assets	127.04	149.37	-	-	60.81
Financial liabilities	26.87	260,023.94	-	-	313,060.41
<b>TOTAL REVENUE</b>	<b>431,749.20</b>	<b>617,959.14</b>	<b>-</b>	<b>-</b>	<b>647,036.12</b>

<b>Budgeted central Government expenditure (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010<sup>(*)</sup></b>	<b>2011<sup>(*)</sup></b>	<b>2012</b>
<b>Current expenditure</b>	<b>225,849.25</b>	<b>242,742.22</b>	<b>-</b>	<b>-</b>	<b>310,390.40</b>
Personnel costs	86,975.59	92,650.69	-	-	96,639.61
Consumption of goods and services	45,051.98	45,565.78	-	-	45,958.93
Financial expenditure	23,106.10	29,188.46	-	-	33,931.15
Current transfers	70,715.58	75,337.28	-	-	133,860.71
<b>Capital expenditure</b>	<b>193,327.91</b>	<b>114,872.49</b>	<b>-</b>	<b>-</b>	<b>82,230.73</b>
Real investments	127,129.01	50,171.48	-	-	35,917.10
Capital transfers	66,198.90	64,701.01	-	-	46,313.63
<b>Total non-financial expenditure</b>	<b>419,177.16</b>	<b>357,614.71</b>	<b>-</b>	<b>-</b>	<b>392,621.13</b>
<b>Financial operations</b>	<b>12,572.03</b>	<b>260,275.44</b>	<b>-</b>	<b>-</b>	<b>254,414.98</b>
Financial assets	105.00	165.00	-	-	214.68
Financial liabilities	12,467.03	260,110.44	-	-	254,200.30
<b>TOTAL EXPENDITURE</b>	<b>431,749.20</b>	<b>617,890.14</b>	<b>-</b>	<b>-</b>	<b>647,036.12</b>

<b>Non-financial cash surplus or deficit (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010<sup>(*)</sup></b>	<b>2011<sup>(*)</sup></b>	<b>2012</b>
Non-financial cash surplus or deficit	12,418.13	171.13	-	-	-58,706.23

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

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

<b>Settlement of central Government income (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Direct taxation	2,767.17	1,736.73	1,699.73	5,636.57	29,895.43
Indirect taxation	259,895.22	232,109.31	248,266.30	265,758.61	301,538.70
Other taxes and revenues	24,396.33	24,276.61	43,119.76	27,470.86	23,622.70
Current transfers	78.77	66.80	21.73	44.22	0.27
Investment income	29,762.14	13,055.45	10,885.34	9,320.40	12,957.51
Disposal of real investment	-	1.12	1.02	-	1.00
<b>Total non-financial revenues</b>	<b>316,899.63</b>	<b>271,246.02</b>	<b>303,993.87</b>	<b>308,230.66</b>	<b>368,015.60</b>
Financial assets	87.06	133.86	48.35	82.81	184.48
Financial liabilities	132,239.16	379,287.96	338,210.52	320,723.13	377,026.68
<b>TOTAL REVENUE</b>	<b>449,225.85</b>	<b>650,667.84</b>	<b>642,252.75</b>	<b>629,036.60</b>	<b>745,226.75</b>

Source: Ministry of Finance and Public Administration

<b>Settlement of central Government expenditure (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Current expenditure</b>	<b>230,703.14</b>	<b>225,754.42</b>	<b>233,599.11</b>	<b>271,561.33</b>	<b>274,374.57</b>
Personnel costs	88,088.35	89,328.99	93,373.97	95,227.09	94,443.68
Consumption of goods and services	45,347.89	42,832.60	41,558.90	40,904.90	41,934.12
Financial expenditure	23,336.83	15,262.29	10,685.73	18,804.67	29,320.18
Current transfers	73,930.05	78,330.55	87,980.51	116,624.67	108,676.60
<b>Capital expenditure</b>	<b>185,347.65</b>	<b>162,052.75</b>	<b>123,336.35</b>	<b>87,571.23</b>	<b>180,548.19</b>
Real investments	118,612.11	99,301.45	57,718.36	34,137.62	135,125.05
Capital transfers	66,735.54	62,751.29	65,617.99	53,433.61	45,423.14
<b>Total non-financial expenditure</b>	<b>416,050.79</b>	<b>387,807.17</b>	<b>356,935.46</b>	<b>359,132.56</b>	<b>454,922.76</b>
<b>Financial operations</b>	<b>81.98</b>	<b>260,269.64</b>	<b>246,590.12</b>	<b>256,016.14</b>	<b>299,230.77</b>
Financial assets	81.98	269.64	46.42	93.21	4,673.20
Financial liabilities	-	260,000.00	246,543.70	255,922.93	294,557.57
<b>TOTAL EXPENDITURE</b>	<b>416,132.76</b>	<b>648,076.80</b>	<b>603,525.58</b>	<b>615,148.70</b>	<b>754,153.53</b>
<b>Operating costs<sup>(*)</sup></b>	<b>133,436.25</b>	<b>132,161.59</b>	<b>134,932.87</b>	<b>136,131.99</b>	<b>136,377.80</b>

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

<b>Non-financial cash surplus or deficit (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Non-financial cash surplus or deficit	-99,151.15	-116,561.14	-52,941.58	-50,901.91	-86,907.17

<b>Central Government debt (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Long-term debt</b>	<b>-</b>	<b>260,000.00</b>	<b>260,000.00</b>	<b>380,000.00</b>	<b>114,887.81</b>
Public debt (loan)	-	260,000.00	260,000.00	260,000.00	-
Public debt (Treasury Bills) l-t	-	-	-	120,000.00	-
Loan l-t	-	-	-	-	114,887.81
<b>Short-term debt</b>	<b>502,338.55</b>	<b>361,602.19</b>	<b>456,722.15</b>	<b>387,880.85</b>	<b>737,099.65</b>
Public debt (loan)	260,000.00	-	-	-	260,000.00
Public debt (Treasury bills) s-t	-	-	100,000.00	100,000.00	320,000.00
Credit policies	242,338.55	361,602.19	206,722.15	187,880.85	157,099.65
Short-term loan	-	-	150,000.00	100,000.00	-
<b>TOTAL DEBT</b>	<b>502,338.55</b>	<b>621,602.19</b>	<b>716,722.15</b>	<b>767,880.85</b>	<b>851,987.46</b>

Note: The settlements of the central Government relating to the years 2011 and 2012 are provisional.

Source: Ministry of Finance and Public Administration

## 4.2 Commune authorities

<b>Budgeted income for Commune authorities (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	17,927.90	16,416.15	14,163.38	11,956.83	10,565.08
Encamp	33,542.24	30,334.67	31,813.63	29,376.21	25,408.02
Ordino	14,982.45	12,616.74	11,279.95	9,818.81	9,400.88
La Massana	20,099.91	14,560.92	14,194.59	11,608.97	11,057.23
Andorra la Vella	46,979.82	39,366.46	38,898.41	34,908.80	32,079.67
Sant Julià de Lòria	15,456.62	15,791.04	12,875.20	12,600.54	11,278.32
Escaldes-Engordany	31,400.45	26,921.77	27,522.04	22,072.44	20,696.74
<b>Total</b>	<b>180,389.39</b>	<b>156,007.73</b>	<b>150,747.20</b>	<b>132,342.60</b>	<b>120,485.95</b>

<b>Budgeted expenditure for Commune authorities (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	17,927.90	16,416.15	14,163.38	11,956.83	10,565.08
Encamp	33,542.24	30,334.67	31,813.63	29,376.21	25,408.02
Ordino	14,097.19	12,616.74	11,279.95	9,818.81	8,409.41
La Massana	20,099.91	14,560.92	14,194.59	10,446.37	10,928.17
Andorra la Vella	46,979.82	39,366.46	38,898.41	34,908.80	32,079.67
Sant Julià de Lòria	15,456.62	15,791.04	12,875.20	12,242.01	11,278.32
Escaldes-Engordany	31,400.45	26,921.77	27,522.04	22,072.44	20,696.74
<b>Total</b>	<b>179,504.13</b>	<b>156,007.73</b>	<b>150,747.20</b>	<b>130,821.47</b>	<b>119,365.42</b>

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

<b>Budgeted balance for Commune authorities (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	0.00	0.00	0.00	0.00	0.00
Encamp	0.00	0.00	0.00	0.00	0.00
Ordino	885.26	0.00	0.00	0.00	991.47
La Massana	0.00	0.00	0.00	1,162.60	129.06
Andorra la Vella	0.00	0.00	0.00	0.00	0.00
Sant Julià de Lòria	0.00	0.00	0.00	358.53	0.00
Escaldes-Engordany	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>885.26</b>	<b>0.00</b>	<b>0.00</b>	<b>1,521.12</b>	<b>1,120.53</b>

<b>Settlements of Commune authorities' revenue (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	15,031.48	12,399.10	11,830.92	11,052.54	10,790.89
Encamp	39,770.30	28,021.50	26,863.35	25,032.66	21,754.77
Ordino	37,030.35	13,098.30	10,760.63	10,262.63	10,170.13
La Massana	18,517.93	13,846.94	12,678.67	11,992.33	11,108.28
Andorra la Vella	53,057.21	41,382.11	33,061.22	33,989.41	35,944.10
Sant Julià de Lòria	13,533.88	15,263.55	12,638.29	15,678.77	11,013.87
Escaldes-Engordany	30,560.73	58,769.32	25,960.05	20,871.10	18,868.24
<b>Total</b>	<b>207,501.88</b>	<b>182,780.82</b>	<b>133,793.13</b>	<b>128,879.44</b>	<b>119,650.28</b>

<b>Settlements of Commune authorities' expenditure (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	15,010.02	14,575.02	11,534.21	10,983.56	11,043.79
Encamp	33,159.31	30,897.39	26,722.23	26,714.16	23,988.28
Ordino	27,887.16	10,955.09	10,146.88	8,844.20	8,704.50
La Massana	18,630.82	14,537.80	11,907.73	10,455.66	10,401.90
Andorra la Vella	46,708.45	36,011.84	31,657.80	32,615.19	30,210.97
Sant Julià de Lòria	15,693.32	12,958.23	12,477.57	14,196.88	10,877.97
Escaldes-Engordany	28,023.81	52,172.93	24,901.25	21,280.53	18,592.76
<b>Total</b>	<b>185,112.88</b>	<b>172,108.31</b>	<b>129,347.68</b>	<b>125,090.17</b>	<b>113,820.15</b>

<b>Commune authorities' surplus/deficit (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	21.47	-2,175.92	296.71	68.98	-252.90
Encamp	6,610.99	-2,875.89	141.11	-1,681.49	-2,233.51
Ordino	9,143.19	2,143.20	613.75	1,418.43	1,465.63
La Massana	-112.89	-690.85	770.94	1,536.68	706.39
Andorra la Vella	6,348.76	5,370.27	1,403.42	1,374.22	5,733.14
Sant Julià de Lòria	-2,159.44	2,305.31	160.72	1,481.89	135.90
Escaldes-Engordany	2,536.92	6,596.39	1,058.81	-409.43	275.49
<b>Total</b>	<b>22,388.99</b>	<b>10,672.50</b>	<b>4,445.45</b>	<b>3,789.27</b>	<b>5,830.13</b>

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

<b>Consolidated Commune debt - With investees (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	27,229.85	28,835.60	25,642.09	23,871.90	22,926.02
Encamp	44,043.12	41,907.89	39,125.32	39,295.28	38,483.78
Ordino	24,803.08	24,771.35	24,669.72	23,924.99	22,053.29
La Massana	42,932.65	48,965.50	45,686.18	42,405.17	43,108.04
Andorra la Vella	61,121.16	61,867.39	61,081.10	58,348.78	55,124.46
Sant Julià de Lòria	20,475.69	20,819.13	20,584.41	18,474.88	20,082.02
Escaldes-Engordany	37,360.40	39,823.33	37,210.58	35,093.32	32,141.74
<b>Total</b>	<b>257,965.95</b>	<b>266,990.20</b>	<b>253,999.39</b>	<b>241,414.32</b>	<b>233,919.35</b>

Note: 2008-2011 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. 2012 data relating to the debt status presented by the Communes.

Source: Court of Accounts / Commune authorities

# THE ANDORRAN ECONOMY: SECTORIAL STATISTICS

## 5. PRIMARY SECTOR

<b>Number of establishments</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Agriculture, livestock, hunting and auxiliary service activities	24	23	27	31	37
Forestry, forest management and auxiliary service activities	1	1	1	1	0
<b>Total</b>	<b>25</b>	<b>24</b>	<b>28</b>	<b>32</b>	<b>37</b>

Note: Number of establishments registered with the Trade and Industry Registry.

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

<b>Number of companies by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	75	81	93	87	90
From 6 to 10	7	8	5	4	4
From 11 to 25	1	1	2	2	3
<b>Total</b>	<b>83</b>	<b>89</b>	<b>99</b>	<b>94</b>	<b>97</b>

<b>Number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Agriculture, livestock, hunting and auxiliary service activities	137	136	139	145	154
Forestry, forest management and auxiliary service activities	10	11	13	14	8
<b>Total</b>	<b>147</b>	<b>148</b>	<b>152</b>	<b>159</b>	<b>162</b>

<b>Average monthly salaries (euro)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Agriculture, livestock, hunting and auxiliary service activities	1,344.87	1,414.61	1,448.04	1,447.75	1,349.75
Forestry, forest management and auxiliary service activities	1,655.33	1,636.59	1,600.41	1,498.27	1,577.68
<b>Average</b>	<b>1,366.06</b>	<b>1,431.76</b>	<b>1,461.48</b>	<b>1,452.10</b>	<b>1,360.44</b>

Source: CASS (Andorran Social Security)

<b>Tobacco crop by parish (real kilogrammes produced)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Canillo	16,495	16,796	16,656	16,799	9,065
Encamp	29,430	28,912	28,069	28,153	28,142
Ordino	32,358	33,946	35,273	34,518	34,526
La Massana	46,235	47,988	45,118	46,336	45,008
Andorra la Vella	30,229	31,070	29,855	30,869	30,839
Sant Julià de Lòria	89,609	90,574	75,726	81,760	81,956
Escaldes-Engordany	11,966	12,219	12,056	11,872	11,616
<b>Total production</b>	<b>256,321</b>	<b>261,504</b>	<b>242,753</b>	<b>250,306</b>	<b>241,152</b>

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



**Livestock census (adult animals)**

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Bulls	69	77	69	62	72
Cows	1,454	1,483	1,496	1,497	1,480
Working animals	-	-	-	-	-
Stud animals	191	204	196	198	165
Mares	726	700	700	711	688
Rams	65	80	73	75	83
Ewes	2,102	2,126	2,291	2,446	2,573
Billy goats	43	37	32	29	20
Nanny goats	502	525	521	349	344
<b>Total</b>	<b>5,152</b>	<b>5,232</b>	<b>5,378</b>	<b>5,367</b>	<b>5,425</b>

**Number of farms per parish**

	2008	2009	2010	2011	2012
Canillo	48	48	48	48	52
Encamp	52	51	55	55	54
Ordino	45	45	46	46	48
La Massana	66	66	67	67	69
Andorra la Vella	49	48	49	49	48
Sant Julià de Lòria	65	64	64	64	63
Escaldes-Engordany	29	29	30	30	32
<b>Total</b>	<b>354</b>	<b>351</b>	<b>359</b>	<b>359</b>	<b>366</b>

**Total farms by type (surface area in m<sup>2</sup>)**

	2008	2009	2010	2011	2012
Hay	5,380,048	5,395,818	5,205,044	5,161,003	5,210,147
Tobacco	1,632,356	1,592,175	1,592,491	1,516,629	1,503,335
Pasture	12,075,381	12,213,949	12,407,330	12,606,943	12,605,792
Potatoes	174,550	174,129	152,935	234,019	243,456
Market garden	124,882	126,356	127,839	112,590	124,471
PAM <sup>(1)</sup>	-	-	-	47,566	40,683
Vines	-	-	-	96,571	109,875
Forage <sup>(2)</sup>	38,010	40,889	28,570	32,750	26,965
Misc. <sup>(3)</sup>	na	94,537	114,753	13,591	9,514
Fallow	249,172	250,272	489,475	473,913	501,455
Others	598,568	537,303	415,595	408,391	418,154
<b>Total</b>	<b>20,272,967</b>	<b>20,425,428</b>	<b>20,534,032</b>	<b>20,703,966</b>	<b>20,793,847</b>
<b>Useful agricultural area</b>	<b>19,425,226</b>	<b>19,637,853</b>	<b>19,628,963</b>	<b>19,821,663</b>	<b>19,874,237</b>

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)**

	2008	2009	2010	2011	2012
Extraction industries	-	1	1	1	1
Manufacturing industries	210	218	217	200	192
Production and distribution of electricity, gas and water	7	5	6	6	6
<b>Total</b>	<b>217</b>	<b>224</b>	<b>225</b>	<b>207</b>	<b>199</b>

Source: CASS (Andorran Social Security)

<b>Number of companies by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	123	128	134	125	121
From 6 to 10	35	35	37	35	37
From 11 to 25	42	42	37	33	26
From 26 to 100	16	17	15	13	12
Over 100	1	1	2	2	3
<b>Total</b>	<b>217</b>	<b>224</b>	<b>225</b>	<b>207</b>	<b>199</b>

Source: CASS (Andorran Social Security)

<b>Number of establishments</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Extraction industries</b>	-	-	-	1	1
Activities of services related to oil & gas production, excluding exploration activities	-	-	-	1	1
<b>Manufacturing industries</b>	<b>340</b>	<b>345</b>	<b>340</b>	<b>331</b>	<b>321</b>
Food and beverage processing industries	46	44	42	41	42
Tobacco industries	7	7	7	7	7
Textile industries	9	9	10	9	9
Dressmaking and fur industries	10	9	9	9	7
Wood and cork industries, except furniture; basketware and wickerwork	51	49	49	48	48
Paper industries	-	-	-	1	1
Publishing, graphic arts and reproduction of recorded media	87	93	90	92	83
Chemical industries	4	3	4	4	4
Manufacture of products of rubber and plastic materials	1	1	1	1	1
Manufactures of other non-metallic mineral products	5	5	5	5	6
Metallurgy	1	1	1	-	-
Manufacture of metallic products, except machinery and equipment	33	35	34	35	33
Industries for the construction of mechanical machinery and equipment	28	30	31	26	27
Manufacture of electrical machinery and material	1	1	1	1	1
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	1	1	1	1	1
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	25	27	26	25	25
Manufacture of other transport materials	1	1	1	1	-
Furniture manufacturing; other manufacturing industries	29	28	27	24	25
Recycling	1	1	1	1	1
<b>Production and distribution of electricity, gas and water</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>
Production and distribution of electricity, gas, steam and hot water	2	2	2	3	3
Collection, purification and distribution of water	2	2	2	2	2
<b>Total</b>	<b>344</b>	<b>349</b>	<b>344</b>	<b>337</b>	<b>327</b>

Note: Number of establishments registered with the Trade and Industry Registry.

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

<b>Electricity consumption by industry (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Electricity consumption	5,476	5,048	4,751	4,258	4,294

Source: FEDA (Andorran Electricity Co.)

**Number of employees (average)**

	2008	2009	2010	2011	2012
<b>Extraction industries</b>	-	4	3	2	2
Extraction of non-metallic or non-energy minerals	-	4	3	2	2
<b>Manufacturing industries</b>	<b>1,736</b>	<b>1,765</b>	<b>1,687</b>	<b>1,561</b>	<b>1,450</b>
Food and beverage processing industries	232	244	233	222	214
Tobacco industries	272	276	274	280	287
Textile industries	66	57	48	27	32
Dressmaking and fur industries	1	2	0	0	1
Wood and cork industries, except furniture; basketware and wickerwork	271	221	188	161	139
Publishing, graphic arts and reproduction of recorded media	282	270	263	240	220
Chemical industries	94	88	92	99	104
Manufacture of products of rubber and plastic materials	1	3	3	1	1
Manufactures of other non-metallic mineral products	63	58	53	44	38
Metallurgy	3	0	0	0	0
Manufacture of metallic products, except machinery and equipment	169	155	157	140	104
Industries for the construction of mechanical machinery and equipment	134	162	162	152	120
Manufacture of electrical machinery and material	10	17	13	8	8
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	1	0	0	0	0
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	80	142	137	130	133
Manufacture of motor vehicles, trailers and semi-trailers	1	2	2	2	2
Manufacture of other transport materials	0	0	0	1	1
Furniture manufacturing; other manufacturing industries	43	54	48	38	32
Recycling	14	14	15	16	15
<b>Production and distribution of electricity, gas and water</b>	<b>164</b>	<b>154</b>	<b>161</b>	<b>168</b>	<b>166</b>
Production and distribution of electricity, gas, steam and hot water	134	125	126	128	126
Collection, purification and distribution of water	30	29	35	40	39
<b>Total</b>	<b>1,900</b>	<b>1,923</b>	<b>1,851</b>	<b>1,731</b>	<b>1,617</b>

**Average monthly salaries (euro)**

	2008	2009	2010	2011	2012
<b>Extraction industries</b>	-	<b>2,371.92</b>	<b>3,036.48</b>	<b>1,404.41</b>	<b>2,312.87</b>
Extraction of non-metallic or non-energy minerals	-	2,371.92	3,036.48	1,404.41	2,312.87
<b>Manufacturing industries</b>	<b>1,935.00</b>	<b>1,996.77</b>	<b>1,985.78</b>	<b>2,038.43</b>	<b>2,002.55</b>
Food and beverage processing industries	1,523.27	1,605.54	1,606.26	1,677.53	1,629.34
Tobacco industries	2,058.91	2,150.07	2,082.83	2,169.53	2,076.77
Textile industries	1,388.33	1,291.08	1,423.51	1,454.51	1,746.15
Dressmaking and fur industries	1,651.15	1,097.17	-	-	482.24
Wood and cork industries, except furniture; basketware and wickerwork	2,030.51	2,063.74	1,989.72	1,881.31	1,912.49
Publishing, graphic arts and reproduction of recorded media	1,810.91	1,850.26	1,877.39	1,817.99	1,834.91
Chemical industries	1,523.82	1,625.23	1,755.07	1,792.26	1,814.24
Manufacture of products of rubber and plastic materials	1,326.86	1,660.29	1,697.50	1,877.65	1,630.00
Manufactures of other non-metallic mineral products	2,785.52	2,850.24	3,036.82	3,257.32	2,726.99
Metallurgy	1,126.67	-	-	-	-
Manufacture of metallic products, except machinery and equipment	2,318.88	2,117.57	2,008.90	2,070.15	2,023.96
Industries for the construction of mechanical machinery and equipment	2,307.64	2,310.96	2,335.78	2,437.31	2,551.51
Manufacture of electrical machinery and material	1,416.83	1,726.16	1,481.88	1,492.09	1,408.32
Manufact. of electronic materials; radio, tv. & communications equip. & apparatus	2,390.00	-	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	1,796.78	2,281.82	2,200.97	2,477.52	2,418.49
Manufacture of motor vehicles, trailers and semi-trailers	1,854.61	1,935.43	2,126.85	2,115.13	2,186.47
Manufacture of other transport materials	-	-	-	1,565.00	1,200.00
Furniture manufacturing; other manufacturing industries	1,634.33	1,818.22	1,968.58	1,786.48	1,766.04
Recycling	2,619.22	2,635.10	1,957.37	2,029.15	2,002.61
<b>Production and distribution of electricity, gas and water</b>	<b>3,115.95</b>	<b>3,222.45</b>	<b>3,260.46</b>	<b>3,161.40</b>	<b>3,043.73</b>
Production and distribution of electricity, gas, steam and hot water	3,345.03	3,495.85	3,601.73	3,532.31	3,406.80
Collection, purification and distribution of water	2,093.99	2,029.79	2,036.91	1,983.24	1,882.38
<b>Average</b>	<b>2,036.83</b>	<b>2,095.82</b>	<b>2,098.47</b>	<b>2,146.53</b>	<b>2,109.45</b>

Source: CASS (Andorran Social Security)

## 7. ENERGY

<b>Electricity</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Exports (MWh)	-	9	7	1	9
Production (MWh)	79,022	101,011	112,700	91,238	87,858
Urban waste thermal production	16,305	15,163	12,666	12,323	11,676
Hydro-electric production	62,717	85,848	100,034	78,915	76,182
Imports (MWh)	521,108	497,732	497,948	495,796	505,456
<b>Total consumption</b>	<b>600,129</b>	<b>598,735</b>	<b>610,641</b>	<b>587,033</b>	<b>593,306</b>

<b>Real electricity consumption by charge band (kWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Domestic rate - blue	91,262,767	91,496,232	95,267,139	90,455,256	92,213,569
Business rate - blue (up to 20 kW on contract)	54,075,277	53,265,461	53,850,180	50,663,371	48,736,694
Street lighting	-	-	-	178,966	299,382
Business rate - red (from 25 to 250 kW on contract)	114,780,088	114,748,571	116,429,505	113,183,475	112,336,860
Business rate - green (more than 250 kW on contract)	132,285,234	127,835,680	129,069,468	126,254,384	126,211,494
<b>Total consumption by low-voltage (BT) customers</b>	<b>392,403,366</b>	<b>387,345,944</b>	<b>394,616,292</b>	<b>380,735,452</b>	<b>379,797,999</b>
Charge to other distributors	182,009,984	182,157,180	185,771,007	179,271,641	182,011,144
<b>Total</b>	<b>574,413,350</b>	<b>569,503,124</b>	<b>580,387,299</b>	<b>560,007,093</b>	<b>561,809,143</b>

<b>Electricity consumption by sector (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Domestic use	91,904	91,476	95,267	90,475	92,253
Construction and construction related activities	6,455	5,715	5,136	4,826	4,361
Industries	5,476	5,048	4,751	4,258	4,294
Distribution	76,240	75,886	76,384	74,799	73,634
Hotels and catering	70,537	68,029	68,381	66,263	64,687
Financial services	26,065	25,743	24,289	23,320	23,179
Other services	68,714	69,771	71,599	68,883	66,706
Street lighting	7,133	7,698	7,480	7,789	7,988
Ski resorts	17,001	15,272	17,221	15,125	17,052
Government	23,636	22,866	23,900	24,997	25,645
Other distributors	182,010	182,157	185,771	179,272	182,011
<b>Total</b>	<b>575,171</b>	<b>569,662</b>	<b>580,179</b>	<b>560,007</b>	<b>561,809</b>

Source: FEDA (Andorran Electricity Co.)

<b>Fuel imports (litres)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Unleaded petrol	31,621,725	29,960,088	28,563,574	28,080,840	27,191,927
Diesel for vehicles	104,104,455	100,287,482	99,399,880	102,216,532	101,249,226
Domestic fuel oil	67,454,616	64,467,574	66,778,762	54,298,678	55,834,708
Carbureactors	144,832	93,427	127,936	131,958	93,560
<b>Total</b>	<b>203,325,628</b>	<b>194,808,571</b>	<b>194,870,152</b>	<b>184,728,008</b>	<b>184,369,421</b>

Source: Andorran Customs

<b>Evolution in various energy consumption (TOE)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Electricity	133,229	132,919	135,538	130,321	131,714
Petrol	24,570	23,279	22,194	21,819	21,128
Diesel	151,315	145,314	146,570	138,046	138,548
Propane	2,255	2,244	2,399	2,353	2,116
Butane	911	595	541	461	422
<b>Total</b>	<b>312,280</b>	<b>304,350</b>	<b>307,242</b>	<b>293,001</b>	<b>293,928</b>

Source: Department of Industry. Government of Andorra

## 8.CONSTRUCTION

<b>Number of establishments</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Construction	854	848	837	817	791

Note: Number of establishments registered with the Trade and Industry Registry.

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

<b>Number of companies by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	344	322	294	292	286
From 6 to 10	140	118	109	99	96
From 11 to 25	118	102	91	75	64
From 26 to 100	55	51	45	39	28
Over 100	2	2	0	1	1
<b>Total</b>	<b>659</b>	<b>594</b>	<b>539</b>	<b>506</b>	<b>475</b>

<b>Number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Construction	6,094	5,410	4,657	3,932	3,269

<b>Average monthly salaries (euro)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Construction	1,937.01	1,931.91	1,919.58	1,952.70	1,923.22

Source: CASS (Andorran Social Security)

<b>Electricity consumption (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Construction and related activities	6,455	5,715	5,136	4,826	4,361

Source: FEDA (Andorran Electricity Co.)

<b>Number of authorised projects</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total authorised works	-	-	-	483	399

<b>Total authorised m<sup>2</sup> by category</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
New build	-	-	-	109,860.33	127,520.47
Refurbishment	-	-	-	75,385.00	37,022.86
Extension	-	-	-	10,154.66	6,387.98
Demolition	-	-	-	7,862.87	3,504.10
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203,262.86</b>	<b>174,435.41</b>

Source: Official Architects' Association of Andorra

<b>Surface area authorised for building (square metres)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Apartments	69,639	75,639	13,770	21,475	46,043
Houses	14,732	12,261	13,735	10,265	4,176
Other buildings (including offices, stores and hotels)	20,038	20,341	29,105	41,113	3,263
<b>Total</b>	<b>104,409</b>	<b>108,241</b>	<b>56,610</b>	<b>72,853</b>	<b>53,482</b>

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

**Surface area authorised for building per parish (square metres)**

	2008	2009	2010	2011	2012
Canillo	21,002	2,656	6,317	5,040	1,250
Encamp	14,901	11,017	18,566	18,816	1,134
Ordino	15,059	19,075	2,363	3,054	29,232
La Massana	9,122	8,512	5,021	6,570	7,121
Andorra la Vella	10,071	15,893	2,244	2,324	2,293
Sant Julià de Lòria	14,783	22,990	3,112	34,866	11,692
Escaldes-Engordany	19,471	28,098	18,987	2,183	760
<b>Total</b>	<b>104,409</b>	<b>108,241</b>	<b>56,610</b>	<b>72,853</b>	<b>53,482</b>

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

**Imports of building materials (thousand euros)**

	2008	2009	2010	2011	2012
Salt, sulphur, earth, stone, plaster, lime, cement (25)	13,988.79	10,880.02	8,480.53	8,003.17	4,594.52
Stone, plaster and mica products (68)	11,128.94	6,615.19	6,425.78	4,740.19	3,924.62
Castings, iron and steel (72)	10,220.42	5,025.07	5,037.97	5,160.43	2,450.88
Cast-iron, iron and steel products (73)	24,855.07	23,459.61	18,052.85	14,666.62	13,082.60
<b>Total</b>	<b>60,193.22</b>	<b>45,979.89</b>	<b>37,997.13</b>	<b>32,570.42</b>	<b>24,052.62</b>

Source: Andorran Customs

## 9. SERVICES

**Number of establishments**

	2008	2009	2010	2011	2012
<b>Commerce and motor vehicle repairs (etc.)</b>	<b>2,729</b>	<b>2,732</b>	<b>2,682</b>	<b>2,627</b>	<b>2,556</b>
Sales, maintenance and repair of motor vehicles (etc.)	349	347	357	348	340
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	945	933	904	873	846
Retail, except sales of motor vehicles (etc.)	1,435	1,452	1,421	1,406	1,370
<b>Hotels &amp; catering</b>	<b>955</b>	<b>955</b>	<b>967</b>	<b>963</b>	<b>950</b>
<b>Transport, storage and communications</b>	<b>407</b>	<b>410</b>	<b>404</b>	<b>414</b>	<b>411</b>
Overland transport; pipeline transport	226	227	220	221	214
Air and space transport	5	4	4	4	3
Transport related activities; travel agency activities	165	167	167	175	182
Post and telecommunications	11	12	13	14	12
<b>Financial system</b>	<b>181</b>	<b>177</b>	<b>167</b>	<b>164</b>	<b>163</b>
Financial activities, except insurance activities	77	74	72	69	66
Insurance activities, except compulsory social security	93	92	84	85	87
Activities related to finance	11	11	11	10	10
<b>Real estate and rental activities; business services</b>	<b>1,206</b>	<b>1,208</b>	<b>1,236</b>	<b>1,242</b>	<b>1,253</b>
Real estate activities	340	328	323	309	292
Hire of machinery & equipment without operator, personal effects, domestic appliances	121	116	118	116	113
Computer activities	88	91	92	95	95
Research and development	0	0	0	3	5
Other business activities	657	673	703	719	748
<b>Public administration, defence and compulsory social security</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Education</b>	<b>66</b>	<b>67</b>	<b>65</b>	<b>66</b>	<b>66</b>
<b>Health and veterinary activities, social services</b>	<b>118</b>	<b>125</b>	<b>139</b>	<b>148</b>	<b>156</b>
<b>Other social activities and community services; personal services</b>	<b>439</b>	<b>458</b>	<b>471</b>	<b>470</b>	<b>468</b>
Public sanitation activities	18	21	27	27	27
Leisure, culture and sports activities	162	173	178	180	176
Miscellaneous personal services activities	259	264	266	263	265
<b>Others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>6,101</b>	<b>6,132</b>	<b>6,131</b>	<b>6,094</b>	<b>6,023</b>

Note: Number of establishments registered with the Trade and Industry Registry.

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



<b>Number of businesses (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Commerce and motor vehicle repairs (etc.)	1,569	1,411	1,369	1,339	1,298
Hotels & catering	756	720	691	690	687
Transport, storage & communications	181	175	155	149	149
Financial system	74	83	77	76	73
Real estate and rentals; business services	800	785	775	791	800
Public administration, defence and compulsory social security	45	43	42	42	45
Education	50	51	53	47	46
Health and veterinary activities, social services	201	194	196	202	207
Other social activities & community services; personal services	380	373	377	386	377
Households employing domestic staff	3,601	3,574	3,593	3,526	3,460
Extraterritorial bodies	6	8	9	8	8
Special regimes <sup>(*)</sup>	-	-	-	-	1
Domestic work for the community (communities of owners)	543	566	577	569	567
Voluntary declaration, no activity (volunteers)	16	12	4	-	-
<b>Total</b>	<b>8,222</b>	<b>7,995</b>	<b>7,917</b>	<b>7,823</b>	<b>7,717</b>

(\*) From March 2012, includes declarants within the framework of the Programme of temporary work for the unemployed and registered with the Job Service, by the Government to do work providing a service to the community.

<b>Number of businesses by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	7,023	6,840	6,841	6,768	6,720
From 6 to 10	594	569	521	498	467
From 11 to 25	380	376	358	361	342
From 26 to 100	176	159	148	149	140
Over 100	49	50	50	48	48
<b>Total</b>	<b>8,222</b>	<b>7,995</b>	<b>7,917</b>	<b>7,823</b>	<b>7,717</b>

<b>Number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Commerce and motor vehicle repairs (etc.)	10,870	10,362	9,977	9,574	9,235
Sales, maintenance and repair of motor vehicles (etc.)	1,389	1,235	1,219	1,176	1,118
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,342	2,815	2,687	2,549	2,336
Retail, except sales of motor vehicles (etc.)	7,138	6,313	6,071	5,849	5,781
Hotels & catering	5,242	5,136	4,956	4,877	4,684
Transport, storage and communications	1,291	1,220	1,185	1,156	1,107
Overland transport; pipeline transport	634	555	532	503	472
Air and space transport	8	9	9	9	7
Transport related activities; travel agency activities	378	380	370	376	362
Post and telecommunications	271	277	273	268	266
Financial system	1,665	1,696	1,671	1,695	1,724
Financial activities, except insurance activities	1,402	1,447	1,432	1,461	1,491
Insurance activities, except compulsory social security	259	245	235	229	229
Activities related to finance	4	4	4	4	4
Real estate and rental activities; business services	4,100	4,115	4,132	4,076	3,952
Real estate activities	693	639	609	615	574
Hire of machinery & equipment without operator, personal effects, domestic appliances	155	170	169	177	156
Computer activities	267	305	325	334	324
Research and development	1	1	7	10	6
Other business activities	2,984	2,999	3,023	2,940	2,891
Public administration, defence and compulsory social security <sup>(*)</sup>	4,675	4,698	4,487	4,452	4,405
Education	684	594	584	571	543
Health and veterinary activities, social services <sup>(*)</sup>	1,505	1,695	1,762	1,800	1,777
Other social activities and community services; personal services	2,442	2,445	2,419	2,456	2,419
Public sanitation activities	44	56	70	83	104
Associational activities	203	165	177	196	212
Leisure, culture and sports activities	1,637	1,721	1,685	1,694	1,648
Miscellaneous personal services activities	558	503	487	483	455
Households employing domestic staff	1,382	1,354	1,326	1,324	1,294
Extraterritorial bodies	12	23	26	26	22
Special regimes <sup>(**)</sup>	-	-	-	-	41
Domestic work for the community (communities of owners)	204	200	206	203	202
Voluntary declaration no activity (volunteers)	9	2	1	-	-
<b>Total</b>	<b>34,081</b>	<b>33,538</b>	<b>32,733</b>	<b>32,210</b>	<b>31,405</b>

(\*) From July 2012, includes employees of the communes, semi-public bodies and public companies within the framework of the temporary work programme to promote temporary employment for the unemployed registered with the Job Service, to do work on behalf of the community.

(\*\*) From March 2012, data relating to the section Special regimes relates to those employed by the Government within the framework of the temporary work programme to promote temporary employment for the unemployed registered with the Job Service, to do work on behalf of the community.

Source: CASS (Andorran Social Security)

<b>Average monthly salaries (euro)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Commerce and motor vehicle repairs (etc.)</b>	<b>1,658.51</b>	<b>1,671.50</b>	<b>1,687.64</b>	<b>1,697.23</b>	<b>1,687.50</b>
Sales, maintenance and repair of motor vehicles (etc.)	1,784.86	1,789.70	1,806.81	1,866.87	1,866.49
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,846.82	1,856.29	1,856.97	1,874.47	1,887.74
Retail, except sales of motor vehicles (etc.)	1,572.13	1,565.99	1,588.78	1,585.89	1,571.95
<b>Hotels &amp; catering</b>	<b>1,463.59</b>	<b>1,467.63</b>	<b>1,472.57</b>	<b>1,476.32</b>	<b>1,448.76</b>
<b>Transport, storage and communications</b>	<b>2,048.81</b>	<b>2,142.85</b>	<b>2,181.08</b>	<b>2,223.76</b>	<b>2,193.16</b>
Overland transport; pipeline transport	1,877.27	1,927.23	1,900.39	1,935.49	1,861.03
Air and space transport	3,319.18	3,491.27	3,250.98	3,809.29	4,982.66
Transport related activities; travel agency activities	1,771.42	1,833.73	1,845.46	1,848.24	1,817.87
Post and telecommunications	2,802.33	2,957.12	3,147.29	3,237.62	3,215.27
<b>Financial system</b>	<b>4,153.70</b>	<b>4,215.38</b>	<b>4,380.86</b>	<b>4,535.97</b>	<b>4,539.02</b>
Financial activities, except insurance activities	4,494.70	4,525.88	4,690.79	4,855.41	4,857.91
Insurance activities, except compulsory social security	2,337.19	2,408.55	2,523.18	2,536.91	2,502.11
Activities related to finance	2,119.75	2,731.41	2,469.31	2,402.88	2,146.18
<b>Real estate and rental activities; business services</b>	<b>1,798.65</b>	<b>1,846.60</b>	<b>1,838.15</b>	<b>1,851.16</b>	<b>1,832.42</b>
Real estate activities	1,950.81	2,007.37	2,149.18	2,184.73	2,137.91
Hire of machinery & equipment without operator, personal effects, domestic appliances	1,593.51	1,701.97	1,738.88	1,841.43	1,936.07
Computer activities	2,350.77	2,500.24	2,545.08	2,469.91	2,347.51
Research and development	895.79	700.99	1,707.03	1,707.75	2,542.44
Other business activities	1,724.70	1,754.52	1,705.39	1,712.13	1,706.88
<b>Public administration, defence and compulsory social security<sup>(*)</sup></b>	<b>2,290.15</b>	<b>2,318.68</b>	<b>2,417.51</b>	<b>2,449.42</b>	<b>2,433.21</b>
<b>Education</b>	<b>1,987.38</b>	<b>2,033.69</b>	<b>2,070.55</b>	<b>2,083.17</b>	<b>2,149.44</b>
<b>Health and veterinary activities, social services<sup>(*)</sup></b>	<b>2,198.48</b>	<b>2,301.08</b>	<b>2,306.96</b>	<b>2,318.05</b>	<b>2,290.48</b>
<b>Other social activities and community services; personal services</b>	<b>1,651.35</b>	<b>1,661.55</b>	<b>1,683.36</b>	<b>1,622.66</b>	<b>1,649.98</b>
Public sanitation activities	1,973.94	1,869.80	1,792.09	1,706.92	1,571.26
Associational activities	1,332.26	1,450.18	1,506.36	1,370.98	1,351.79
Leisure, culture and sports activities	1,762.60	1,715.99	1,751.95	1,686.60	1,741.61
Miscellaneous personal services activities	1,415.93	1,521.50	1,495.04	1,486.19	1,474.90
<b>Households employing domestic staff</b>	<b>1,159.20</b>	<b>1,172.94</b>	<b>1,217.26</b>	<b>1,236.93</b>	<b>1,201.38</b>
<b>Extraterritorial bodies</b>	<b>1,791.01</b>	<b>2,521.89</b>	<b>2,407.69</b>	<b>2,411.81</b>	<b>2,628.89</b>
<b>Special regimes<sup>(**)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,003.15</b>
<b>Domestic work for the community (communities of owners)</b>	<b>1,036.99</b>	<b>1,126.05</b>	<b>1,142.74</b>	<b>1,149.60</b>	<b>1,201.97</b>
<b>Voluntary declaration no activity (volunteers)</b>	<b>1,093.51</b>	<b>1,537.75</b>	<b>1,182.19</b>	<b>-</b>	<b>-</b>
<b>Average</b>	<b>1,874.56</b>	<b>1,912.90</b>	<b>1,947.42</b>	<b>1,969.53</b>	<b>1,964.90</b>

(\*) From July 2012, includes employees of the communes, semi-public bodies and public companies within the framework of the temporary work programme to promote temporary employment for the unemployed registered with the Job Service, to do work on behalf of the community.

(\*\*) From March 2012, data relating to the section Special regimes relates to those employed by the Government within the framework of the temporary work programme to promote temporary employment for the unemployed registered with the Job Service, to do work on behalf of the community.

Source: CASS (Andorran Social Security)

<b>Electricity Consumption (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Distribution	76,240	75,886	76,384	74,799	73,634
Hotels and Catering	70,537	68,029	68,381	66,263	64,687
Financial services	26,065	25,743	24,289	23,320	23,179
Other services	68,714	69,771	71,599	68,883	66,706
Street lighting	7,133	7,698	7,480	7,789	7,988
Ski resorts	17,001	15,272	17,221	15,125	17,052
Government	23,636	22,866	23,900	24,997	25,645
Other distributors	182,010	182,157	185,771	179,272	182,011
<b>Total</b>	<b>471,335</b>	<b>467,422</b>	<b>475,025</b>	<b>460,447</b>	<b>460,902</b>

Source: FEDA (Andorran Electricity Co.)

## 9.1 Commerce

<b>Number of establishments</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Sales, maintenance and repairs of motor vehicles (etc.)	349	347	357	348	340
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	945	933	904	873	846
Retail, except sales of motor vehicles (etc.)	1,435	1,452	1,421	1,406	1,370
<b>Total</b>	<b>2,729</b>	<b>2,732</b>	<b>2,682</b>	<b>2,627</b>	<b>2,556</b>

Note: Number of establishments registered with the Trade and Industry Registry.

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

<b>Number of businesses (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Commerce and motor vehicle repairs (etc.)	1,569	1,411	1,369	1,339	1,298

<b>Number of businesses by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	1,131	1,018	997	985	975
From 6 to 10	231	209	197	186	166
From 11 to 25	135	119	116	111	105
From 26 to 100	56	50	44	40	37
Over 100	15	14	15	16	16
<b>Total</b>	<b>1,569</b>	<b>1,411</b>	<b>1,369</b>	<b>1,339</b>	<b>1,298</b>

<b>Number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Sales, maintenance and repairs of motor vehicles (etc.)	1,389	1,235	1,219	1,176	1,118
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,342	2,815	2,687	2,549	2,336
Retail, except sales of motor vehicles (etc.)	7,138	6,313	6,071	5,849	5,781
<b>Total</b>	<b>10,870</b>	<b>10,362</b>	<b>9,977</b>	<b>9,574</b>	<b>9,235</b>

<b>Average monthly salaries (euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Sales, maintenance and repairs of motor vehicles (etc.)	1,784.86	1,789.70	1,806.81	1,866.87	1,866.49
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,846.82	1,856.29	1,856.97	1,874.47	1,887.74
Retail, except sales of motor vehicles (etc.)	1,572.13	1,565.99	1,588.78	1,585.89	1,571.95
<b>Average</b>	<b>1,658.51</b>	<b>1,671.50</b>	<b>1,687.64</b>	<b>1,697.23</b>	<b>1,687.50</b>

Source: CASS (Andorran Social Security)

<b>Electricity consumption (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Distribution sector	76,240	75,886	76,384	74,799	73,634

Source: FEDA (Andorran Electricity Co.)

## 9.2 Financial sector

<b>Number of establishments</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Financial activities, except insurance activities	77	74	72	69	66
Insurance activities, except compulsory social security	93	92	84	85	87
Activities related to finance	11	11	11	10	10
<b>Total</b>	<b>181</b>	<b>177</b>	<b>167</b>	<b>164</b>	<b>163</b>

Note: Number of establishments registered with the Trade and Industry Registry.

Source: Department of Trade, Government of Andorra / Department of Statistics, Government of Andorra

<b>Number of businesses (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Financial system	74	83	77	76	73

Source: CASS (Andorran Social Security)

<b>Number of businesses by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	45	56	50	49	46
From 6 to 10	16	12	12	10	10
From 11 to 25	6	8	9	11	11
From 26 to 100	3	2	1	1	1
Over 100	5	5	5	5	5
<b>Total</b>	<b>74</b>	<b>83</b>	<b>77</b>	<b>76</b>	<b>73</b>

<b>Number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Financial activities, except insurance activities	1,402	1,447	1,432	1,461	1,491
Insurance activities, except compulsory social security	259	245	235	229	229
Activities related to finance	4	4	4	4	4
<b>Total</b>	<b>1,665</b>	<b>1,696</b>	<b>1,671</b>	<b>1,695</b>	<b>1,724</b>

<b>Average monthly wages (euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Financial activities, except insurance activities	4,494.70	4,525.88	4,690.79	4,855.41	4,857.91
Insurance activities, except compulsory social security	2,337.19	2,408.55	2,523.18	2,536.91	2,502.11
Activities related to finance	2,119.75	2,731.41	2,469.31	2,402.88	2,146.18
<b>Average</b>	<b>4,153.70</b>	<b>4,215.38</b>	<b>4,380.86</b>	<b>4,535.97</b>	<b>4,539.02</b>

Source: CASS (Andorran Social Security)

<b>Electricity consumption (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Financial services	26,065	25,743	24,289	23,320	23,179

Source: FEDA (Andorran Electricity Co.)

<b>Number of bank branches</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Number of bank branches	57	55	56	50	44

<b>Number of employees in the banking sector</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Number of employees in the banking sector <sup>(*)</sup>	1,425	1,588	1,703	2,078	2,281

(\*) Includes employees in Andorra and abroad.

Source: Association of Andorran Banks

<b>Bank deposits (million euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Andbank Group	3,291.76	2,439.70	2,494.88	2,603.37	2,580.51
Banca Privada d'Andorra	1,458.13	1,415.76	1,210.33	1,484.68	1,621.48
MoraBanc Group	3,294.09	2,263.85	1,867.28	1,851.03	1,682.73
Crèdit Andorrà Group	4,879.47	4,373.75	4,181.70	4,315.61	4,454.88
BancSabadell d'Andorra	586.70	457.87	417.66	357.44	388.81
<b>Total</b>	<b>13,510.15</b>	<b>10,950.94</b>	<b>10,171.86</b>	<b>10,612.12</b>	<b>10,728.40</b>

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

<b>Net credit investment of the banking entities (million euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Andbank Group	1,558.71	1,594.26	1,611.23	1,684.14	1,792.92
Banca Privada d'Andorra	1,119.46	804.84	909.50	1,077.96	1,124.66
MoraBanc Group	1,060.64	1,030.81	1,066.57	1,096.39	1,127.33
Crèdit Andorrà Group	2,882.29	3,002.65	3,084.62	3,090.78	3,071.82
BancSabadell d'Andorra	351.07	390.05	390.30	399.45	416.84
<b>Total</b>	<b>6,972.17</b>	<b>6,822.61</b>	<b>7,062.21</b>	<b>7,348.72</b>	<b>7,533.58</b>

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

<b>Profit per banking entity (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Andbank Group	31,410	44,357	40,778	54,246	56,581
Banca Privada d'Andorra	23,346	25,125	25,154	18,528	17,596
MoraBanc Group	52,224	50,116	50,629	46,687	45,175
Crèdit Andorrà Group	85,005	76,655	77,816	70,628	70,862
BancSabadell d'Andorra	5,186	5,252	6,135	6,452	6,624
<b>Total</b>	<b>197,171</b>	<b>201,505</b>	<b>200,512</b>	<b>196,541</b>	<b>196,838</b>

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

### 9.3 Tourism

<b>Number of establishments</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Hotels and catering	955	955	967	963	950

Note: Number of establishments registered with the Trade and Industry Registry.

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

<b>Number of businesses (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Hotels and catering	756	720	691	690	687

<b>Number of businesses by number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
From 1 to 5	485	454	455	449	444
From 6 to 10	115	110	92	92	104
From 11 to 25	101	104	93	98	93
From 26 to 100	52	50	51	49	45
Over 100	2	2	1	1	2
<b>Total</b>	<b>756</b>	<b>720</b>	<b>691</b>	<b>690</b>	<b>687</b>

<b>Number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Hotels and catering	5,242	5,136	4,956	4,877	4,684

<b>Average monthly wages (euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Hotels and catering	1,463.59	1,467.63	1,472.57	1,476.32	1,448.76

Source: CASS (Andorran Social Security)

<b>Electricity consumption (MWh)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Hotels and restaurants	70,537	68,029	68,381	66,263	64,687
Ski resorts	17,001	15,272	17,221	15,125	17,052

Source: FEDA (Andorran Electricity Co.)

<b>Total visitors (any non-resident visiting the country)</b>						
		<b>2008</b>	<b>2009<sup>(*)</sup></b>	<b>2010</b>	<b>2011<sup>(**)</sup></b>	<b>2012</b>
Total by nationalities	Spanish	5,962,460	5,216,607	4,951,063	3,976,718	3,863,167
	French	3,963,389	3,659,936	3,387,767	3,471,122	3,464,619
	Others	267,900	235,316	212,434	535,039	572,654
Sant Julià de Lòria	Spanish	5,767,669	5,026,236	4,769,427	3,681,354	3,591,673
	French	459,893	388,962	354,579	272,941	250,733
	Others	165,835	141,954	130,173	346,291	382,985
Pas de la Casa	Spanish	194,791	190,371	181,636	295,364	271,494
	French	3,503,496	3,270,974	3,033,188	3,198,181	3,213,886
	Others	102,065	93,362	82,261	188,748	189,669
<b>Total visitors (tourists and day-trippers)</b>		<b>10,193,749</b>	<b>9,111,859</b>	<b>8,551,264</b>	<b>7,982,879</b>	<b>7,900,440</b>

<b>Tourists (any visitor who spends more than one day, i.e. at least one night, in this country)</b>						
		<b>2008</b>	<b>2009<sup>(*)</sup></b>	<b>2010</b>	<b>2011<sup>(**)</sup></b>	<b>2012</b>
Total by nationalities	Spanish	1,555,475	1,409,868	1,414,298	1,588,909	1,570,604
	French	402,299	332,783	310,800	341,484	345,898
	Others	101,677	87,218	82,903	311,169	321,437
Sant Julià de Lòria	Spanish	1,495,397	1,349,729	1,351,951	1,459,230	1,448,821
	French	103,154	81,788	76,285	63,171	59,479
	Others	65,994	55,218	52,782	212,547	224,565
Pas de la Casa	Spanish	60,078	60,139	62,347	129,679	121,783
	French	299,145	250,995	234,515	278,313	286,419
	Others	35,683	32,000	30,121	98,622	96,872
<b>Total tourists</b>		<b>2,059,451</b>	<b>1,829,869</b>	<b>1,808,001</b>	<b>2,241,562</b>	<b>2,237,939</b>

<b>Day-trippers (any visitor who only spends one day in the country)</b>						
		<b>2008</b>	<b>2009<sup>(*)</sup></b>	<b>2010</b>	<b>2011<sup>(**)</sup></b>	<b>2012</b>
Total by nationalities	Spanish	4,406,985	3,806,739	3,536,765	2,387,809	2,292,563
	French	3,561,090	3,327,153	3,076,967	3,129,638	3,118,721
	Others	166,223	148,098	129,531	223,870	251,217
Sant Julià de Lòria	Spanish	4,272,272	3,676,507	3,417,476	2,222,124	2,142,852
	French	356,739	307,174	278,294	209,770	191,254
	Others	99,841	86,736	77,391	133,744	158,420
Pas de la Casa	Spanish	134,713	130,232	119,289	165,685	149,711
	French	3,204,351	3,019,979	2,798,673	2,919,868	2,927,467
	Others	66,382	61,362	52,140	90,126	92,797
<b>Total day-trippers</b>		<b>8,134,298</b>	<b>7,281,990</b>	<b>6,743,263</b>	<b>5,741,317</b>	<b>5,662,501</b>

(\*) 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.

(\*\*) 1. From May 2011 improvements have been made to methodology to calculate the number of visitors to the country, increasing the frequency of collection of surveys. Also, from December 2011 frontier workers are no longer included in the category of day-trippers and are included in visitors entering the country by Andorran-registered special and regular bus which had never been collected. Moreover, a specific survey is made on non-Andorran buses to identify their origin and nature of the transported visitors. / 2. These methodological changes mean that the absolute figures extracted with different methodologies are not comparable. / 3. 2011 data revised according to the new methodology so comparable with 2012 data.

Source: Department of Statistics. Government of Andorra



<b>Number of overnight stays per type of accommodation</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011<sup>(*)</sup></b>	<b>2012</b>
Hotel	-	-	-	4,308,035	4,415,393
Aparthotel	-	-	-	271,390	289,389
Holiday apartment	-	-	-	672,008	651,581
Campsite	-	-	-	234,842	127,110
Friends' or family's house	-	-	-	527,561	723,980
Own or rental property	-	-	-	316,834	308,582
Other	-	-	-	184,189	120,244
<b>Total</b>	-	-	-	<b>6,514,859</b>	<b>6,636,279</b>

(\*) 1. From May 2011 improvements have been made to methodology to calculate the number of visitors to the country, increasing the frequency of collection of surveys. Also, from December 2011 frontier workers are no longer included in the category of day-trippers and are included in visitors entering the country by Andorran-registered special and regular bus which had never been collected. Moreover, a specific survey is made on non-Andorran buses to identify their origin and nature of the transported visitors. / 2. These methodological changes mean that the absolute figures extracted with different methodologies are not comparable. / 3. 2011 data revised according to the new methodology so comparable with 2012 data.

Source: Department of Statistics. Government of Andorra

## 9.4 Transport and communications

<b>Number of establishments</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Overland transport; pipeline transport	226	227	220	221	214
Air and space transport	5	4	4	4	3
Transport related activities; travel agency activities	165	167	167	175	182
Post and telecommunications	11	12	13	14	12
<b>Total</b>	<b>407</b>	<b>410</b>	<b>404</b>	<b>414</b>	<b>411</b>

Note: Number of establishments registered with the Trade and Industry Registry.

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

<b>Number of employees (average)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Overland transport; pipeline transport	634	555	532	503	472
Air and space transport	8	9	9	9	7
Transport related activities; travel agency activities	378	380	370	376	362
Post and telecommunications	271	277	273	268	266
<b>Total</b>	<b>1,291</b>	<b>1,220</b>	<b>1,185</b>	<b>1,156</b>	<b>1,107</b>

<b>Average monthly salaries (euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Overland transport; pipeline transport	1,877.27	1,927.23	1,900.39	1,935.49	1,861.03
Air and space transport	3,319.18	3,491.27	3,250.98	3,809.29	4,982.66
Transport related activities; travel agency activities	1,771.42	1,833.73	1,845.46	1,848.24	1,817.87
Post and telecommunications	2,802.33	2,957.12	3,147.29	3,237.62	3,215.27
<b>Average</b>	<b>2,048.81</b>	<b>2,142.85</b>	<b>2,181.08</b>	<b>2,223.76</b>	<b>2,193.16</b>

Source: CASS (Andorran Social Security)

<b>Number of vehicles per 1,000 inhabitants</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Vehicles/1,000 inhabitants	903	908	908	985	1,005

Note: Data relating to 2011 and 2012 reflect an interannual rise in the number of vehicles per thousand inhabitants, of 8.5%. These rises reflect the significant 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

<b>Total number of vehicles</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Vehicles with normal registration plates</b>					
Cars	51,648	51,676	52,336	52,284	52,038
Light goods vehicles	984	973	982	966	950
Medium goods vehicles	3,375	3,348	3,343	3,288	3,273
Public transport vehicles (12+ seats)	207	208	208	207	206
Heavy goods vehicles	994	970	954	896	852
Semitrailers	323	314	311	284	269
Industrial trailers	9	9	10	9	11
Private trailers	3,034	3,061	3,095	3,097	3,119
Motorbikes (50 cc+)	9,836	10,027	10,255	10,415	10,572
Agricultural vehicles	355	353	358	357	354
<b>Total</b>	<b>70,765</b>	<b>70,939</b>	<b>71,852</b>	<b>71,803</b>	<b>71,644</b>
<b>Vehicles with special registration plates</b>					
Mopeds (<50 cc)	3,079	2,908	2,836	2,711	2,582
Special vehicles	1,965	1,998	2,004	1,984	1,965
Snowbikes	482	471	471	453	425
<b>Total</b>	<b>5,526</b>	<b>5,377</b>	<b>5,311</b>	<b>5,148</b>	<b>4,972</b>
<b>TOTAL NUMBER OF VEHICLES</b>	<b>76,291</b>	<b>76,316</b>	<b>77,163</b>	<b>76,951</b>	<b>76,616</b>

Source: Department of Industry. Government of Andorra

<b>Subscriptions to telecommunications services (units)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Land lines</b>					
Telephone lines	48,621	49,505	49,765	49,171	48,166
ISDN channels	37,375	37,882	38,171	38,401	38,320
	11,246	11,623	11,594	10,770	9,846
<b>Mobile telephones</b>					
Mobiland contract <sup>(1)</sup>	64,202	64,549	65,495	65,044	63,865
Mobiland Clic pre-pay <sup>(2)</sup>	38,299	38,845	40,020	41,269	43,352
	25,903	25,704	25,475	23,775	20,513
<b>Data lines</b>					
Commutated lines <sup>(3)</sup>	565	474	409	-	-
Specialised lines	194	150	135	-	-
	371	324	274	-	-
<b>Total contracted capacity in kbps<sup>(3)</sup></b>	<b>397,218</b>	<b>349,555</b>	<b>350,568</b>	-	-
<b>Point-to-point data access</b>					
Ipsilon (copper)	-	-	-	824	734
Business Intranet (FTTH)	-	-	-	368	218
	-	-	-	456	516
<b>Broadband Internet</b>					
ADSL	20,272	22,941	24,502	25,763	26,905
Internet via fibre optic	20,272	17,902	13,264	8,337	5,238
	-	5,039	11,238	17,426	21,667

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

	2008	2009	2010	2011	2012
<b>TELEPHONE TRAFFIC (minutes)</b>					
National total	219,542,091	196,721,664	183,263,474	175,724,899	163,847,511
<i>Land line network</i> <sup>(1)</sup>	170,918,584	149,162,757	137,971,339	131,684,410	122,801,051
Telephones –land lines <sup>(1)</sup>	144,973,183	135,508,359	132,359,694	-	-
Internet (analogue access)	24,942,712	13,331,673	5,320,153	-	-
Internet (digital access)	1,002,689	322,725	291,492	-	-
<i>Mobile network</i> <sup>(1)</sup>	48,623,507	47,558,907	45,292,135	44,040,489	41,046,460
International incoming	61,225,472	58,084,482	54,194,186	49,913,074	46,584,158
International outgoing	66,537,257	61,065,343	60,107,157	55,404,485	51,736,346
<b>TELEPHONE TRAFFIC (Gb)</b>					
Broadband Internet –National	21,087	36,776	106,500	259,074	404,996
Via ADSL	21,087	28,738	53,222	99,590	111,145
Via fibre optic	-	8,038	53,278	159,484	293,851
Broadband Internet –International	2,889,854	3,338,559	3,834,043	4,757,016	6,081,298
Via ADSL	2,889,854	2,845,628	2,314,292	1,980,786	1,312,668
Via fibre optic	-	492,931	1,519,751	2,776,230	4,768,630

(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

<b>Imports by products (thousand euros)</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
01 Live animals	180.47	122.51	263.48	151.51	113.76
02 Meat and edible meat offal	26,568.64	24,955.30	24,945.34	25,262.38	25,328.68
03 Fish and crustaceans, molluscs and others	11,581.17	10,719.10	11,107.75	11,187.21	10,648.24
04 Dairy produce; birds eggs and natural honey	29,106.59	26,401.52	22,486.40	22,537.78	22,821.17
05 Products of animal origin	99.42	86.29	104.79	96.62	127.50
06 Live plants and floricultural products	1,854.20	1,588.45	1,574.34	1,473.34	1,387.10
07 Edible vegetables and certain roots and tubers	10,551.36	9,851.65	10,751.06	9,514.59	9,192.92
08 Edible fruit and nuts; peel of citrus fruit or melons	4,355.31	4,133.33	4,878.50	4,892.72	5,071.74
09 Coffee, tea, maté and spices	3,576.67	4,532.75	5,565.53	5,423.05	5,264.22
10 Cereals	485.89	508.33	444.29	378.41	397.97
11 Products of the milling industry; malt; starches, etc.	1,004.34	905.92	815.18	873.13	850.88
12 Seeds and fruits; industrial or medicinal plants, etc.	634.08	494.25	482.63	474.21	549.61
13 Gums, resins and other vegetable saps and extracts	135.46	71.81	12.75	84.15	115.18
14 Vegetable plaiting materials and other vegetable products	8.64	1.39	25.83	4.45	46.01
15 Animal or vegetable fats and oils; waxes	5,613.66	4,705.33	4,433.04	4,774.08	4,638.52
16 Preparations of meat, fish or crustaceans, etc.	13,555.19	13,138.42	12,961.99	13,641.94	13,682.19
17 Sugars and sugar confectionery	10,401.46	9,449.32	7,938.90	8,208.04	6,449.09
18 Cocoa and cocoa preparations	8,128.93	8,101.36	8,311.59	8,765.06	8,090.37
19 Preparations of cereals, flour, etc.; pastry-cooks' products	17,704.21	17,653.75	16,873.48	17,171.89	16,912.87
20 Preparations of vegetables, fruit, etc.	9,906.90	8,708.26	8,417.46	8,386.01	7,811.23
21 Miscellaneous edible preparations	19,596.55	20,264.83	22,042.88	23,054.51	23,393.29
22 Beverages, spirits and vinegar	57,262.67	54,836.80	59,444.14	62,524.46	63,777.20
23 Residues and waste from the food industries, etc.	2,090.95	2,188.94	2,272.05	2,685.11	2,874.47
24 Tobacco and manufactured tobacco substitutes	33,735.07	27,292.30	31,416.58	30,970.58	31,077.32
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	13,988.79	10,880.02	8,480.53	8,003.17	4,594.52
26 Ores, slag and ash	3.55	2.46	0.20	0.55	0.98
27 Mineral fuels, oils and waxes; bituminous substances	124,684.46	96,777.40	117,361.45	141,791.31	156,283.29
28 Inorganic chemical products	586.12	617.04	640.31	669.03	620.35
29 Organic chemical products	438.02	396.47	772.14	783.49	644.89
30 Pharmaceutical products	28,201.75	29,420.43	27,234.35	28,925.50	28,325.12
31 Fertilizers	398.36	385.93	372.00	372.51	378.29
32 Paints and varnishes; putty and other mastics; inks	5,665.81	4,933.48	5,206.32	5,333.33	5,220.79
33 Perfumery, cosmetic or toilet preparations	96,515.99	85,905.09	85,257.67	90,370.37	72,368.98
34 Soap, organic products, waxes, candles	8,861.15	10,566.41	10,423.61	11,300.95	12,115.77
35 Albuminoidal substances; glues; enzymes	392.02	386.51	460.33	384.61	354.02
36 Explosives; pyrotechnic products; certain combustible preparations	278.94	802.60	978.06	336.21	312.51
37 Photographic or cinematographic goods	1,198.90	1,120.01	659.47	384.78	365.23
38 Miscellaneous chemical products	5,835.94	5,397.67	4,939.12	4,798.77	3,981.25
39 Plastics and articles thereof	16,777.30	14,480.56	13,093.56	12,345.32	12,707.31
40 Rubber and articles thereof	10,922.57	10,996.64	10,993.51	11,216.66	9,761.59
41 Raw hides and skins (other than furskins) and leather	18.67	10.93	9.71	2.11	5.07
42 Articles of leather; saddlery and harness, etc.	19,797.98	14,946.35	15,347.60	15,680.97	14,331.76
43 Furskins and artificial fur; manufactures thereof	1,026.99	782.57	676.06	950.35	606.38
44 Wood and articles of wood; wood charcoal	12,025.77	9,692.03	8,402.72	6,814.62	5,873.13
45 Cork and articles of cork	14.86	26.58	18.93	3.81	5.90
46 Manufactures of esparto; basketware and wickerwork	132.69	226.48	250.53	127.89	79.01
47 Pulp of wood or of other fibrous cellulosic material	3.10	4.32	3.37	1.21	3.25
48 Paper and paperboard	15,922.07	15,350.88	15,949.81	16,539.05	15,515.53
49 Printed books, newspapers, pictures and other products of the printing industry	8,109.69	7,297.14	11,391.56	10,312.89	9,170.99
50 Silk	18.16	17.88	25.05	20.20	7.99
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	117.15	93.19	70.12	77.47	80.36
52 Cotton	140.58	104.41	121.48	131.37	116.82
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	24.61	12.76	15.26	11.25	12.26
54 Man-made filaments	773.33	204.65	157.57	140.28	91.01
55 Man-made staple fibres	1,125.52	1,026.20	889.83	1,172.89	1,126.92

**Imports by products (thousand euros) - Continuation**

	2008	2009	2010	2011	2012
56 Wadding, felt and nonwovens, cordage, ropes and cables	987.41	1,081.49	1,339.06	1,206.66	1,065.37
57 Carpets and other textile floor coverings	498.99	584.33	525.65	321.27	265.08
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	301.05	206.20	139.74	171.39	218.76
59 Textile articles of a kind suitable for industrial use	132.84	130.84	182.56	134.82	162.54
60 Knitted or crocheted fabrics	42.92	108.79	35.23	36.69	73.75
61 Articles of apparel and clothing accessories, knitted or crocheted	33,359.76	32,801.10	33,419.23	31,935.42	29,359.76
62 Articles of apparel and clothing accessories, not knitted or crocheted	78,709.95	71,109.39	72,118.75	72,274.25	65,739.12
63 Other made up textile articles; sets, etc.	5,304.09	5,210.89	6,070.37	5,102.00	4,614.18
64 Footwear, gaiters and the like; parts of such articles	27,738.48	27,963.03	30,496.64	30,440.34	25,209.47
65 Headgear and parts thereof	6,395.45	5,963.79	6,105.91	5,936.44	4,773.37
66 Umbrellas, sun umbrellas, walking sticks, etc.	629.83	670.06	628.13	601.20	819.30
67 Feathers, artificial flowers, articles of human hair	221.80	118.58	113.46	122.53	167.35
68 Articles of stone, plaster, cement, asbestos, mica	11,128.94	6,615.19	6,425.78	4,740.19	3,924.62
69 Ceramic products	8,083.34	6,463.97	5,892.26	4,773.77	4,462.12
70 Glass and glassware	5,511.92	4,955.03	4,460.53	4,424.84	4,687.40
71 Pearls, precious stones and metals, imitation jewellery; coin	11,738.28	10,820.89	10,284.83	11,390.51	8,013.61
72 Iron and steel	10,220.42	5,025.07	5,037.97	5,160.43	2,450.88
73 Articles of iron or steel	24,855.07	23,459.61	18,052.85	14,666.62	13,082.60
74 Copper and articles thereof	929.87	607.74	502.86	562.54	398.51
75 Nickel and articles thereof	1.75	0.42	-	1.77	0.39
76 Aluminium and articles thereof	9,625.20	7,412.37	6,940.20	6,171.78	6,124.07
(Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	6.85	8.32	10.99	2.54	20.38
79 Zinc and articles thereof	146.78	148.24	125.63	53.66	67.39
80 Tin and articles thereof	6.80	14.15	10.82	19.77	15.98
81 Other base metals; cermets	85.14	26.22	1.50	10.80	1.69
82 Tools, implements, cutlery	4,803.93	3,969.89	4,229.00	4,085.63	3,438.27
83 Miscellaneous articles of base metal	3,825.91	3,344.85	3,538.58	3,551.64	3,561.00
84 Nuclear reactors, boilers, mechanical appliances	68,486.54	54,008.60	52,490.13	48,957.09	54,213.49
85 Electrical machinery and equipment, etc.	128,280.68	107,714.41	86,358.16	80,007.98	73,334.11
86 Railway locomotives and equipment of all kinds	49.25	61.68	75.88	120.47	133.84
87 Vehicles, tractors, motorbikes, bicycles	100,180.54	78,713.75	84,328.68	80,110.41	66,693.66
88 Aircraft, spacecraft	12.33	17.49	12.64	140.23	5.15
89 Ships, boats and floating structures	1,976.13	901.39	277.09	2,492.11	1,621.54
90 Optical, photographic, cinematographic and measuring apparatus, etc.	26,598.21	22,564.43	21,965.44	21,533.88	19,455.91
91 Clocks and watches and parts thereof	22,192.70	15,956.18	19,366.44	21,622.75	23,615.66
92 Musical instruments	1,651.99	1,384.03	1,423.65	920.36	870.04
93 Arms and ammunition	1,293.41	1,142.14	971.16	964.32	1,061.14
94 Furniture; lamps and lighting fittings	32,747.80	29,442.17	26,771.80	23,248.36	19,607.15
95 Toys, games and sports requisites; parts and accessories thereof	34,797.66	27,192.20	28,710.67	24,950.62	17,961.98
96 Miscellaneous manufactured articles	3,547.65	3,829.80	3,835.33	3,502.48	5,885.39
97 Works of art, collectors' pieces and antiques	3,433.78	2,025.77	654.47	781.17	992.56
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	-	-	-	380.17	390.30
<b>Total</b>	<b>1,312,680.15</b>	<b>1,137,351.51</b>	<b>1,141,702.31</b>	<b>1,149,170.06</b>	<b>1,084,241.75</b>

Note: Data provided by Andorran Customs in June if the year following the relevant financial year.

Source: Andorran Customs

**Exports by products (thousand euros)**

	2008	2009	2010	2011	2012
01 Live animals	119.75	86.76	69.82	48.91	29.45
02 Meat and edible meat offal	201.65	253.78	340.19	264.63	195.67
03 Fish and crustaceans, molluscs and others	0.75	-	-	14.24	2.34
04 Dairy produce; birds eggs and natural honey	2.58	1.23	2.81	-	0.98
05 Products of animal origin	0.21	-	-	1.56	1.14
06 Live plants and floricultural products	-	-	-	-	-
07 Edible vegetables, plants and certain roots and tubers	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	21.64
10 Cereals	2.18	2.11	-	-	-

**Exports by products (thousand euros) - Continuation**

	2008	2009	2010	2011	2012
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	19.45	26.04	21.18	40.73	59.49
16 Preparations of meat, fish or crustaceans, etc.	1.02	17.25	-	2.44	-
17 Sugars and sugar confectionery	3.87	32.47	4.07	13.33	2.95
18 Cocoa and cocoa preparations	3.40	0.03	-	0.05	14.98
19 Preparations of cereals, flour, etc.; pastry-cooks' products	1.19	2.09	-	0.43	1.59
20 Preparations of vegetables, fruit, etc.	-	32.26	0.86	0.47	5.19
21 Miscellaneous edible preparations	13,045.21	6,702.29	3.00	9.42	14.95
22 Beverages, spirits and vinegar	133.68	231.06	55.84	89.55	557.63
23 Residues and waste from the food industries, etc.	-	-	-	0.07	1.06
24 Tobacco and manufactured tobacco substitutes	42.19	37.62	54.38	44.04	55.77
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	415.95	259.26	247.44	161.97	235.73
26 Ores, slag and ash	14.61	11.10	11.50	7.41	7.26
27 Mineral fuels, oils and waxes; bituminous substances	6.81	48.58	1.20	2.43	78.72
28 Inorganic chemical products	-	2.25	-	2.86	2.64
29 Organic chemical products	-	-	-	8.14	2.07
30 Pharmaceutical products	13.53	3.77	17.17	219.52	20.51
31 Fertilizers	-	-	0.02	-	-
32 Paints and varnishes; putty and other mastics; inks	37.31	47.20	13.18	64.19	89.20
33 Perfumery, cosmetic and toilet preparations	3,032.67	2,992.13	1,893.36	3,543.40	2,558.23
34 Soap, organic products, waxes, candles	31.92	65.02	11.26	66.26	30.40
35 Albuminoidal substances; glues; enzymes	3.30	0.28	7.59	3.25	1.45
36 Explosives; pyrotechnic products; certain combustible preparations	-	-	0.13	0.27	9.81
37 Photographic or cinematographic goods	3.00	4.21	2.20	2.74	9.21
38 Miscellaneous chemical products	83.67	71.11	30.55	30.58	7.63
39 Plastics and articles thereof	395.88	419.45	318.82	439.95	597.52
40 Rubber and articles thereof	64.24	60.75	28.94	29.63	92.95
41 Raw hides and skins (other than furskins) and leather	27.23	12.86	36.66	49.38	50.10
42 Articles of leather; saddlery and harness, etc.	472.80	561.70	621.95	668.51	677.25
43 Furskins and artificial fur; manufactures thereof	41.19	18.61	10.18	0.74	34.17
44 Wood and articles of wood; wood charcoal	1,137.77	834.63	880.10	739.58	800.51
45 Cork and articles of cork	-	-	-	0.15	-
46 Manufactures of esparto; basketware and wickerwork	-	0.01	-	2.51	-
47 Pulp of wood or of other fibrous cellulosic material	635.59	579.91	1,061.63	1,317.14	1,175.03
48 Paper and paperboard	245.83	442.61	874.63	819.66	734.41
49 Printed books, newspapers, pictures and other products of the printing industry	1,575.76	1,729.07	1,245.23	1,268.76	1,359.47
50 Silk	-	-	-	-	-
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	-	-	-	-	-
52 Cotton	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	-	5.01	-	-	-
55 Man-made staple fibres	3.62	0.76	-	0.91	0.24
56 Wadding, felt and nonwovens, cordage, ropes and cables	16.47	46.20	8.46	17.66	30.18
57 Carpets and other textile floor coverings	16.89	6.30	3.14	15.20	3.95
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	3.06	0.28	1.17	2.77	0.81
59 Textile articles of a kind suitable for industrial use	0.49	-	0.73	0.80	-
60 Knitted or crocheted fabrics	-	-	-	-	-
61 Articles of apparel and clothing accessories, knitted or crocheted	1,093.52	941.10	1,175.93	1,219.62	3,530.98
62 Articles of apparel and clothing accessories, not knitted or crocheted	2,146.66	2,357.89	2,065.67	2,386.39	3,443.42
63 Other made up textile articles; sets, etc.	101.79	88.88	88.09	120.02	231.75
64 Footwear, gaiters and the like; parts of such articles	311.11	655.42	879.09	1,770.07	1,392.74
65 Headgear and parts thereof	480.84	810.15	717.55	972.92	761.96
66 Umbrellas, sun umbrellas, walking sticks, etc.	0.28	0.23	0.11	1.23	1.67
67 Feathers, artificial flowers, articles of human hair	0.75	-	1.09	0.32	0.48
68 Articles of stone, plaster, cement, asbestos, mica	231.04	136.25	151.57	77.90	39.82
69 Ceramic products	119.18	69.89	48.64	45.82	27.21
70 Glass and glassware	171.05	226.25	310.25	235.01	186.45
71 Pearls, precious stones and metals, imitation jewellery; coin	890.93	1,271.54	3,195.95	5,406.02	7,099.13

**Exports by products (thousand euros) - Continuation**

	2008	2009	2010	2011	2012
72 Iron and steel	2,098.92	1,096.11	1,596.44	1,748.61	1,626.38
73 Articles of iron or steel	2,320.53	826.79	637.84	588.06	531.44
74 Copper and articles thereof	520.56	416.95	707.41	513.47	726.68
75 Nickel and articles thereof	-	-	-	-	-
76 Aluminium and articles thereof	838.24	463.25	514.50	542.70	493.73
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	-	16.43	6.24	8.83	0.09
79 Zinc and articles thereof	1.09	2.30	8.67	2.13	-
80 Tin and articles thereof	-	-	0.16	0.75	0.97
81 Other base metals; cermets	-	10.86	-	-	-
82 Tools, implements, cutlery	147.90	159.90	164.71	208.45	89.09
83 Miscellaneous articles of base metal	17.98	27.26	9.42	15.89	13.58
84 Nuclear reactors, boilers, mechanical appliances	6,440.79	2,809.49	2,747.40	4,139.10	2,955.65
85 Electrical machinery and equipment, etc.	9,664.77	4,391.08	5,427.09	5,304.39	3,801.38
86 Railway locomotives and equipment of all kinds	-	8.45	19.63	2.00	-
87 Vehicles, tractors, motorbikes, bicycles	9,793.62	9,067.79	9,237.54	14,694.25	10,246.24
88 Aircraft, spacecraft	664.41	12.00	13.00	43.00	103.00
89 Ships, boats and floating structures	79.04	139.36	73.36	1,242.49	58.54
90 Optical, photographic, cinematographic and measuring apparatus, etc.	602.56	555.28	397.02	881.28	314.39
91 Clocks and watches and parts thereof	426.98	989.26	444.97	1,073.55	2,846.25
92 Musical instruments	302.37	278.04	427.27	236.36	211.15
93 Arms and ammunition	165.30	143.28	81.33	103.84	59.93
94 Furniture; lamps and lighting fittings	2,009.61	1,105.25	1,028.26	704.98	1,035.40
95 Toys, games and sports requisites; parts and accessories thereof	473.92	823.43	285.48	430.95	550.13
96 Miscellaneous manufactured articles	31.74	15.97	28.56	116.02	855.35
97 Works of art, collectors' pieces and antiques	1,244.98	16.33	536.93	220.00	3.05
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	-	-	-	723.33	496.22
<b>Total</b>	<b>65,255.24</b>	<b>45,583.52</b>	<b>40,931.79</b>	<b>55,800.13</b>	<b>53,308.55</b>

Note: Data provided by Andorran Customs in June if the year following the relevant financial year.

Source: Andorran Customs

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

	2008	2009	2010	2011	2012
AE United Arab Emirates	1,192.91	904.61	50.25	0.87	0.83
AF Afghanistan	4.32	-	-	-	-
AL Albania	16.47	6.60	1.04	22.76	40.23
AM Armenia	1.34	-	9.31	20.46	39.28
AN Dutch Antilles	4.01	0.41	-	-	-
AR Argentina	264.34	268.70	147.60	190.81	21.45
AT Austria	5,867.55	3,881.15	4,767.19	4,466.30	4,239.91
AU Australia	27.15	74.66	118.99	217.51	292.28
AZ Azerbaijan	5.65	3.02	-	-	-
BA Bosnia-Herzegovina	3.65	35.81	41.22	87.32	21.13
BD Bangladesh	316.20	700.89	1,040.39	1,746.18	2,046.23
BE Belgium	5,526.81	5,302.99	4,382.21	4,884.31	4,568.76
BF Burkina Faso	-	-	-	-	0.54
BG Bulgaria	370.90	334.37	615.29	493.76	469.70
BH Bahrain	-	-	2.40	0.80	9.78
BI Burundi	-	0.57	-	-	-
BN Brunei	0.59	1.14	0.79	0.51	0.64
BO Bolivia	0.24	8.78	0.82	3.74	8.36
BR Brazil	4,202.39	1,740.03	749.82	547.39	657.95
BS Bahamas	128.66	48.84	70.27	37.26	3.35
BY Belarus	0.62	0.56	-	2.04	-
CA Canada	216.89	174.97	330.90	342.34	318.04
CD Democratic Republic of Congo	-	-	3.79	1.93	-
CF Central African Republic	-	-	0.46	7.35	-
CG Congo (Republic)	-	2.74	-	-	-
CH Switzerland	12,259.12	12,894.20	11,455.74	13,742.39	15,686.26
CI Ivory Coast	-	4.90	-	-	-



**Imports by country of origin (thousand euros) - Continuation**

		2008	2009	2010	2011	2012
CL	Chile	36.76	49.58	21.48	15.99	5.61
CM	Cameroon	-	-	-	0.48	-
CN	China	42,525.15	39,371.70	47,055.33	48,768.57	40,734.80
CO	Colombia	43.18	56.48	1.67	13.15	23.15
CR	Costa Rica	5.03	1.77	3.33	3.62	5.66
CU	Cuba	2,446.79	1,755.85	1,809.52	1,965.66	1,989.81
CV	Cape Verde	-	0.16	-	-	-
CY	Cyprus	2.06	4.92	8.67	-	-
CZ	Czech Republic	1,063.90	1,265.38	1,191.80	1,324.89	2,262.45
DE	Germany	61,301.84	49,299.32	51,000.89	49,760.86	38,481.07
DK	Denmark	1,188.12	1,458.70	1,017.88	1,521.47	1,262.46
DM	Dominica	2.99	-	-	-	22.65
DO	Dominican Republic	485.38	329.90	917.47	744.13	613.65
DZ	Algeria	21.73	412.75	-	2.73	3.05
EC	Ecuador	0.07	-	0.16	0.10	0.69
EE	Estonia	3.64	2.85	18.17	5.34	9.45
EG	Egypt	116.85	85.75	83.89	74.64	45.27
ER	Eritrea	-	-	-	-	31.93
ES	Spain	762,807.92	676,932.99	690,406.97	697,083.23	665,724.71
ET	Ethiopia	2.14	9.63	11.46	3.17	4.33
FI	Finland	480.88	444.62	527.37	454.09	546.87
FJ	Fiji	0.65	0.25	-	-	-
FR	France	255,248.30	217,367.77	202,215.32	201,073.23	189,739.65
GB	United Kingdom	19,080.07	14,423.69	15,636.97	16,394.00	18,162.64
GE	Georgia	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	224.77	116.19	150.92	196.27	295.17
GT	Guatemala	2.87	3.18	8.24	54.42	9.04
GY	Guyana	0.14	-	49.99	15.10	-
HK	Hong Kong	933.99	479.26	646.30	505.21	909.75
HN	Honduras	32.02	7.97	23.60	22.36	53.93
HR	Croatia	107.11	51.63	56.58	60.39	55.50
HU	Hungary	683.12	604.28	534.82	530.52	361.17
ID	Indonesia	1,841.42	2,234.82	2,065.70	1,731.30	1,304.57
IE	Ireland	2,843.47	1,807.12	1,265.18	1,666.46	1,726.92
IL	Israel	906.26	97.28	133.81	15.70	130.54
IN	India	3,106.98	3,784.92	3,845.21	4,036.35	3,944.10
IR	Iran	9.97	27.27	4.35	6.87	5.17
IS	Iceland	20.81	1.76	10.65	27.56	31.22
IT	Italy	49,681.83	35,518.89	31,659.24	28,407.12	25,299.10
JM	Jamaica	7.17	3.52	9.25	15.58	-
JO	Jordan	11.98	6.20	2.14	10.65	1.93
JP	Japan	16,833.58	11,250.44	10,568.27	8,734.74	7,256.14
KE	Kenya	0.23	0.02	0.45	-	0.10
KG	Kyrgyzstan	-	-	-	0.18	-
KH	Cambodia	16.87	49.59	161.46	120.08	164.31
KM	Comoros	-	-	-	-	0.01
KP	North Korea	5.64	15.98	9.65	19.22	31.56
KR	South Korea	3,394.84	883.24	1,545.19	1,330.53	1,296.62
KZ	Kazakhstan	44.95	35.10	106.19	14.14	16.51
LA	Laos	13.34	4.20	2.42	0.15	6.18
LB	Lebanon	4.00	0.07	-	-	5.27
LC	Saint Lucia	-	0.64	-	-	-
LI	Liechtenstein	-	-	0.39	0.10	-
LK	Sri Lanka	106.67	198.27	210.21	268.80	173.04
LS	Lesotho	0.40	-	-	-	-
LT	Lithuania	150.43	42.31	11.77	22.78	71.69
LU	Luxembourg	426.46	475.99	1,272.79	3,765.29	2,492.53
LV	Latvia	45.88	1.79	6.79	22.98	46.02
LY	Libya	3.22	2.25	-	-	-
MA	Morocco	754.47	842.63	485.62	551.97	558.22
MD	Moldavia	38.59	105.82	85.09	107.08	66.85
MG	Madagascar	23.63	16.28	13.30	26.12	47.57
MK	Macedonia	17.24	8.66	11.39	6.20	12.37

**Imports by country of origin (thousand euros) - Continuation**

	2008	2009	2010	2011	2012
ML Mali	-	5.14	-	0.17	0.41
MM Myanmar (former Burma)	10.74	7.21	13.59	19.57	17.91
MN Mongolia	-	-	-	-	0.13
MO Macao	180.54	86.46	28.88	3.78	2.99
MR Mauritania	76.61	15.14	28.14	2.91	0.09
MT Malta	1.67	0.86	11.36	-	6.31
MU Mauritius	134.78	164.28	158.23	72.95	43.44
MW Malawi	-	0.29	0.43	1.26	0.04
MX Mexico	398.25	469.22	351.12	421.65	371.53
MY Malaysia	890.34	570.39	438.90	469.94	263.81
NA Namibia	0.53	0.21	-	-	0.51
NE Niger	1.96	6.48	4.26	0.82	13.36
NG Nigeria	3.19	9.73	0.06	2.50	0.59
NI Nicaragua	2.60	15.47	41.25	13.17	23.47
NL Netherlands	11,394.11	11,725.11	11,410.45	9,703.23	10,929.01
NO Norway	32.69	23.98	27.49	18.54	20.09
NP Nepal	0.25	3.24	15.22	15.51	0.51
NR Nauru	0.03	-	-	25.77	-
NZ New Zealand	17.39	142.10	31.04	10.62	0.69
OM Oman	-	-	11.36	8.65	-
PA Panama	5.21	0.52	1.75	7.78	0.04
PE Peru	67.37	166.43	111.63	148.29	37.62
PF French Polynesia	-	-	-	28.75	-
PG Papua New Guinea	-	-	-	22.49	-
PH Philippines	512.73	347.95	176.94	327.21	218.88
PK Pakistan	276.81	232.46	207.67	445.87	338.69
PL Poland	3,729.35	4,325.07	5,464.28	3,288.60	3,832.62
PT Portugal	11,097.34	9,298.02	10,705.15	10,457.22	12,376.64
QA Qatar	-	-	-	16.13	-
RO Romania	1,008.42	1,230.46	1,456.24	1,644.00	1,397.70
RU Russia	26.48	8.95	120.54	22.98	24.00
RW Rwanda	-	-	-	0.16	-
SA Saudi Arabia	-	179.90	0.70	-	-
SE Sweden	2,553.00	1,370.99	1,924.68	2,520.90	2,495.79
SG Singapore	526.50	161.79	53.47	38.98	53.79
SI Slovenia	342.71	349.24	407.24	328.24	373.80
SK Slovakia	823.02	559.58	714.39	427.87	408.57
SL Sierra Leone	6.31	0.87	4.63	2.38	3.60
SM San Marino	10.25	17.74	0.04	0.08	0.07
SN Senegal	0.11	-	-	-	3.17
SR Surinam	-	0.59	0.98	-	0.20
SV El Salvador	3.31	29.48	6.56	10.41	3.61
SY Syria	2.52	-	-	1.79	-
TC Turks and Caicos I.	-	-	-	-	0.24
TH Thailand	1,129.21	1,468.96	1,789.31	1,806.57	1,013.18
TJ Tajikistan	0.72	-	-	-	-
TK Tokelau, Isles	0.95	4.22	7.04	44.52	-
TM Turkmenistan	-	0.76	-	-	2.49
TN Tunisia	556.34	1,031.46	1,026.47	1,408.49	952.20
TR Turkey	3,253.19	2,405.82	2,030.98	2,414.73	2,468.79
TW Taiwan	2,019.31	1,378.82	1,430.58	1,626.45	1,275.58
TZ Tanzania	-	-	-	2.44	6.89
UA Ukraine	55.54	41.78	225.64	432.66	421.28
UG Uganda	71.26	19.58	35.14	0.72	-
US United States of America	9,069.56	7,477.76	6,605.40	8,125.21	6,707.51
UY Uruguay	45.26	12.62	5.91	10.77	0.19
UZ Uzbekistan	1.98	0.09	-	-	0.93
VE Venezuela	228.40	76.40	55.46	40.71	23.13
VI Virgin Islands (U.S.)	4.54	-	0.51	-	4.13
VN Vietnam	2,437.53	3,342.79	3,876.38	4,341.28	3,609.68
WS Samoa	0.54	0.09	1.13	1.03	22.74
XM Montenegro	-	5.72	-	-	-
XS Serbia	1.46	-	0.92	0.35	0.06
ZA South Africa	64.58	215.69	7.93	16.81	1.29
<b>Total</b>	<b>1,312,680.15</b>	<b>1,137,351.51</b>	<b>1,141,702.31</b>	<b>1,149,170.06</b>	<b>1,084,241.75</b>

Note: Data provided by Andorran Customs in June if the year following the relevant financial year.

Source: Andorran Customs

**Exports by country of destination (thousand euros)**

	2008	2009	2010	2011	2012
AE United Arab Emirates	8.80	-	9.62	54.28	40.01
AF Afghanistan	-	-	-	0.21	-
AG Antigua and Barbuda	-	-	-	-	0.04
AL Albania	0.05	-	-	-	-
AO Angola	27.75	28.56	10.58	3.09	47.19
AR Argentina	131.89	113.85	223.27	160.44	123.56
AT Austria	56.27	40.22	16.18	132.15	113.32
AU Australia	2.75	18.50	1.83	23.07	3.47
AW Aruba	-	-	6.07	-	0.80
AZ Azerbaijan	-	-	-	-	361.53
BE Belgium	1,331.80	429.60	167.11	511.91	309.59
BF Burkina Faso	-	-	3.28	5.94	-
BG Bulgaria	-	4.58	0.79	2.32	28.75
BH Bahrain	-	-	0.24	-	0.59
BM Bermuda	-	-	3.64	-	-
BN Brunei	-	-	-	0.19	0.05
BO Bolivia	-	-	-	-	0.23
BR Brazil	0.91	0.95	1.15	13.09	13.11
BY Belarus	-	-	-	1.50	-
CA Canada	0.20	3.31	1.46	4.35	3.97
CH Switzerland	164.14	626.68	3,178.09	3,530.96	3,636.13
CI Ivory Coast	10.72	-	0.34	-	-
CL Chile	58.37	85.62	166.82	104.97	79.29
CM Cameroon	-	-	8.89	-	0.56
CN China	3.23	1.33	22.17	-	-
CO Colombia	1.18	-	0.58	76.51	33.52
CR Costa Rica	0.02	-	1.06	-	0.36
CU Cuba	-	0.72	0.28	0.90	-
CV Cape Verde	-	22.64	3.90	-	0.03
CY Cyprus	-	-	0.21	48.30	-
CZ Czech Republic	47.91	6.71	14.35	31.54	59.05
DE Germany	3,031.88	419.96	315.71	1,935.93	1,879.68
DJ Djibouti	-	-	0.06	-	-
DK Denmark	4.55	28.19	8.17	5.16	5.23
DO Dominican Republic	11.84	-	-	-	-
DZ Algeria	31.77	41.84	-	10.81	34.74
EC Ecuador	-	-	-	0.13	-
EE Estonia	0.11	-	0.19	1.55	3.06
EG Egypt	1.00	6.80	41.87	8.88	-
ER Eritrea	-	-	2.13	-	-
ES Spain	45,382.88	31,978.97	25,778.80	32,200.60	28,216.84
FI Finland	1.60	7.51	5.56	2.24	8.40
FR France	10,140.88	9,145.89	8,650.75	13,415.98	11,113.76
GA Gabon	4.70	-	0.29	0.21	9.11
GB United Kingdom	191.07	86.23	203.03	171.26	52.29
GI Gibraltar	-	6.08	5.85	11.02	-
GM Gambia	2.00	-	-	-	-
GN Guinea	10.49	1.05	-	-	3.60
GQ Equatorial Guinea	-	-	23.09	34.94	11.74
GR Greece	0.16	0.98	4.07	4.64	2.74
GT Guatemala	-	-	-	-	2.10
GU Guam	-	-	-	-	0.15
GY Guyana	-	51.27	46.17	24.54	48.17
HK Hong Kong	13.05	21.18	96.59	713.68	3,127.07
HR Croatia	-	-	0.02	-	0.03
HU Hungary	-	-	1.75	0.09	0.34
ID Indonesia	-	-	-	0.90	-
IE Ireland	1.21	2.67	5.91	7.30	3.96
IL Israel	0.10	119.60	0.49	482.14	9.85
IN India	1,700.00	28.00	-	-	9.12
IR Iran	0.39	6.10	0.11	0.01	-
IS Iceland	-	-	0.03	-	-
IT Italy	1,167.45	951.27	395.31	405.32	2,002.01
JO Jordan	-	5.80	-	6.45	17.50
JP Japan	70.20	20.23	18.90	1.95	7.19
KE Kenya	-	-	0.02	-	-
KI Kiribati	-	-	-	1.88	-
KR South Korea	-	-	-	-	0.02

**Exports by country of destination (thousand euros) - Continuation**

		2008	2009	2010	2011	2012
KW	Kuwait	-	-	0.79	7.33	-
LB	Lebanon	-	-	73.00	-	-
LI	Liechtenstein	-	-	-	0.10	-
LK	Sri Lanka	0.03	-	-	-	0.02
LS	Lesotho	-	-	-	-	0.02
LT	Lithuania	-	0.65	-	-	1.42
LU	Luxembourg	1.87	0.70	30.29	3.97	39.75
LV	Latvia	-	-	1.49	1.58	0.38
LY	Libya	-	-	-	-	42.60
MA	Morocco	14.74	6.73	3.21	10.83	10.16
MG	Madagascar	-	3.29	-	-	-
ML	Mali	-	-	-	-	7.50
MO	Macau	-	-	-	-	1.24
MR	Mauritania	-	0.36	0.28	0.32	-
MT	Malta	0.11	90.11	6.94	0.99	0.37
MU	Mauritius	-	-	-	-	0.02
MX	Mexico	4.60	-	1.87	10.78	5.64
MY	Malaysia	-	0.05	-	0.22	0.07
NA	Namibia	-	-	-	3.71	-
NC	New Caledonia and dependencies	-	0.20	-	1.65	0.63
NE	Niger	-	0.33	-	-	-
NI	Nicaragua	-	23.21	31.49	42.64	98.28
NL	Netherlands	547.19	482.25	588.85	718.72	669.96
NO	Norway	0.20	0.74	1.31	135.06	2.20
NZ	New Zealand	-	-	-	-	0.47
OM	Oman	-	-	0.09	12.15	7.10
PA	Panama	-	0.13	11.34	-	181.60
PE	Peru	184.68	-	0.21	0.12	12.65
PF	French Polynesia	0.25	-	-	-	6.02
PH	Philippines	-	-	-	-	0.06
PK	Pakistan	-	-	-	-	0.03
PL	Poland	25.19	1.22	19.70	5.33	82.52
PT	Portugal	320.86	406.01	431.98	292.83	332.94
PY	Paraguay	-	-	23.49	-	17.94
QA	Qatar	-	-	-	0.36	23.83
RO	Romania	5.23	1.50	19.23	1.80	0.93
RU	Russia	361.85	0.91	3.17	2.15	3.04
RW	Rwanda	-	-	-	-	27.30
SA	Saudi Arabia	5.76	1.15	91.02	66.20	15.36
SC	Seychelles and dependencies	-	-	-	0.26	0.16
SD	Sudan	3.53	1.25	-	-	-
SE	Sweden	5.50	2.80	63.03	169.91	2.20
SG	Singapore	18.00	-	13.71	-	0.11
SI	Slovenia	0.46	0.08	0.28	0.86	1.09
SK	Slovakia	48.69	41.24	28.92	27.68	6.70
SM	San Marino	-	-	-	0.49	0.03
SN	Senegal	-	-	0.89	8.46	0.04
SY	Syria	4.00	-	19.00	-	-
TG	Togo	1.00	-	-	0.17	-
TH	Thailand	-	-	-	0.40	0.23
TN	Tunisia	-	-	0.10	38.79	75.52
TO	Tonga	-	-	-	3.13	-
TR	Turkey	-	0.10	0.05	0.05	0.25
TW	Taiwan	-	-	6.68	4.77	0.40
UA	Ukraine	84.43	4.56	-	0.53	4.25
US	United States of America	3.32	184.92	7.38	33.01	134.64
UY	Uruguay	-	11.10	0.35	37.25	66.81
VE	Venezuela	-	-	0.11	0.66	0.19
VG	British Virgin Islands	-	-	-	0.71	-
VN	Vietnam	0.05	0.00	4.66	-	-
WF	Wallis and Futuna Isles	-	1.06	-	-	-
XS	Serbia	0.37	-	-	-	0.06
ZA	South Africa	-	4.00	0.15	0.87	-
<b>Total</b>		<b>65,255.24</b>	<b>45,583.52</b>	<b>40,931.79</b>	<b>55,800.13</b>	<b>53,308.55</b>

Note: Data provided by Andorran Customs in June if the year following the relevant financial year.

Source: Andorran Customs

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# economic report 2012



CAMBRA DE COMERÇ  
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