

economic report

2013



CAMBRA
DE COMERÇ
INDÚSTRIA I SERVEIS
D'ANDORRA

With the support of



BANCA PRIVADA D'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

Although the overall results of the world economy were worse in 2013 than in the previous year, it should be highlighted that the year ended with economic activity improving over the financial year and more favourable prospects for 2014. The year picked up; the first half was recessionary overall; on the other hand, in the second half a modest recovery was seen, especially in the advanced economies, above all the USA and, to a lesser extent, in Europe. For their part and in contrast, emerging economies saw a certain slowdown in growth. Among the reasons that explain this change towards a recovery in advanced countries are notably lower financial tensions, a certain relaxation in targets for reducing the public deficit and the strengthening financial sector in Europe.

This change in trend in the last two quarters of the year did not prevent 2013 from ending with lower growth than in 2012, throughout the world. In 2013, world GDP growth was 3.2%, three tenths less than in the previous year, according to the International Monetary Fund July 2014 outlook report. Overall, there have been three consecutive years of falling world growth. By economic areas, different behaviour was recorded among the advanced and emerging economies. In 2013, the former had growth of 1.3% - compared with 1.4% in the previous year - with a clear improvement in the second half; on the other hand, emerging economies grew 4.7% - compared with 5.1% in 2012. It was the emerging economies that enabled the growth but, over the year, unlike the advanced economies, this showed signs of a certain deceleration, led by the Chinese economy.

The gradual normalisation of the financial markets contributed decisively to this improvement in the advanced economies; it was also favoured by the Federal Reserve's decision, in September, to maintain its programme of purchasing assets, which resulted in a new phase of tranquillity in the markets, which remained unbroken until December, when the withdrawal of monetary stimuli was put into action.

In the USA, GDP growth was only 1.9%, contrasting with 2.8% in 2012, but in the second half of 2013 growth was higher due to the impetus from domestic demand, favoured by the reactivation of credit and the real property sector and strong growth in exports,

especially oil products. Within this behaviour of domestic demand should be highlighted the strong dynamics in residential investment, which grew over 12% for the second consecutive year, and also the good performance of private consumption, which grew 2%. On the other hand, public spending still held back growth for the third consecutive year. In Japan, the fiscal and monetary stimuli programme promoted by the new prime minister enabled the rate of growth to remain at about 1.5%, for the second consecutive year.

In the Eurozone, the economy began a phase of recovery in the second quarter of 2013. The improvement allowed the year to end with a fall in GDP of -0.4% compared with -0.7% in the previous year. This more positive behaviour is linked to falling uncertainties, stabilisation of the labour market and progressive stability of the financial markets, except in Cyprus. Domestic demand, both in relation to consumption and investment and also foreign demand, enabled this slight improvement. Countries that stand out for GDP growth are: Germany (0.5%) and France (0.3%), if slow, and also the United Kingdom (1.7%), with declines in Italy (-1.9%) and Spain (-1.2%).

In the emerging and developing countries the results were positive but lower than in 2012. The economies of the emerging countries suffered a practically generalised deceleration. In some of these countries expansion of the current account deficits, growth in foreign debt and in some cases, high inflation, occurred. The Asian developing economies continued to lead world growth with growth of 6.6%, although they lost impetus over the year. Sub-Saharan Africa was the economic area which grew most after Asia (5.4% in 2013, three tenths more than in the previous year). Another region which saw greater growth in 2013 than 2012 was that of the European emerging economies, where GDP growth doubled, from a rate of 1.4% in 2012 to 2.8% in 2013. On the other hand, the economic area that suffered more marked deceleration in growth was the Middle East and North Africa, which grew 2.5%, more than two points less than in 2012. Growth in the area of Latin America and the Caribbean also decelerated, having increased 2.6% in 2013. Finally the Commonwealth of Independent States (CIS) had GDP growth of 2.2% compared with 3.4% reached in 2012. Russia was one of the countries in this group in which growth slowed most.

The Andorran economy depends greatly on what occurs in the world economy, as its main sectors >

depend on the foreign demand brought by visitors. This is the case of the retail trade, hotels and catering and many other services offered, for example, by the ski resorts. However, the Andorran economy is most influenced by real development in the two neighbouring economies, Spain and France, as it is visitors from these countries who purchase most and order most services from Andorra.

In 2013, the French economy stagnated for the second consecutive year. This economy, which is the second in the Eurozone and the fifth in the world, is suffering from the European recession, worsening competitiveness and a lack of investor confidence. French GDP grew a modest 0.3% over the year, identical to 2012. In per capita GDP terms, the level of the French economy fell slightly in relation to the European average, from 109% in 2012 to 108% in 2013 (EU=100). Domestic demand improved slightly, growing 0.2% in 2013, as a result of a slight recovery in consumption. Investment by all economic agents fell 1%, while in 2012 it had grown 0.3%. Exports, on the other hand, increased 2.2%, more than the previous year, when they grew 1.1%. In relation to supply, activity contracted in the agricultural, industrial and construction sectors. France is losing competitiveness, which is the result in particular of the fact that the cost of labour in that country is one of the highest in the EU due, to a large extent, to the high fiscal pressure on labour.

As for the Spanish economy, although it ended the year with a negative result, the 2013 financial year showed a trend of gradual recovery in activity, especially in the second half of the year. This improvement was the result of greater stability in the financial markets, gradual normalisation of foreign finance flows, improved economic confidence and an incipient, modest recovery in the labour market. In 2013 overall, GDP saw an annual fall of 1.2%, four tenths less than in 2012. This meant that Spanish per capita GDP represents 95% of the EU-28 average (equal to 100), compared with the 105% which it reached in 2007. This smaller fall in GDP was the result of a less negative contribution from domestic demand and a quite positive contribution from the foreign sector. Investment in capital goods recovered growth. Spanish exports gained competitiveness as a result of falling unit labour costs. From the perspective of supply, all productive branches contracted, except agricultural production, but the tendency was for contraction to slow. This was reflected in employment, which fell 3.4%, compared with 4.8% in 2012. Spain

ended the year with its unemployment rate at 25.7%, 85,400 individuals less than in 2012, but clearly a very high figure.

The Andorran economy, highly dependent on the world economy, especially the economies of its neighbouring countries, was still immersed in serious difficulties, although this year the crisis situation was not as generalised in all sectors and despite some positive changes seen in the second half of the year.

The Government's Department of Statistics estimated that the variation in gross domestic product was -0.1%, both in nominal value and real terms; this figure represents a significant slowdown in relation to falls in previous years. The Andorran economy has accumulated seven consecutive years of crisis, which means that the real GDP value of this country for 2013 stands at 2002-2003 levels. The estimate prepared by the Chamber also shows stabilisation of Andorran GDP and does not diverge from the trend indicated by official figures. Everything indicates, however, that in 2013, especially in the second half, the Andorran economy broke the negative trend started in 2007.

In 2013, the crisis continued to affect most of the production and services sectors. Only agriculture – which has little weight in the overall national economy – and the financial system managed to escape this negative situation and maintain more balanced results. All other sectors continued to suffer, but with a tendency to improve, especially in the second half of the year. This is the case of industry, construction, commerce – the majority of branches – tourism and transport and communication.

Agriculture remained much stagnated. Overall, employment grew 2.7%, but this growth only counts for four workers. The tobacco harvest fell 0.7%, as a result of the summer hailstorms which greatly affected most parishes. Overall livestock breeding remained at similar levels to the previous year. It should be noted that at the end of 2013 the EU Protected Geographical Indication (PGI) on quality veal entered into force.

In 2013, the industrial sector did not get good results but these were less negative than in previous years and moreover, expectations improved a little in the second half. The number of employees fell 3.8%; in the manufacturing industry the decline was 4.6%, both figures less negative than the year before. The tobacco industry remained relatively stable; energy production

grew strongly, hydroelectric power by 33.6%, as 2013 was a good year for rain, and thermal energy from urban waste also increased, by 10.5% in this case.

The construction and related industries sector was the sector most punished by the crisis that started in 2007. In the 2013 financial year the bad situation continued and all indicators record falls. Specifically, the number of employees fell this year by 12.9%. The reduction in employment in this sector has been continuous since 2007: in 2006 there were 6,908 employees in construction, in 2013 there were 2,847, a figure that represents a reduction in the number of employees by over half. Imports of building materials fell again, this year by -1.5%; the figure reached this year represents a third of the materials imported in 2006. Electricity consumption in the sector fell 15.7% in 2013. This strong crisis situation is also clearly reflected in new surface area building permits which fell 2% in 2013 to reach 52,413 m², a figure that represents less than half of the permits granted in 2006. The public sector has not been able to assist much in the recovery in this sector, although it appears that the trend in the behaviour of public works is changing.

Commerce is the most important activity in the Andorran economy. If the international economic situation is still weak, entries of visitors tend to fall and this has a direct impact on Andorran commercial sales. In the second half, expectations also improved a little in this sector but, for the whole year, employment fell again by -3.4%. Average wages also fell 0.7%. The results of the Chamber's surveys clearly reflect the continuation of this difficult situation, but with a certain improvement in expectations in the second half, in which they present a slightly less negative overall balance. Imports of goods, a major indicator of Andorran commercial activity, had more positive behaviour overall. So, after deducting imports of building materials, tobacco and fuel, goods imports grew 4.1%. However, the behaviour varied greatly between the different kinds of goods. Imports of pearls, precious stones and metals grew strongly, increasing 169.8% in relation to 2012; also works of art, collectors' items and antiques (+113.5%), motor vehicles and motorbikes (+19%), tools, cutlery and knives (+13.6%), cocoa and derivatives (+7%) and coffee, tea and spices (+6.3%). Other kinds of goods, for example clocks and watches, perfumery, optical and photographic apparatus, beverages and alcoholic liquids, among others, increased more slowly. In contrast, there was a significant group of products for which imports

fell. This is the case of glass and glass manufactures (-25.3%), furs and worked leather (-18.1%), ceramics (-17.6%), miscellaneous articles of base metals (-7.2%) and non-knitted clothing (-5.6%). Among the products that saw a slower rate of fall are notably furniture and lighting (-4%) and pharmaceutical products (-1.9%), according to their relevance.

This report has reiterated that it is the behaviour of tourism that marks a large part of Andorran economic activity. In 2013 it did not improve in relation to the number of visitors, which fell again, this year by -2.8%, compared with -1% in 2012. However, the behaviour was irregular, in that there were positive and negative aspects to note. Day-trippers fell 5.7%, but tourists – visitors who stay overnight – grew 4.4%. In the overall number of visitors, the Spanish fell -4.1% and the French -5.9%, while those of other nationalities increased 24%. If we concentrate on those who spend the night, tourists, the Spanish increased 4.6% and the French 13.5%; on the other hand, those of other nationalities fell -6.9%. In contrast, day-trippers of other nationalities grew 63.6%. So this is positive, that visitors of other nationalities have gained importance in the last three years and grew to represent 9.3% of the total in the 2013 financial year. It should also be noted that this behaviour in visitors has resulted in a slight improvement in overnight stays at tourist establishments.

This year, the weather was very favourable for the ski season 2013-2014, which ended with 2,356,664 passes/day sold, the highest figure since the 2005-2006 season.

Two other significant aspects in the transport and communications sectors should also be highlighted. In the former, vehicle registrations grew 10.1% after several years of continuous decline. Communications also suffered from the general situation of economic weakness: the use of land lines and mobiles, both nationally and internationally, continued to fall; on the other hand, the use of broadband internet continued to rise.

In 2013 the Andorran financial system was the sector that behaved best and contributed most to the changing trend felt by the economy, especially in the second half. So, the number of employees for the whole sector grew 2.2% and wages 3.5%. In the banking sector, clients' managed funds increased 16.6% and the consolidated result exceeded 200 million euros, with growth of 4.2% in relation to the 2012 financial year.

The provisional settlement of the Government's accounts for 2013 ended with a non-financial cash surplus, for the first time in sixteen years, of 15.7 million euros. This historically very positive result, which contrasts particularly with the high deficits recorded in recent years, was made possible by a major reduction in non-financial expenditure (-17.3%), combined with an increase in non-financial revenue (+6.6%). The cut in spending concentrated, basically, on capital expenditure (-49.6%), due especially to the decrease in real investment, which returns to a very low level, close to the low in 2011, after doubling in 2012, due to payment of works carried out in previous years. As for revenue, the increase was driven above all by income from assets, which was multiplied by four, thanks to an exceptional entry of 40 million euros from the special distribution of profits by the semi-public telephone company STA. Overall, the sustainability of the Government of Andorra's public finances improved but debt increased 1.9% and reached 868.4 million euros in 2013. In proportion to GDP, this volume of debt represents 35.5% of GDP, a much lower level than the great majority of European governments. It should be noted that the Government has carried out a policy of changing the time structure of the debt, as it reached 79.9% long-term debt and 20.1% short-term debt, a structure that is very different from that of the previous year. Among the fiscal novelties are notably the entry into force on 1 January 2013 of the general indirect tax (IGI), which led to the differential in indirect tax in relation to Spain reaching 16.5 points and in relation to France 15.1 points, making sales in Andorra highly attractive. Moreover, it should be noted that in April 2014 the income tax (IRPF) law was passed which will be applicable from 1 January 2015. As for the Communes, all have made a great effort to reduce spending and, overall, closed their accounts with positive results; so, all the Communes recorded a fiscal surplus except Sant Julià de Lòria. As for debt, 2013 ended with a consolidated debt accumulated by the Communes of 195.3 million euros, a figure that represents a reduction of 17.3% compared with 2012. In aggregate terms, the total debt of Andorra – Government and Communes – represents 43.5% of GDP, almost one point lower than in 2012, and a per capita debt (calculated according to the estimated population) of 15,203 euros, 2.5% less than in 2012.

As for the world economy, all forecasts indicate that the modest recovery in world economic activity recorded especially in the second half of 2013 will continue in 2014. So, the OECD report on prospects indicates

that the recovery will be stronger in the USA and that the Eurozone will recover growth after three years of contraction; in contrast, it foresees that Japan will see a slightly lower growth rate from the implementation of fiscal consolidation measures. According to the OECD, economic risks are declining. Investment and trade are picking up. In the advanced economies, financial conditions are improving, although the concession of credit is still restrictive. According to the IMF, world growth will increase two tenths to reach 3.4% in 2014. This improvement will be concentrated above all in the advanced countries, which the IMF predicts will grow 1.8%, half a percentage point more than in 2013. For the Eurozone economy, the European Commission's May forecasts predict growth of 1.2% in 2014 and 1.7% in 2015. By countries, the European Commission predicts an increase in GDP of 1.8% in Germany and 1% in France. For the peripheral states (Italy, Spain, Portugal, Greece and Ireland) they are expected to leave the recession behind and see positive rates of around 1%.

The GDP forecasts for France indicate growth of about 1%, as a result of a more positive contribution from domestic demand, driven principally by growth in investment in capital goods. It seems that consumption will also make a positive contribution to growth thanks to the change in the employment trend, to wage rises, and tax and social security cuts for low-paid workers. The Government has shown that it has the intention of supporting the economic recovery and also continuing the reform programme which has the objective of providing support to employment and competitiveness, while meeting the public deficit target fixed for this year.

The Spanish economy began 2014 with a clear improvement; its GDP grew not only as a consequence of foreign demand but also thanks to domestic demand, as did investment in capital goods. Forecasts indicate that the process of recovery will continue for the whole of 2014. European Commission forecasts indicate Spanish GDP growth of 1.1% in 2014 and 2.1% in 2015. The Commission also predicts that the unemployment rate will not diminish much and will still be the highest in Europe together with Greece. In summary, forecasts indicate strengthening economic growth in Spain thanks to exports and, as a novelty for this year, thanks to the recovery in domestic demand.

In this world context, in which everything indicates that the 2014 financial year will be more positive than previous years, the Andorran economy may benefit

notably. Firstly, it had a very good ski season in 2013-2014 and this benefitted several sectors. Available data for the first half of the year confirm that change is happening. So, in the first six months of the year, the number of visitors grew 4.9%, practically the same for tourists – those who stay overnight – as day-trippers; such positive behaviour has not been seen for years. In this same period, car registrations increased 30.1%; on the other hand, electricity consumption fell 2.7%. Imports of goods are also developing positively: in the first five months they grew 3.6%. The trend in the number of employees is not as positive: in the period January-April employment grew a modest 0.1%, the result of growth of 0.7% in the services sector – due especially to the financial system (+3.5%), and the decreases in the construction sectors (-5.2%), commerce (-2%) and industry (-1.1%). The results of the Chamber's surveys also indicate that expectations for the first half of 2014 improved. So, after seven consecutive years of downturns, the year 2014 may end with GDP growth. One factor that will play in favour of Andorra's economic activity is the recovery in demand from some of our neighbouring countries, especially Spain.

To conclude, as in every year, I would like to offer my thanks personally and as the president of the Chamber, to all those who make the preparation and editing of this report possible, now in its nineteenth year. The report is born of both a legal obligation to the Chamber and its desire to serve the national economy. Many thanks, therefore, firstly to the businesses whose periodical and constant collaboration provide the Chamber with relevant information about the business climate and business activity. Our thanks also to the Government and the Communes for the information they provide, especially statistics, and the institutions and associations for the same reasons. In third place, our thanks to the internal and external experts who gather all the information and formulate this report. Finally, many thanks to Banca Privada d'Andorra for collaborating on this edition and also all the media for spreading the content of this document.

Marc Pantebre Palmitjavila
President

INTRODUCTION BY BANCA PRIVADA D'ANDORRA

Andorra is immersed in a period of changes which directly affect its economic model and business network. Now, more than ever, our businesses need to prepare for the future and adapt to the new environment without succumbing to uncertainties. Faced with these current challenges, the efforts made by the Andorran Chamber of Commerce (CCIS) to promote, defend and support economic and business activity deserve our attention. Banca Privada d'Andorra wishes to spread the valuable work carried out by the Chamber and acknowledge the efforts of our businesses to create wealth for the benefit of our country's economic and social development.

BPA is pleased to present the 2013 edition of the Chamber's *Economic Report*, a publication that incorporates the added value of information obtained directly from Andorran businesses and enables us to learn first-hand about the business climate in Andorra. Moreover, the *Economic Report* offers a global view of the economic situation in Andorra and its neighbouring countries. The acknowledgement received by the Chamber's *Economic Report* is the result of the institution's fine work and constant commitment to the businesses and economy of Andorra since it was set up in 1993.

This edition of the *Economic Report* carries out an exhaustive analysis of the paths taken by the international and Andorran economies in 2013, and also the situation in the first few months of 2014. The background scenario to the world economy in 2013 is still marked by the economic crisis of recent years, despite the expectations generated by the incipient recovery in developing countries, visible in the USA but very uncertain and uneven in Europe. The report reflects, on the other hand, the prospects of a gradual improvement in world economic growth in 2014, despite the risks of a downturn and a potential increase in instability in emerging countries.

Within the context of this external environment, the main economic indicators of the Andorran economy continue to emphasise weak activity and demand in Andorra in 2013, but signs of stabilisation and a break with the negative trend begun in 2007 were also seen. The situation surveys on Andorran businesses carried out every six months by the Chamber make an excellent barometer for business activity and short-term prospects.

The two surveys carried out in 2013 and the one carried out in the first half of 2014 reveal the business network's still negative perception of business activity, although it is acknowledged that the situation is less unfavourable than in previous years, with a slowdown in the particularly accentuated fall in the second half of 2013. With nuances on the situation according to each sector, businesses' perspectives for 2014 do not generally indicate an appreciable recovery in activity but do show a softening of the negative feeling compared with previous years. This slight recovery in business expectations anticipated the more favourable progress being observed in economic indicators at the start of 2014, which allow us to believe that Andorran GDP will finally grow this year after seven years of decline.

I would not wish to conclude without expressing gratitude, on behalf of Banca Privada d'Andorra, to all those who have taken part in this project and whose efforts have made possible a new edition of the CCIS *Economic Report*, an essential tool for discovering the economic reality of the Principality of Andorra.

Joan Pau Miquel
Chief Executive Officer

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THE EXTERNAL ENVIRONMENT OF THE ANDORRAN ECONOMY

1. THE INTERNATIONAL ECONOMY

1.1. The main features of economic development in 2013

2013 was marked by an upturn in the global economy. Growth in the world economy strengthened in the second half of the year, driven by a consolidated recovery in the advanced economies, especially the United States and, to a lesser extent, Europe. This stronger impetus in the developed economies was partially offset by a certain slowdown in growth in the emerging economies. Among the reasons explaining the recovery in the advanced countries are notably the context of lower financial tensions, relaxed targets for reducing the public deficit and the strengthening of the European financial sector.

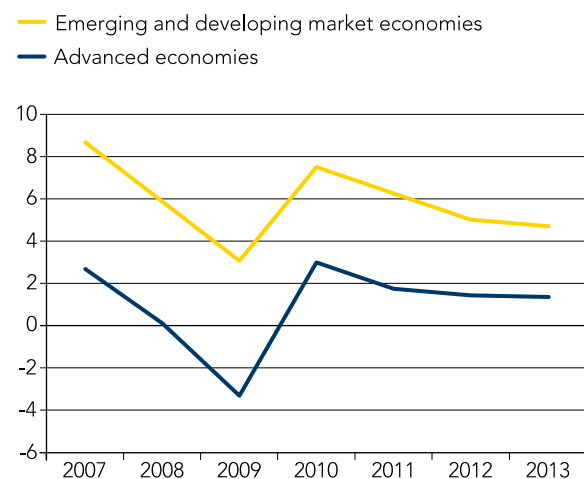
Despite the trend towards recovery seen in the second part of the year, the decline in the first few months of the year explains why world GDP was 3.2% in 2013, three tenths lower than in the previous year, according to the International Monetary Fund (IMF) in the July outlook report. World trade in goods and services also saw a rising trend from mid-year, to grow 4.5% by the end of the year, contrasting with the near-zero rates at the beginning of the financial year but, for 2013 overall, the increase was 3.1%, three tenths more than the previous year.

By economic areas, diverging trends can be seen between the advanced and emerging economies. In 2013, the former saw 1.3% growth (1.4% in the previous year), but with a clear tendency to improve throughout the year. This improvement was driven by the reactivation of domestic demand, but at different intensities according to the areas. For example, in the United States GDP rose 1.9%, while in the Eurozone it contracted 0.4%. In the USA, demand has been ever more robust since the credit and property markets were reactivated. On the other hand, the Eurozone economy improved very slowly and with major inequalities between countries. For its part, Japan grew practically the same as last year, 1.5%, as effects of the monetary and tax expansion programme came into play.

However, despite the improvement seen in the advanced economies, world growth became possible thanks to

WORLD GDP GROWTH

Annual variation rates at constant prices



Graphic 1.1

Source: IMF

the continued dynamism of developing economies, which grew 4.7%. Projections for development in these economies were corrected downwards over the year in a context marked by doubts about the deceleration in the Chinese economy and its effects on the prices of raw materials, and by the prospect of changes in orientation in US monetary policy which reduced the capital flow towards emerging countries and highlighted the weaknesses in some of these economies.

The beginning of 2013 was marked, in the USA, by the solution of the so-called "fiscal cliff" and the progressive reduction in financial tensions, helped by the positive trend in monetary policies. For its part, the Eurozone was still in recession in the first quarter. In May, the announcement of a possible reduction in the rate of asset purchasing by the Federal Reserve (tapering) led to a new phase of financial instability, focussed mainly on the emerging countries. In September, the Federal Reserve took the decision to maintain its programme of asset purchasing intact and this resulted in a new phase of tranquillity in the markets, which was not broken until December, when the withdrawal of monetary stimuli was activated definitively.

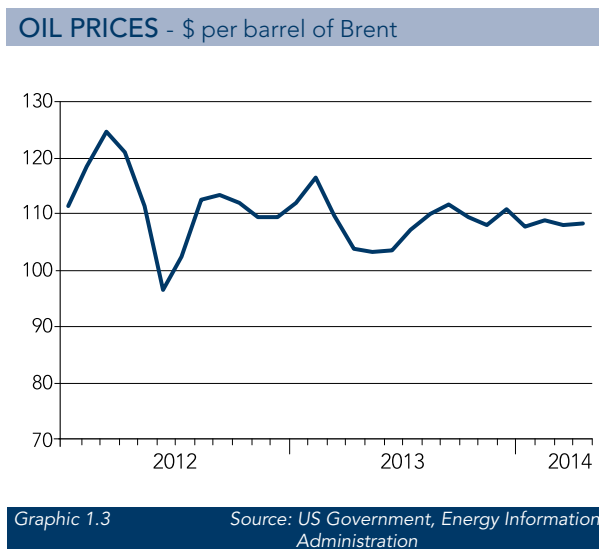
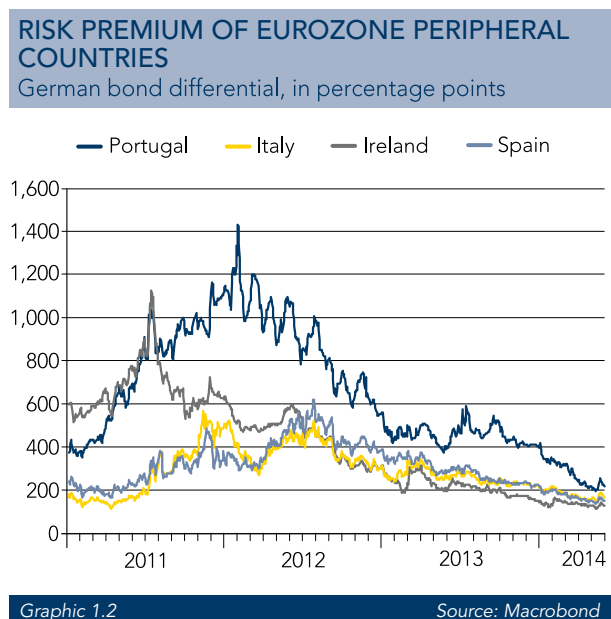
The progressive normalisation of the financial markets contributed decisively to the improvement in the advanced economies. In the Eurozone, the ECB cut

interest rates twice, the sovereign debt risk premiums of the peripheral countries fell to 2010 levels and the difficulties in placing large amounts of long-term sovereign bonds also diminished. However, bank credit continued to be depressed in a large number of the advanced economies.

In 2013, the recovery in the climate of market confidence and stability helped the main world stock markets to close with major gains. The IBEX-35 of the Spanish economy saw a revaluation of 21.4%, after three consecutive years of losses. For their part, the other main world indices maintained the positive trend started in the previous year: the Eurostoxx index was revalued by 18% (14% in 2012), the Nikkei index for the Japanese stock market, by 56.7% (23% in 2012), and in the United States, the Dow Jones index gained 26.5% (7.3% in 2012), and the Nasdaq, 38.3% (15.9% in 2012).

The trend in the euro/dollar exchange rate reflected, to a large extent, the fluctuations in market perceptions regarding shifts in US and Eurozone monetary policy, and also influenced the change in economic prospects in both areas: from May, the euro started a rising trend which led it to appreciate an interannual 4.3% against the dollar at the end of the year. So, the euro progressed from a rate of 1.313 dollars in December 2012 to 1.370 dollars in December 2013.

The recovery in activity in the advanced economies was accompanied by a reduction in inflation rates – except in Japan – despite the context of



expansionary monetary policies. The reasons to explain this slowdown in prices are energy price stability, the slowdown in the price of raw materials, excess supply in some markets and the knock-on effect of the impact of increases in tax and regulated prices approved in previous years. The prices of raw materials without fuel fell 1.2% in dollars in 2013, and oil prices fell almost 1%, although still at a historically high level. This oil price stability is in line with the adjustment in production made by OPEC in response to the changing prospects of demand from emerging economies and the fluctuations in supply due to geopolitical determinants, but above all from the increase in oil production in the USA and Canada.

As a result, there was a slowdown in consumer prices in 2013, both in the advanced economies, which went from 2% growth in 2012 to 1.4% in 2013, and also emerging economies, which went from 6% to 5.8%.

1.2. Evolution of the principal advanced countries

The advanced economies have continued to see lower GDP growth than that of emerging and developing economies, but the differential fell for the second consecutive year. So, advanced economies' GDP grew 1.3%, only one tenth less than the previous year, while the deceleration in the emerging economies was four tenths. The gradual recovery that can be seen in the advanced economies is closely related to the progressive correction of their imbalances, although in the case of the USA this process is much more advanced than in the Eurozone: rationalisation of the private sector balance sheets, fiscal consolidation, a >

IMF ECONOMIC PROSPECTS FOR THE WORLD ECONOMY ⁽¹⁾

	2012	2013	2014f	2015f
World GDP	3.5	3.2	3.4	4.0
Advanced economies	1.4	1.3	1.8	2.4
USA	2.8	1.9	1.7	3.0
Eurozone	-0.7	-0.4	1.1	1.5
Germany	0.9	0.5	1.9	1.7
France	0.3	0.3	0.7	1.4
Italy	-2.4	-1.9	0.3	1.1
Spain	-1.6	-1.2	1.2	1.6
Japan	1.4	1.5	1.6	1.1
United Kingdom	0.3	1.7	3.2	2.7
Canada	1.7	2.0	2.2	2.4
Emerging and developing countries	5.1	4.7	4.6	5.2
Sub-Saharan Africa	5.1	5.4	5.4	5.8
Emerging economies in Europe	1.4	2.8	2.8	2.9
Commonwealth of Independent States	3.4	2.2	0.9	2.1
Russia	3.4	1.3	0.2	1.0
Developing Asia	6.7	6.6	6.4	6.7
China	7.7	7.7	7.4	7.1
India	4.7	5.0	5.4	6.4
Middle East & North Africa	4.9	2.5	3.1	4.8
Latin America & Caribbean	2.9	2.6	2.0	2.6
World trade (goods and services)	2.8	3.1	4.0	5.3

f: forecasts

(1) The figures for world and regional growth published in July are based on new weightings for purchasing power parity (PPP) deriving from the 2011 survey, and are not comparable with those presented in the World Economic Outlook in April 2014. The quarterly estimates and projections supply 90% of the world weightings adjusted on the basis of PPP.

Chart 1.1

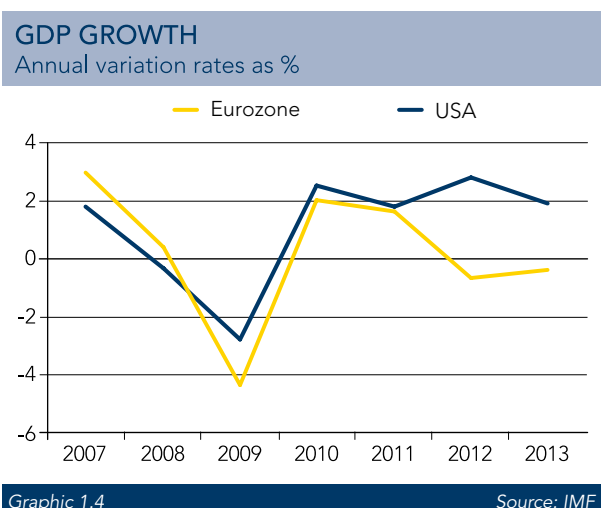
Source: IMF, July 2014

reduction in unemployment rates and the recovery in the property and construction sector. To these factors should be added the greater stability of the financial markets and the gradual recovery of confidence among economic agents.

1.2.1. The USA

In the United States, GDP growth in the second half of 2013 was greater than expected due to the impetus of domestic demand favoured by the reactivation of the credit and property markets, and also by the strong growth in exports (especially oil products). However, in the year overall, GDP decelerated from 2.8% in 2012 to 1.9% in 2013, above all as a result of the major consolidation effort (estimated to have taken about 1.5 points off GDP growth).

This year the factors driving the economy were basically domestic: the strong dynamics in residential investment, which grew over 12% for the second consecutive year, and the increase in private consumption (2%), which was favoured by rising prices in housing and shares, by the continuous reduction in household debt compared to available income, and also by the constant rate of job creation. On the other



hand, public spending continued to hinder growth for the third consecutive year (-2.2% in 2013), to a large extent due to the administrative closure of the Federal Government in October, which caused public spending to fall towards the end of the year.

The contribution to growth from foreign demand remained practically neutral in 2013, the same as the previous year, with growth in exports of goods and services of 2.7%, and in imports of 1.4%, although the variation rates slowed in relation to the previous year in line with the deceleration in the European economies. Dollar depreciation against the euro, and above all the increase in domestic energy production and the consequent reduction in oil imports, drove exports and consequently helped to reduce the current account balance deficit from 2.7% in 2012 to 2.3% of GDP in 2013, the lowest level in 15 years.

The recovery in the US economy led to continuous improvement in labour market results. The annual rate of growth in employment was 1.7%, exactly the same as the previous year, which allowed a reduction in the unemployment rate from 7.9% at the end of 2012 to 6.7% at the end of 2013.

On the other hand, consumer prices showed a slower trend than in the previous year. The annual rate of inflation reached 1.5%, compared with 2.1% in 2012. The idle capacity in the economy and contained wage rises helped to moderate price growth.

The absence of background inflationary pressures allowed the Federal Reserve to keep the official interest rate within a band of 0% to 0.25% throughout the year, with the target of stimulating economic activity. Moreover, the Federal Reserve continued its

expansionary monetary measures until December 2013, which helped to keep long-term interest rates down, drive credit and, in general, create more accommodating financial conditions.

Finally, the US economy managed to seriously reduce the level of public debt – from 9.3% of GDP in 2012 to 6.4% in 2013 – so it was no longer one of the advanced economies with the highest deficits. This fiscal development was marked by a sharp increase in taxes, spending cuts introduced at the beginning of the year and also by the partial closure of the Federal Administration in October, in a conflict generated by the budget postponement. Despite this effort to reduce the deficit, the ratio of public debt to GDP increased slightly, to reach 104.3% in 2013.

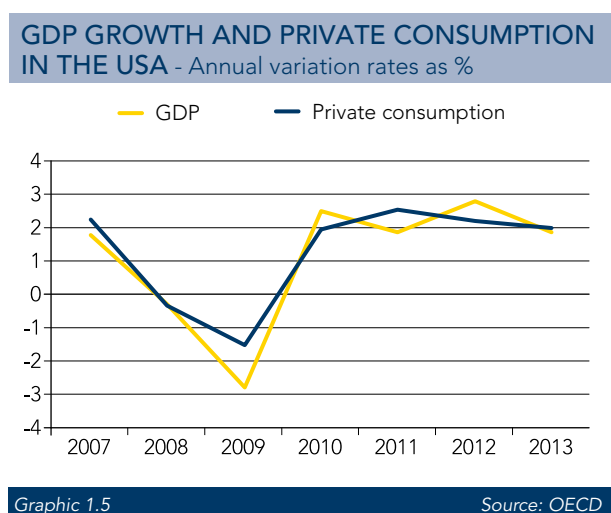
1.2.2. Japan

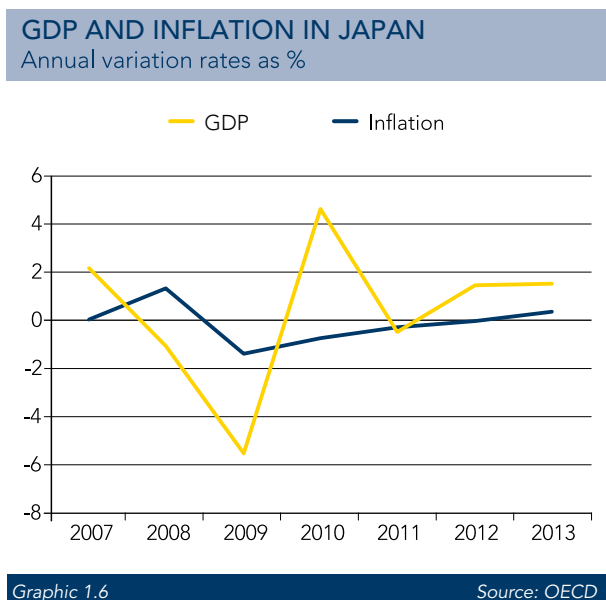
In Japan, the ambitious programme of monetary and tax stimuli promoted by the new prime minister enabled the growth rate to remain at around 1.5%, for the second consecutive year. To the fiscal stimulus package of 100,000 million euros, focussed mainly on public investment, was added the radical turn in monetary policy by the Bank of Japan from April 2013, which doubled the injections of liquidity into the economy through the acquisition of public bonds and private fixed-income securities. Moreover, a major depreciation of the Japanese yen against the dollar (22.3%) and against the euro (26.3%) helped to drive exports.

By components, it should be noted that although private consumption and public spending were still the mainstays of the economy, GDP decelerated in the second half of the year due to the slow recovery in exports with dynamic imports driven by energy purchases and strong domestic demand.

The expansionary monetary policy managed to leave inflation behind and put consumer price growth at an annual average of 0.4%, although this is still far from the 2% target fixed by the national Central Bank. The Central Bank of Japan maintained interest rates between 0.0% and 0.1% throughout the year.

As for the labour market, the unemployment rate fell slightly to reach one of the lowest levels among the advanced economies (4% on annual average). In the fiscal field, the economic stimulus programmes helped >





to erode Japan's public finances for the third consecutive year, so the public deficit rose six tenths of GDP to 9.3% in 2013, the highest level in 1998. At the same time, the public debt ratio in relation to GDP continued to climb to reach 224.6%, the highest level of all OECD member states and double their average (109.5%).

1.2.3. Eurozone

After two years of recession, the Eurozone economy overcame the financial and euro crisis and recovered growth in activity in 2013. Ireland and Portugal's exit from the financial aid programmes, and also Spain for the banking sector, are positive signs of the situation of greater financial stability experienced by the Eurozone. In particular, the announcements of the ECB's conditional repurchase programme in the secondary markets and the advances within the framework of establishing the Banking Union helped to restore confidence and reduce tensions in the markets. The combination of more expansionary fiscal and monetary policies – reduction in the fiscal consolidation rate and relatively accommodating ECB policy – also favoured growth.

The Eurozone economy began a phase of recovery in economic activity in the second quarter of 2013, but it was not strong enough to offset the steep fall recorded in the first quarter, so over the whole of the year GDP contracted 0.4%. This more positive behaviour is linked directly to decreasing uncertainties, the stabilisation of the labour market and the improved stability of the financial markets, except for the odd episode, such as the one in March caused by the bailout of Cyprus. Now,

there are still broad differences between the countries that form the area. Growth picked up again in the nucleus, for example in Germany, while countries with high levels of debt (Spain, Italy, Portugal and Ireland) still registered negative rates in 2013.

The recovery in the Eurozone was the result of the gradual improvement in domestic demand, both in consumption and investment, which was already recording positive interannual rates at the end of the year. On the other hand, foreign demand continued to make a positive contribution to economic growth, but less intensely than in the previous year. Imports are picking up while domestic demand is recovering, especially investment with a high import content. On the other hand, exports decelerated, above all those to emerging markets. Euro appreciation also contributed to this behaviour in the foreign sector. Nevertheless, the current account balance surplus in the Eurozone as a whole increased from 2.1% in 2012 to 2.8% of GDP in 2013.

The fragility of the economic recovery made employment contract again in 2013 (-0.9%) and the unemployment rate also stabilised at historically high levels (12%, according to Eurostat), after five consecutive years of increases. For their part, real unit labour costs fell 0.2%, as a result of a per-worker wage increase below that of productivity (0.4% and 0.5%, respectively) denoting a slight gain in competitiveness.

Inflation fell considerably throughout 2013, from 2% in January to 0.8% in December, as a result of wage moderation, the disappearance of the knock-on effect from tax rises in previous years, and falling prices of raw materials, to which is added the appreciation in the euro exchange rate. On annual average, inflation was 1.3%, compared with 2.5% recorded in the previous year. All the Eurozone economies saw more moderate inflation rates in 2013 than 2012, and this was more marked in countries where domestic demand is more depressed. For example, in Greece (-0.9%), Ireland (0.5%), Portugal (0.4%) and Cyprus (0.4%). The highest inflation rates were recorded by Estonia (3.2%) and the Netherlands (2.6%).

Monetary policy was conditioned by the described context of weak economic recovery and absence of inflationary pressures. But it also took into account the deficient mechanism for transmitting monetary policy to the real economy and the persistent financial fragmentation, which led to major

**PUBLIC DEFICIT OF EUROZONE COUNTRIES.
ESTIMATES FOR 2013 - As % of GDP**



(*) If aid to financial institutions is excluded, the deficit is 6.6%, two tenths lower than the previous year in comparable terms.

Graphic 1.7

Source: European Commission

differentials between the interest rates of bank loans in the different member states. To counteract these problems, the ECB took three kinds of measures during this year: 1) it lowered the interest rate twice, to leave it at minimal levels of 0.25% in November 2013 (identical to the USA); 2) it started to enact the forward guidance policy, making ECB expectations clear that the official interest rates will remain at existing or lower levels for a long period of time; and 3) it announced that liquidity auctions will be extended to at least mid-2015.

Finally, fiscal policy continued to be restrictive for the fourth consecutive year, with a deficit reduction of 0.7 points of GDP, which left it at 3% of European GDP. The decision by the European Council in June to extend the time limits for correcting excessive deficits (above 3%) enabled governments to relax their fiscal consolidation targets. As in previous years, the deficit adjustment can be explained by an increase in tax income, while public spending remained stable. All countries in the Eurozone, except Germany and Luxembourg, saw a negative fiscal balance, in most cases lower than that of the previous year (except Greece, Slovenia and Finland). In general, the countries that suffered most from financial tensions are those that carried out the strictest adjustments.

For example, Spain reduced its deficit from 10.6% to 7.1% of GDP (including aid to the banks); Ireland, from -8.2% to -7.2% and Portugal from -6.4% to -4.9%. In a context of moderate growth in nominal GDP, the public debt continued to rise to reach 95% of GDP, the highest level in the historical series.

1.3. Evolution of the principal emerging and developing countries

In 2013, emerging countries suffered a practically generalised deceleration in their economies, which highlighted the vulnerabilities accumulated in recent years, surfacing in the phase of instability produced in May. These vulnerabilities are the extension of the current account deficits in some countries, growing foreign debt and, in some cases, high inflation (Brazil, India, Indonesia and Turkey ended the year with rates between 6% and 9%, partly through depreciation of their currencies). The strong financial flows towards emerging economies generated exchange appreciations and rising asset prices, as well as major credit increases. Now, the economies with more stable economic foundations and a stronger reformist impetus, such as Mexico, Peru or Colombia, were not penalised by the financial markets, revealing the selective nature of the markets.

Developing Asian economies continued to lead world growth (6.6%). Despite such robust growth, the activity of the main Asian countries lost impetus through the change in orientation in the monetary policy announced by the Federal Reserve. For this reason, the adaptation to ever more lax global financial conditions is one of the challenges faced by the Asian continent, especially the economies that depend most on finance and world trade. The Chinese economy saw growth of 7.7%, exactly the same as in the previous year, thanks largely to the acceleration in exports towards advanced economies which occurred in the second half of the year and which offset the slowdown in the first half. It should be noted that since 2011, China has become the second largest economy in the world after the USA and at the end of 2013, the Chinese economy already led world trade, in front of the USA.

Sub-Saharan Africa is the economic area which grew most after developing Asia, with an annual rate of 5.4% in 2013, three tenths more than in the previous year. This region was the least affected by the world crisis and the financial tensions in Europe. The strong >

economic dynamism was based on good agricultural production and an increase in investment in natural resources and infrastructure. Growth was important in the whole region, but oil-exporting countries stood out especially, thanks to the fact that the price of the raw material remained relatively high. On the other hand, in South Africa growth continued to decelerate due to anaemic investment and low confidence among consumers and investors.

Another region that saw greater growth in 2013 than in 2012 was that of the emerging European economies, where GDP went from 1.4% growth in 2012 to 2.8% in 2013. This economic recovery continued to be driven by foreign demand, except in Turkey and the Baltic countries, where the driving force for growth was private consumption.

The economic area that suffered a more pronounced deceleration in growth was the Middle East and North Africa, with growth of 2.5% in 2013, more than two points less than the previous year. Specifically, the group of oil-exporting countries (Iran, Saudi Arabia, Algeria, Qatar, Arab Emirates, etc.) halved growth to reach 2% in 2013. The causes that explain this behaviour are the weak global demand for oil, the greater oil supply from the United States and regional disturbances in the oil supply (Libya and others). To falling oil production are added other factors such as weak growth in private investment in a context of continuous conflicts and political transitions.

Another area that suffered the effects of deceleration in the world economy, falling prices of raw materials and more restrictive financial conditions, was the region of Latin America and the Caribbean. Overall, the area saw annual growth of 2.6%, below the 2.9% obtained in 2012. The shortage of investment, slower exports and restrictions in the supply in some economies slowed activity. The case of Brazil, the

largest economy in the area, stands out, with growth of 2.5%, more than double that of Mexico (1.1%).

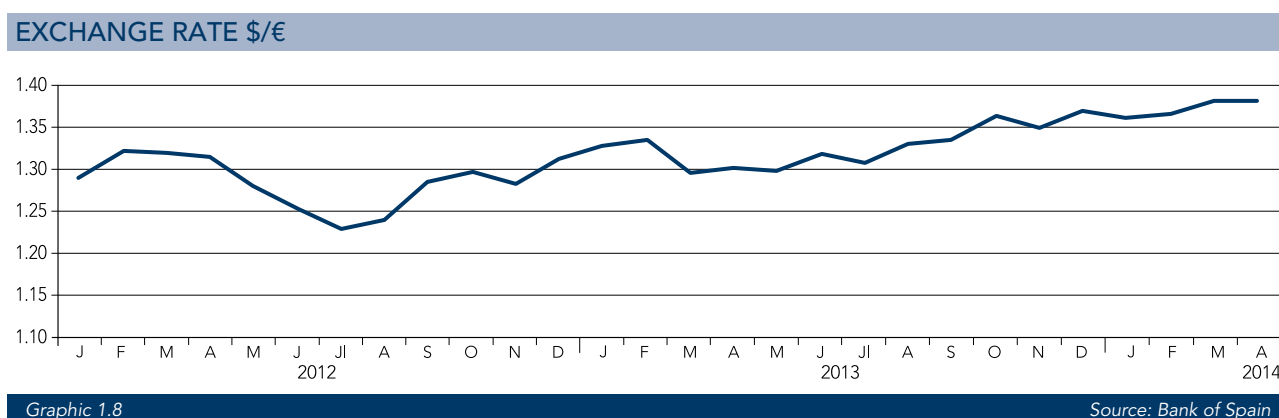
Finally, the Commonwealth of Independent States (CIS) recorded overall GDP growth of 2.2%, less than the 3.4% of the previous year. Within the region, Russia is one of the countries where growth slowed most, from 3.4% in 2012 to 1.3% in 2013. The reasons for this deceleration are weak investment, political tensions and uncertainty about policies, in some cases. At the beginning of 2014, domestic political turbulence and the seizure of the Crimea by Russia had a negative impact on the Ukrainian economy and spread shockwaves throughout the whole region.

1.4. Prospects

The recovery in world economic activity will continue in 2014, although a certain slowdown occurred in the first quarter of the year due mainly to transitory factors. While the developed economies are picking up, emerging economies are being held back by structural problems and political tensions in some countries.

According to the last OECD outlook report, among the main advanced economies, the recovery will be strongest in the USA, where GDP is expected to grow 2.6% in 2014. As for the Eurozone, it is expected to recover growth after three years of contraction. In Japan, on the other hand, a slightly lower rate of growth is expected in 2014 due to the enactment of fiscal consolidation measures.

According to the OECD, economic risks are on the way down. Investment and trade are picking up. In advanced economies, financial conditions are improving even though credit concession will still be restrictive and the bottlenecks in supply in emerging countries are holding back economic growth. For its part, inflation on a world scale will remain contained.



Graphic 1.8

Source: Bank of Spain

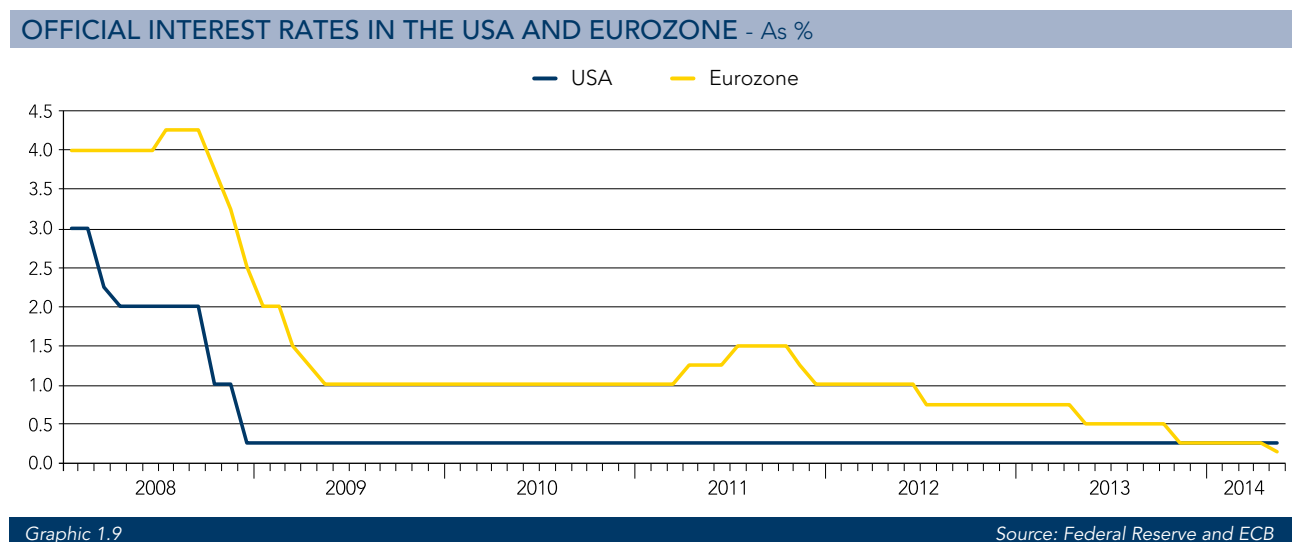
According to the International Monetary Fund (IMF) July report, world growth will accelerate two tenths to 3.4% in 2014. This improvement will be focused above all on the advanced countries, which could increase their global growth by half a percentage point, to reach 1.8%. The main factors driving this growth will be the application of a less restrictive fiscal policy and the decision to maintain extremely accommodating monetary conditions. As for the developing economies, it is expected that growth will decelerate by one tenth, to 4.6% in 2014, as a result of slowing domestic demand due to worsening financial conditions and geopolitical conflicts.

In the United States, there was a fall in GDP in the first quarter of 2014 in relation to the last quarter of the previous year, as a consequence of the cold, snowy winter which affected a large part of the country, causing businesses to close and halting much construction. This particular fact explains the fall in GDP, which had not happened since the beginning of 2011. Official bodies forecast that, once the combined effect of the snowfalls passes, the economy will pick up growth in the second quarter of 2014. For the overall year, the most recent IMF forecasts point to growth of 1.7%. The labour market reflects this improvement in the economy: employment saw interannual growth of 1.7% in the first four months of the year, managing to exceed the employment level of 138 million jobs, a figure that has not been achieved since the beginning of 2008. Now, the unemployment rate fell progressively from 6.7% at the end of 2013 to 6.3% in April 2014. Inflation, on the other hand, is still under control, considering that in the first quarter it reached 1.4% on average, although in April it rose to 2%. In this context, the Federal Reserve maintained its expansionary policy, leaving the official interest rate

between 0% and 0.25%, and intends to continue with its plan to progressively cut monetary stimuli, in the hope that interest rates will rise in 2015.

The main risks that could threaten growth in the US economy are, in the foreign field, prolonged stagnation in the Eurozone which could have a knock-on effect through both financial and commercial channels, and continued deceleration in the emerging economies. Within its own economy, the main risks are the need to provide a lasting solution to fiscal problems, whether raising the debt threshold or advancing mid-term fiscal consolidation plans – or doing both – and the possible effects of hardening monetary policy on the real economy.

In the European field, the economy is recovering, but major inequalities can be seen between member states. According to the Eurostat preview, GDP growth in the first half of 2014 was 0.2%, the same figure as in the previous quarter, putting the interannual rate at 0.9% (0.5% in the last quarter of 2013). But this growth was concentrated in just two of the main European countries: Germany and Spain. The German economy grew at an interannual rate of 2.3%, thereby exceeding by almost one percentage point the rate recorded at the end of 2013, while Spain grew 0.4% in the first quarter of 2014 (0.2% in the fourth quarter of 2013). On the other hand, the French economy stagnated and Italy entered negative territory again, together with Portugal, the Netherlands and Estonia, which fell between 0.1% and 1.4%. In the case of the Netherlands, this is due to the phenomenon of falling gas sales to Europe due to a mild winter. Moreover, Finland fell back into recession, as it saw a fall in GDP for the second consecutive quarter. It should be remembered that >



Latvia joined the Eurozone on 1 January 2014, raising the number of member states to 18.

Forecasts indicate that GDP growth in the Eurozone will strengthen as the year progresses and domestic demand will become the mainstay of growth. The European Commission foresees that GDP in the Eurozone will grow 1.2% in 2014 and 1.7% in 2015. The gradual, weak nature of the European recovery is in line with what was seen in previous recoveries, following financial crises. By countries, the Commission forecasts increases in GDP in Germany of 1.8% and France of 1%. For their part, the peripheral countries (Spain, Italy, Portugal, Greece, and Ireland) will leave the recession behind and see positive rates of about 1%. The only member state that will continue in recession will be Cyprus (-4.8%). In most of these countries, domestic demand begins to pick up and will complement the positive contribution from the foreign sector to growth. The relaxation of the targets for reducing the public deficit will also contribute to the economic recovery. The labour market, which began to improve in 2013, will continue to recover over the next few years, and this will bring down the unemployment rate from 12% in 2013 to 11.4% in 2015, according to the European Commission.

Inflation in the Eurozone has remained very low during the first few months of the year. In May it was 0.5% and the forecast for the whole of the year does not exceed 1%. In order to discourage the risk of deflation and to give impetus to the economy, the ECB decided on 5 June 2014 to lower the official interest rate to the historical minimum of 0.15% and, moreover, to collect from the banks 0.1% for their deposits in the ECB with the aim of stimulating bank credit. Two new long-term liquidity

operations were also announced for the value of 400,000 million euros on the condition of banks conceding loans to businesses.

Finally the Japanese economy saw quarterly GDP growth of 1.5% in the first quarter of 2014, exceeding all provisions. This is the sixth consecutive quarter of economic expansion, which was based above all on strong growth in private consumption, which represents 60% of GDP and grew 2.1% compared with the fourth quarter of 2013. However, a large part of the growth in consumption could be explained by the increase in purchases from the increase in consumption tax, rising from 5% to 8%. However, exports also saw a strong recovery, favoured by the low value of the yen in comparison with the main international currencies. The strongly expansionary monetary policy led by the Bank of Japan lies behind this economic recovery and maintains the target of bringing inflation to about 2% in 2015. For the whole year, the IMF and OECD forecast GDP growth between 1.6% and 1.2%, respectively, not far off the growth recorded in the previous two years.

To summarise, the global economic context has tended to improve and the risks have diminished but not disappeared. In the short term these risks are linked above all to the problems which the process of hardening the monetary policy in the USA may cause to its growth and that of emerging countries, and above all to stock and currency markets. Also linked is falling growth in China and the knock-on effect that this may have on countries producing raw materials in Latin America and other parts of the world economy. In the Eurozone, the risks are associated with the crisis in Eastern Europe and the danger of deflation in some economies.

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		
	2013	2014f	2015f	2013	2014f	2015f	2013	2014f	2015f	2013	2014f	2015f	2013	2014f	2015f
	USA	1.9	2.6	3.5	1.5	1.5	1.7	7.4	6.5	6.0	-2.3	-2.5	-2.9	-6.4	-5.8
Japan	1.5	1.2	1.2	0.4	2.6	2.0	4.0	3.8	3.7	0.7	0.2	0.7	-9.3	-8.4	-6.7
Eurozone	-0.4	1.2	1.7	1.3	0.7	1.1	11.9	11.7	11.4	2.8	3.1	3.2	-3.0	-2.5	-1.8
Germany	0.5	1.9	2.1	1.6	1.1	1.8	5.3	5.0	4.9	7.6	7.9	7.4	0.0	-0.2	0.2
France	0.3	0.9	1.5	1.0	0.9	1.1	9.9	9.9	9.8	-1.6	-1.6	-1.4	-4.3	-3.8	-3.1
Spain ⁽¹⁾	-1.2	1.0	1.5	1.5	0.1	0.5	26.4	25.4	24.4	0.7	1.6	2.0	-7.1	-5.5	-4.5
OECD ⁽²⁾	1.3	2.2	2.8	1.4	1.6	1.8	7.9	7.5	7.2	-0.1	0.0	0.0	-4.6	-3.9	-3.2

(1) The public deficit includes aid to the financial sector.

(2) Instead of inflation, the GDP deflator was used.

f: forecasts

Chart 1.2

Source: OECD, May 2014

2. THE FRENCH ECONOMY

2.1. The main features of economic development in 2013

The French economy stagnated in 2013, for the second consecutive year. The stagnation of the second largest economy in the Eurozone and the fifth in the world was a result of the European recession experienced in the first few months of the year, the lack of competitiveness of the French economy and the lack of confidence among investors.

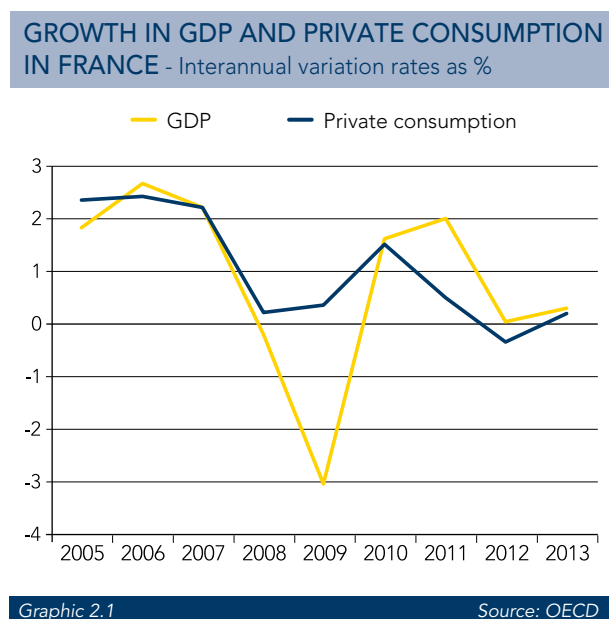
French GDP started the year with interannual negative growth, to then reach positive variation rates, nonetheless always below 1%. Over the whole year, French GDP grew a modest 0.3%, the same as in 2012. Although growth was weak, it was close to that of Germany (0.5%), but significantly better than that of Italy (-1.9%), Spain (-1.2%) and the Netherlands (-0.8%). In terms of per capita GDP, that of the French economy fell slightly in relation to the European average, from 109% in 2012 to 108% in 2013 (EU=100), although it has remained at these levels since 2006.

Domestic demand (including stock variation) went from a negative contribution of three tenths in 2012 to a positive contribution of two tenths in 2013, as a result of a slight recovery in final consumption, especially public consumption. Specifically, private consumption grew 0.2% in 2013, after the fall in the previous year. Weak growth in private consumption is the reflection of slowing wages, rising taxes and

the high unemployment rate. It should be noted that growth in net wages received by households decelerated (0.5% after 1.6% in 2012) for two reasons: on the one hand, wages and salaries rose less (1%, compared with 1.8% in 2012) and on the other hand, social contributions paid by employees accelerated due both to the end of the exemption on extra hours applied from September 2012 and the increase in contributions for pensions. In contrast, growth in public consumption increased more strongly than in the previous year, 2.1% against 1.8% in 2012, the result above all of spending on health and social and unemployment benefits.

On the other hand, investment by all economic agents went into recession in 2013 after three years of growth (-1% against 0.3% in 2012). This decrease is mainly due to households, which reduced their investments for the second consecutive year (-3.1% in 2013), although investment by non-financial businesses also entered negative territory this year (-1% in 2013 against 0.1% in 2012). The factors that dragged down investment in capital goods are the financial difficulties and low economic prospects. Finally, public investment continues to grow but more slowly than in 2012 (1% compared with 1.6%); in this chapter the acceleration in investment in public works and in research and development stands out.

For its part, the foreign trade flow of goods and services saw a slight recovery in 2013. Specifically, exports went from 1.1% growth in 2012 to 2.2% in 2013, in line with the acceleration in world trade and especially the European economy, where 60% of French exports are destined. Now, in comparison with other European countries, the performance of French exports was worse, clear evidence of its continued loss of competitiveness. So, exports of goods fell 1.6% in France, below the rates recorded in Germany and Italy (-0.2% and -0.1%, respectively), while in Spain they saw an increase of 5.2% and in the United Kingdom 1%. The sector that contributed most to the recovery both of exports and imports is the energy sector. In the case of exports, foreign sales of capital goods also appeared dynamic, including sales of aeroplanes. Imports recovered after the fall in the previous year (1.7% in 2013 compared with -1.3% in 2012) as a result of a slight improvement in domestic demand. The sectors that contributed most to this recovery, apart from energy, are capital goods and >



transport equipment. This greater growth in imports than exports meant that the contribution of the foreign sector to the growth of the French economy went from a positive 0.7 points in 2012 to only 0.1 points in 2013. Equally, the current account balance deficit fell from 2.2% of GDP in 2012 to 1.6% in 2013, according to the OECD.

As for supply, developments in the economic sectors appears disparate. Activity fell in the agricultural sector and also in the industrial sector, which entered into recession after two years of growth. For its part, the fall in the construction sector worsened, showing that it is still immersed in a deep crisis. On the other hand, market services saw GVA growth of 0.4% in 2013, and non-market services of 1.2%. Within market services, all branches saw increased activity except hotels and catering (-3.2%); the most positive trends were in financial activities (1.7%) and transport activities (1.4%).

The stagnation in activity explains why the French economy continued to destroy jobs in 2013 (120,000 jobs in the non-agricultural private sector, higher than the figure of 48,000 destroyed jobs in the previous year). In annual variation rates, this represents a drop in employment of 0.8% in 2013 against 0.3% in 2012. However, the steepest downturn in employment occurred in the first half of the year, when 67,000 jobs were destroyed; on the other hand, non-agricultural employment stabilised in the second half thanks to temporary work.

By economic sectors, the fall in employment was accentuated in all the major sectors in relation to the previous year; in 2013 the fall in the industrial sector was -1.5%; in construction, -1.9%, and in the market services sector, -0.4%. In contrast, public sector employment grew close to an annual 1% in 2013, for the second consecutive year. It should be noted that the percentage of part-time contracts rose to 18.6% in the last quarter of 2013, the highest level in the last decade.

Despite falling employment, the unemployment rate remained at 10.3% throughout the year, the highest rate since 1999. Moreover, the youth unemployment rate reached almost 24% at the end of 2013, with the risk of unemployment being almost twice as high for less-qualified young persons. It should be remembered that the segmentation of the French labour market is still a source of concern. The bill of law for labour reform passed in May 2013, after the January agreement between social agents,

provides more rights for workers faced with the legal insecurity of dismissal and, at the same time, more flexibility for businesspeople.

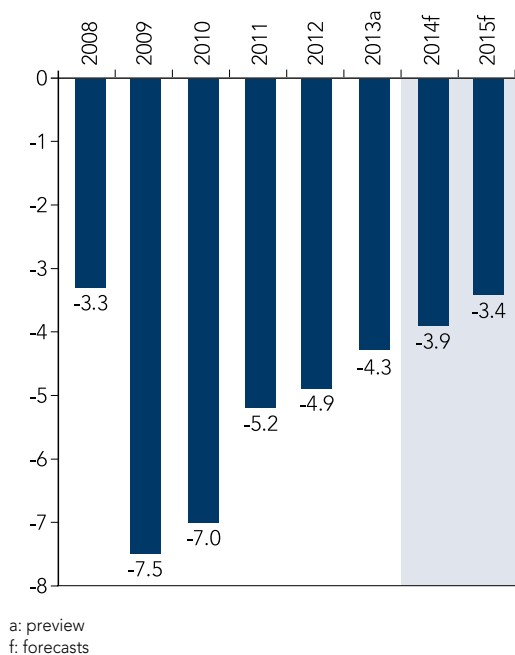
In this context of weakness in the labour market, nominal wage rises were slower than those of the previous year (1.7% in 2013 compared with 2.2%). Work productivity, for its part, increased 0.6%, higher than the 0.1% in the previous year and consequently, unit labour costs (ULC) grew 1.1% in nominal terms, but remained stable in real terms (once prices are discounted). This trend contrasts with that of the Spanish economy, where real unit labour costs fell 2.2%, or with Germany, where they fell 0.1%.

It should be remembered that France is one of the member states where the cost of labour is higher due, to a large extent, to the high fiscal pressure on labour, resulting in a loss of competitiveness in French businesses. For this reason, in December 2012, the French Government adopted a series of initiatives to reduce the tax burden on labour, specifically for wages below 2.5 times the minimum wage; equally, in January 2014 it announced another reduction in the cost of labour for the value of 10,000 million euros. In total, the two measures will represent 30,000 million in savings for businesses (1.5% of GDP), helping to bridge the gap between France and the average of Eurozone countries in terms of business contributions to the social security.

Prices saw a downward trend throughout the year following the trend in other countries. Harmonised inflation decelerated on annual average from 2.2% in 2012 to 1% in 2013. This trend in consumer prices is the consequence, to a large extent, of slowing energy prices, rents and some food products. Underlying inflation, which reflects the trend in the nucleus of prices more faithfully because it excludes the volatile components (unprocessed food and energy), also evolved slowly (0.8% in 2013) due to the low level of productive capacity utilisation and the resistance of the unemployment rate to fall.

For the fourth consecutive year, the public sector continued its fiscal consolidation policy. In 2013 the deficit rose to 88.8 thousand million euros, i.e. 4.3% of GDP, 0.6 points lower than in the previous year, due to revenue rising faster than spending. The public deficit fell above all in central Government and, to a lesser extent, in the social security system, while it rose in the local governments. As a percentage

THE FRENCH PUBLIC DEFICIT As % of GDP



Graphic 2.2

Source: European Commission

of GDP, income in the French public sector rose to 52.8% of GDP, the second highest level in the whole of Europe, only behind Finland. This increase is due to the implementation of new fiscal and social measures (+1.4 percentage points of GDP). In effect, taxes rose in 2013 by 3.7%, to reach the figure of 45.9% of GDP. The weight of public spending also increased in relation to GDP to 57% in 2013, higher therefore than the record level reached in 2009, exceeding the Eurozone average GDP by more than seven points (49.8%).

It should be noted that the tensions in the sovereign debt market of the peripheral economies, the attack on the euro and the worsening economic situation at the beginning of the year led the French government to approve the largest adjustment plan for decades. The deficit reduction of 33,000 million euros for this year is divided into three equal parts: one would be paid by tax rises for citizens with higher incomes; another part would come from a major reduction in spending on infrastructures, defence, administrative organisation, subsidies, local governments (all except education, the interior and justice), and the rest would come from businesses, especially large ones that do not reinvest profits. Implementation of these measures would have had an estimated impact on GDP of about one percentage point, but not all of these measures were finally passed as they had been presented.

Financing the deficit caused a new increase in the public debt of three GDP points in 2013, to 93.5%, a level still slightly below the average of the 18 member states in the Eurozone (95% of GDP), according to the European Commission.

2.2. Prospects

France started the year 2014 with a loss of economic impetus. GDP remained stable in the first quarter of the year after recording an increase of 0.2% at the end of 2013. Equally, in interannual terms, GDP saw growth of 0.8%, identical to the previous quarter. This loss of impetus is due to weak exports and falling consumption and investment compared with the previous quarter, to which will probably be added weak public consumption in the next few quarters due to the adjustment measures which the Government must implement to reduce the public deficit.

In this context, in the first quarter of the year, the unemployment rate rose again to 10.4% and the harmonised inflation rate remained low at about 0.8%, although the nucleus of inflation, the so-called underlying inflation, lies a little higher (1.2% in April). In 2014 it is expected that falling energy prices and still modest growth in activity could offset the impact on prices of VAT rises introduced in January 2014 (the intermediate rate rose from 7% to 10%). The European Commission forecasts that inflation will remain the same in 2014 as the previous year, at about 1% annual.

As for the labour market, the reform passed in 2013 and the reductions in social contributions provided may represent a stimulus to employment which, according to the European Commission, could grow 0.3% in 2014 and 0.8% in 2015, in contrast with the fall recorded in 2013. Nevertheless, the unemployment rate will resist falling from 10.4% in 2014.

The provisions for economic growth made by official bodies (the IMF, OECD and European Commission) point to an increase in French GDP of about 1% in 2014, after two years of economic stagnation. This improvement will be the exclusive result of a more positive contribution from domestic demand, driven basically by growth in investment in capital goods, which would revert from falling 2.4% in 2013 to growing 3.8%, in a context of favourable credit conditions, low interest rates, tax cuts and an improvement in economic prospects. Consumption will also make >

a positive contribution to growth thanks to the changing trend in employment, wage increases and tax and social security cuts in the case of workers on low wages. In contrast, the trade deficit will probably not improve, despite the increase in exports, because imports will grow in line with domestic demand.

The Government intends to support the economic recovery and continue its reform programme with the objective, within the framework of social dialogue, of supporting employment and competitiveness and at the same time meeting the public deficit target fixed for this year. For this reason, it announced a plan to reduce public spending by 50,000 million, which it expects to apply from 1 January 2015 until 2017. This amount involves 4% in administrative costs, well above the saving of 15,000 in spending cuts provided in the 2014 budget. Some of the most notable measures are the reduction in the number of regions (presently 27). The plan also includes a responsibility and solidarity pact to be passed in 2014, which includes cuts in tax and business contributions to encourage economic activity and improve the competitiveness of businesses. Among the main measures are: to continue reducing the social contributions paid by businesses (reduction of 14% in 2014 and an additional 6% in 2015); to modernise corporate taxation and reduce the number of taxes, and to simplify the administrative process for business formation. In return for all these business advantages, the Government requires things from businesses such as job creation, especially for young and older workers, more training, wage rises and the modernisation of social dialogue.

In 2014 the deficit may fall further than the previous year thanks to the measures included in the budget and to new additional measures announced in April, which consist of savings to offset the loss of tax income caused by the suspension of an ecological tax on heavy vehicles, the cancellation of loans from being adopted as part of a supplementary budget, and lower spending on unemployment benefits, after a new agreement between social agents on the unemployment benefit system. Moreover, pension reform in 2010, which will slowly lead to an increase in the minimum age of retirement from 60 to 62, will bring additional savings. Finally, in the local elections held in March and taking into account what happened in previous electoral cycles, it is expected that public investment will fall again. As for revenue, the announced cuts in taxes and social security contributions, as well as the already approved measures, may reduce the tax burden by 0.4% of GDP.

FRANCE. MAIN MACROECONOMIC AGGREGATES

Interannual variation rates

	2011	2012	2013
Components of demand			
Private consumption	0.4	-0.5	0.2
Public consumption	1.4	1.8	2.1
Gross fixed capital formation	2.1	0.3	-1.0
Stock variation (a)	1.1	-0.6	-0.2
Exports of goods & services	6.9	1.1	2.2
Imports of goods & services	6.3	-1.3	1.7
Components of supply			
Agriculture	3.9	-8.2	-1.4
Industry	2.7	0.9	-0.4
Construction	-2.0	-1.3	-2.1
Commerce	3.1	0.3	0.1
Transport	2.1	-0.4	1.4
Hotels & catering	5.3	-1.3	-3.2
Information & communications	6.2	3.3	0.1
Financial activities	6.5	2.0	1.7
Property activities	-0.6	0.8	1.0
Scientific & Tech. activities	3.3	-0.3	0.4
Other services	-1.7	2.1	0.0
Non-market services	1.4	1.6	1.2
GDP at market prices	2.1	0.3	0.3

(a) Contribution to GDP growth at market prices.

Chart 2.1

Source: INSEE

In general, the European Commission forecasts that the deficit will reach 3.9% of GDP in 2014, while the ratio of public debt to GDP will continue to rise (95.6%).

The French economy faces three challenges: public finance, competitiveness and unemployment. Despite the efforts made, the reduction in the structural deficit requires a sustained effort to restore the public accounts, preserving growth. Moreover, French exports are especially sensitive to price competitiveness due to their specialisations, so the variations in cost competitiveness compared with the main competitors bear a lot of weight. Therefore the reduction in social contributions may offset part of this loss of competitiveness.

The European Commission recommends to France to fully implement the measures already adopted for 2013 (estimated to have an impact of 1.5 points on GDP) and to define and rapidly adopt the consolidation measures necessary for 2014 and 2015 to achieve the recommended improvement in the structural balance, with an in-depth review of spending in all subsectors of the public administrations, including social security and the level of local government.

3. THE SPANISH ECONOMY

3.1. The main features of economic development in 2013

In 2013, the Spanish economy showed signs of a gradual recovery in activity, especially during the second half of the year, favoured by an environment of greater stability in the financial markets, the gradual normalisation of foreign finance flows, improved economic confidence and also an incipient recovery in the labour market. In this context, GDP saw negative inter-quarterly rates in the first two quarters and positive rates in the last two. Therefore, in the third quarter of 2013 the Spanish economy started a new path to economic recovery and ended a prolonged economic recession. For the overall year, GDP saw an annual fall of 1.2%, four tenths lower than in 2012.

The economic crisis was more intense in Spain than in the whole of the EU and consequently caused a setback in the process of real convergence with European economies. According to Eurostat estimates, Spanish per capita GDP measured as purchasing power parity represents 95% of the EU-28 average (equal to 100), compared with the 105% that it reached in 2007, just before the crisis.

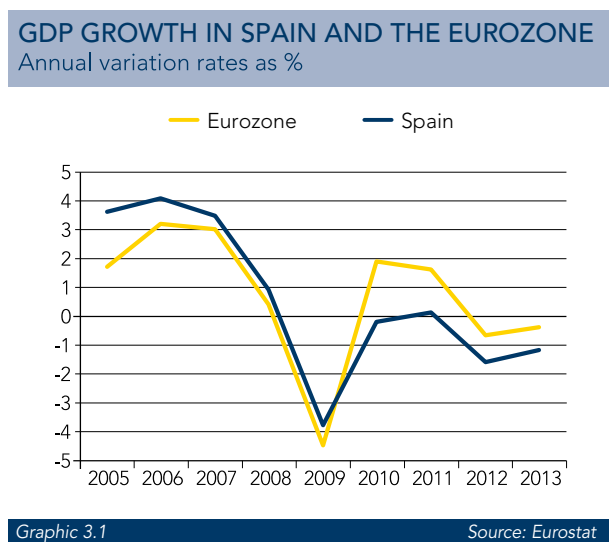
The smaller fall in GDP in 2013 was the consequence of a less negative contribution from domestic demand, which deducted 2.7 percentage points from growth compared with the 4.1 points in the previous year. In contrast, the foreign sector partially offset the contractionary impetus of domestic demand by contributing 1.5 percentage points to growth, one point less, however, than in the previous financial year.

This less negative behaviour in domestic demand was the result of the combination of a slowdown in the rate of fall in both public and private consumption, and also renewed growth in investment in capital goods. On the other hand, investment in construction remained negative.

So, private consumption showed a gradual improvement throughout the whole of 2013, in which positive inter-quarterly rates were noted from the second quarter of the year. For the year as a whole, the downturn in private consumption was 2.1%, seven tenths less than the previous year. The determinants in this improvement were lower job destruction, a more contained drop in gross available family income and the increase in financial wealth. In parallel, public consumption declined less than in the previous year, by -2.3%, in line with the process of fiscal consolidation in which the Spanish economy is immersed, although it did slow in relation to 2012.

The behaviour of investment also contributed to a smaller fall in GDP, although clearly differentiated behaviour can be seen between investment in capital goods, which grew 2.2% in 2013 – contrasting with the drop of 3.9% in the previous year – and investment in construction, for which the rate of fall only slowed slightly, to -9.6%. Despite falling housing prices and the gradual reabsorption of the housing stock, investment in the building sector is still at very low levels. In 2013 as a whole, the interannual fall in gross fixed capital formation slowed by almost two points, to -5.1%.

The performance of foreign demand was less favourable in 2013 than in the previous year because, despite the accelerating growth in exports of goods and services (from 2.1% in 2012 to 4.9% in 2013), imports reverted from falling 5.7% in 2012 to growing 0.4% in 2013 due to the recovery in domestic demand. It should be noted that the behaviour of Spanish exports was more positive than that of the main European economies: in Germany and the United Kingdom they grew 0.8%; in France, 0.6% and in Italy 0.1%. By components, exports of goods rose 7.2%, more than the 4.5% recorded in the world goods trade, while exports of services fell a few tenths. Within services, tourism sales abroad grew 2.6% and other services shrank 1.9%, after three consecutive years of increases.



The greater growth in Spanish goods exports than world trade resulted in Spanish products increasing their global market share. The gain in competitiveness of Spanish exports was due above all to falling unit labour costs. This explains how, despite the overall recession, the results of the Spanish trade balance were favourable for the whole of 2013. Specifically, goods exports grew 5.2% and imports fell 1.3%. The coverage ratio, which is the percentage of imports that can be paid with exports, reached a maximum of 93.6% in 2013. 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, although in 2013 this trend slowed a little due to the recovery in the European market, the slowdown in the market outside the European Community and euro appreciation. So, in 2013 exports of goods to the European Union – 62.6% of the total – rose 4.7% (-1.3% in 2012), while exports outside the European Community increased 6.1% (13.7% in 2012). In 2013, the destinations that contributed most to growth in Spanish exports were Portugal, the United Kingdom, France and Brazil.

The notable reduction in the trade deficit during this year, of 48%, allowed 2013 to end with a surplus in foreign interchanges of goods and services, the second consecutive one since 1997. The rest of the entries in the balance of payments also showed improved balances and, as a result, in 2013 the Spanish economy recorded, for the first time since 1997, a net foreign finance capacity of 1.5% of GDP, contrasting with the need for financing of 0.6% in 2012. These results demonstrate that the foreign imbalance, one of the most important in the Spanish economy, which reached 9.6% of GDP in 2007, managed to correct itself in 2013, forming the first step to reducing the high level of foreign debt.

From the perspective of supply, all the main branches of activity continued to contract - except for agriculture, which saw growth of 1.1%, but the overall trend was towards a slowdown in the falls as the year progressed. For example, industry and services contracted over the year by -1.2% and -0.5%, respectively, but in the last quarter saw positive growth in activity. On the other hand, construction is still immersed in a deep crisis, with activity falling 7.7%. Within services, activity fell or remained stable in all branches; in this sector the fall experienced by financial and insurance activities stands out (-3.3%).

The smaller contraction in GDP had its impact on the labour market. In 2013 the fall in employment was 3.4%, compared with the fall of 4.8% in the previous year, according to National Accounts. In quarterly terms, a gradual improvement has been seen as the year progressed, so in the fourth quarter employment grew slightly with seasonally adjusted data.

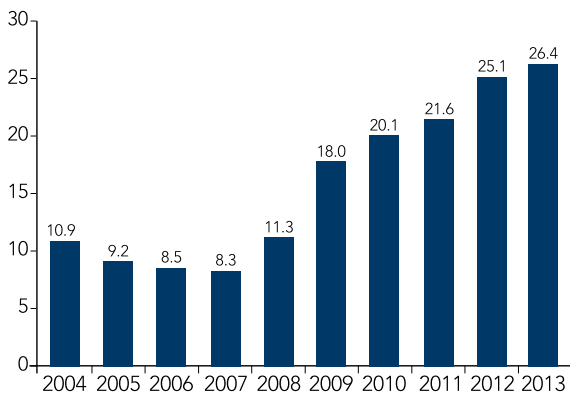
The adjustment in employment continued to be greater than in GDP, resulting in an increase in productivity of 2.3%. This growth in productivity, combined with the slow increase in wages per employee of 0.7%, resulted in another fall in unit labour costs (ULCs) of -1.6%.

For the first time since the second quarter of 2007, an annual decline in the number of unemployed occurred in Spain, of 85,400 in one year. Despite this decrease, at the end of the year the number of unemployed was still 5,936 million and the unemployment rate 25.7%, although this rate began to slow down from the second quarter, above all as a result of a continued decline in the active population. The group most affected by unemployment was that of youth (under the age of 25), which reached an unemployment rate of 54.9% in the fourth quarter of 2013. Another growing problem is the strong rise in long-term unemployment (individuals who have been unemployed for more than a year), which has already reached 61% of the total unemployed (3.6 million).

Contrary to the previous year, in 2013 the adjustment in employment affected both temporary contracts, which fell -4.6%, and permanent contracts, which fell -3.1%. This led to the rate of temporary contracts falling three tenths, to reach 23.1%. On the other hand, the number of employees in the public sector contracted for the third consecutive year, while in the private sector it practically stabilised at the end of 2013. Finally, the lower workload of many companies increased part-time contracts, which grew 6%, while full-time contracts fell 4.3%. As a result of this situation, the proportion of part-time work increased to reach a historic high of 15.8%.

During this year, the process of wage devaluation continued in the Spanish economy, considering that almost zero growth occurred both in labour costs and wages per worker and month, after a slight drop of 0.6% recorded in the previous year for the first time in many years. If this is compared with other European countries, the increase in labour costs in Spain was more than one

HARMONISED UNEMPLOYMENT RATE IN SPAIN As % of the active population



Graphic 3.2

Source: OECD

point lower than average growth in the Eurozone (0.2% compared with 1.4%). Moreover, Spain is among the EU countries that saw slower growth in labour costs, only behind Greece (-9.5%), Cyprus (-3.5%), Portugal (-1.7%) and Slovenia (-1.1%), which was the same as France, where they also increased 0.2%.

Inflation also slowed notably in the second half of the year, as a result of the comparative effect with the same period of the previous year, when significant price rises occurred due to rising VAT and other taxes and duties. Apart from this effect, slowing energy prices, decelerating product unit labour costs and weak consumption should be taken into account. So, inflation went from a growth rate of 2.7% in January to end the year at 0.3% interannual. On annual average, the growth in the consumer price index (CPI) was 1.4%, one point less than in the previous year. The slowdown in underlying inflation was gentler, from an average of 1.6% in 2012 to 1.4% in 2013, because it excludes fresh food and energy products.

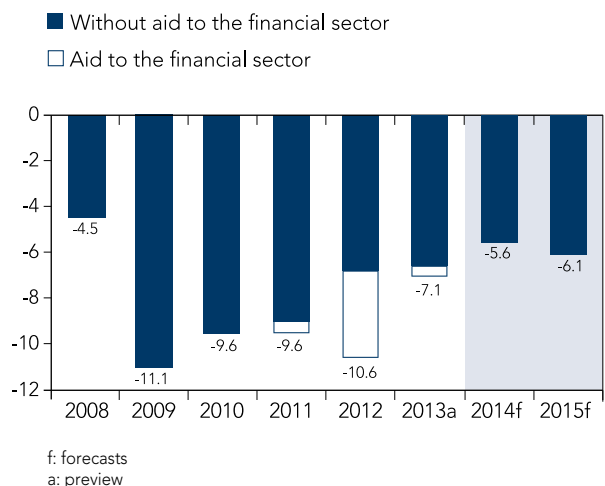
The Spanish economy continued the process of fiscal consolidation in 2013, although the intensity of fiscal adjustment was moderated in comparison with 2012 to undermining the start of the economic recovery. The overall Spanish public sector deficit reached 6.6% of GDP in 2013, and the positive deviation from the target agreed with the European Commission was only one tenth. If aid to the banks is included, the Spanish budget imbalance rises to 7.1% of GDP, considering that the contribution from the State to the financial sector added up to 41,300 million euros in 2013 (0.46% of GDP). In relation to the deficit in 2012 (6.8% without aid to the banks), the drop was only 0.2 GDP points, and this was reached

thanks to the fiscal consolidation effort made by the autonomous administrations and local corporations, while the central administration and social security increased their deficit in 2013.

Among the measures to contain spending are notably the freezing of public wages and the new supply of public employees, and cuts in public investment. Moreover, the Spanish state started the reform of the public administrations in 2013, with which it intends to make a saving of 37,700 million euros up to 2015. In relation to income, the main approved measures are: the new tax on lottery prizes; the application of the general rate of IRPF tax on short-term capital gains; the introduction of a limit on corporate tax depreciation allowances; the suppression of the deduction for investment in the habitual residence, and the extension of the validity of the property tax. Moreover, in January the creation of three new taxes on energy production was passed, and in July the increase in the alcohol and tobacco tax rates, as well as the increase in the tax rate on new housing. Despite this, the fiscal measure which had the greatest impact on tax collection in 2013 was the increase in VAT rates, which came into effect on 1 September 2012.

The Spanish government also passed a series of measures to stimulate business activity and facilitate the financing of SMEs, notably the creation of a reduced rate of 15% on corporate tax and a reduction of 20% on the profits of sole traders who are starting up. Equally, it put into action a new phase of the suppliers payment plan, which aims to bring the number of due invoices down to zero guaranteeing >

THE SPANISH PUBLIC DEFICIT - As % of GDP



Graphic 3.3

Source: Eurostat

that all the administrations start to pay at 30 days, as fixed by law.

As a consequence of the necessary financing of the new deficit registered in 2013, the Spanish public debt rose to 93.9% of GDP, the highest figure in the comparable historical series (published since 1994) and eight percentage points above the level of the previous year, when it reached 86% of GDP.

3.2. Prospects

The start of 2014 was marked by a clear improvement in the Spanish economy. In the financial field, the descending trend in the risk premium and interest rates continued, while the stock markets rose and capital returned. In the field of the real economy, the indicators clearly point to a gradual improvement in the situation. Employment shows a reduced rate of descent, that investment in capital goods and family consumption is recovering, while exports remain dynamic.

In the first quarter of 2014, the Spanish economy recorded the first positive interannual rate of growth in GDP in the last ten quarters. According to the National Institute of Statistics (INE), quarterly GDP grew 0.4%, two tenths more than in the last quarter of 2013. In interannual terms, the GDP growth rate was 0.5%, seven tenths higher than that of the previous quarter and the first positive rate since 2011. The main novelty is that, for the first time since mid-2010, this growth is the result of a positive contribution from domestic demand (0.7% compared with -0.6% in the previous quarter), which partially counterbalances the negative contribution from the foreign sector (-0.2% compared with 0.4%). It should be noted that growth was seen in household consumption (1.6%), nine tenths higher than that of the previous quarter, as a consequence of the improvement in the labour market and economic prospects. Investment, on the other hand, continues to contract 1.1%, undermined by construction, while investment in capital goods grew an annual 11.1%. In relation to foreign demand, both exports and imports showed annual rates above those of the preceding quarter, although the improvement is more marked in the case of imports, for which growth accelerated from 2.7% to 9.3%, in harmony with the trend in demand and explaining the negative contribution from the foreign sector. In relation to the labour market, the fall in employment slowed to

-0.3%, meaning a net reduction of 55 thousand full-time jobs in one year. Labour costs decreased 0.9%, three tenths below the implicit GDP deflator, and so continues the process of domestic devaluation of the Spanish economy.

This reduction in unit labour costs, added to the moderation in oil prices and the weakness still seen in consumption, have helped to keep inflation minimal (0.2% in May). Underlying inflation, which excludes unprocessed food and energy products, reached 0.0%, a historical low. It should be noted that inflation also slowed in the Eurozone (0.5% in May), but stands a little higher than in Spain and maintained a negative differential from September 2013. This inflation differential together with contained unit labour costs result in the Spanish economy gaining competitiveness which favours exports.

In 2014, the process of fiscal consolidation continues. The European Commission foresees a reduction in the public deficit to bring it to 5.5% of GDP in 2014 and below 3% in 2016. This would allow it to achieve a slight structural surplus in 2017. The planned fiscal adjustment relies essentially on public spending, which would reduce its ratio of GDP by more than four GDP points between 2013 and 2017. At the same time, an increase is expected in the ratio of public revenue to GDP of 1.3 GDP points in the same period. From the point of view of public debt, stabilisation is expected in 2015 at levels slightly higher than 100% of GDP, before starting to fall.

In this context, the European Commission makes a series of recommendations to the Spanish Government on the basis of the Stability Programme presented to Brussels, such as: carrying out a systematic review of spending at all levels of administration before February 2015; continuing to increase the efficiency of the health system, and adopting complete tax reform before the end of 2014, to simplify the taxation system and contribute to growth and job creation (transferring tax towards indirect taxes, eliminating corporate and income tax allowances, considering the possibility of reducing business contributions to the social security; continuing to correct the bias towards debt in corporate tax and taking measures to fight tax evasion. In June, the Spanish government presented the guidelines for tax reform to be applied in two phases (2014 and 2015) and which aims to reduce income tax and corporate tax to stimulate consumption and private investment.

SPAIN. MAIN MACROECONOMIC AGGREGATES

Interannual variation rates

	2011	2012	2013
Components of demand			
Private consumption	-1.2	-2.8	-2.1
Public consumption	-0.5	-4.8	-2.3
Gross fixed capital formation	-5.4	-7.0	-5.1
Domestic demand (a)	-2.0	-4.1	-2.7
Exports of goods and services	7.6	2.1	4.9
Imports of goods and services	-0.1	-5.7	0.4
Components of supply			
Agriculture, livestock and fishing	5.6	-10.9	1.1
Industry	2.7	-0.5	-1.2
Construction	-9.0	-8.6	-7.7
Commerce, transport & hospitality	1.3	0.5	-0.2
Information and communications	0.3	0.9	-0.3
Financial activities and insurance	-3.2	-2.8	-3.3
Real estate activities	3.0	1.1	-0.2
Professional activities	5.3	-1.9	0.0
Public administration, health and education	1.1	-0.5	-0.6
Artistic, leisure and other activities	0.2	-1.7	-0.9
GDP at market prices	0.1	-1.6	-1.2

(a) Contribution to GDP growth at market prices

Chart 3.1

Source: National Institute of Statistics (INE)

and the low inflation rate. Inflation will remain very low, on average 0.1% and 0.8% in 2014 and 2015, respectively, due to scarce demand and falling energy prices.

To sum up, forecasts point to the Spanish economy consolidating economic growth, with the support of exports, thanks to a more expansionary international context and, as a novelty this year, the recovery in domestic demand. Despite the overall improvement in the economic cycle, major structural problems persist in the Spanish economy, such as high private and public debt, the continuity of budget adjustments to reduce the public deficit, and the reabsorption of employment destroyed since the start of the crisis.

Forecasts point to the Spanish economy continuing the process of recovery throughout 2014, as in most European countries, based on greater flexibility in finance conditions and the recovery of confidence. The European Commission foresees that Spanish GDP will grow 1.1% in 2014 as a whole and 2.1% in 2015, and will thus exceed Eurozone growth. Employment will increase gradually and unit labour costs will continue to slow. The Commission also foresees that the Spanish unemployment rate will fall slowly, although it will still be the highest in Europe together with that of Greece (24% in Spain in 2015 compared with the 11% forecast for the EMU). Domestic demand will make a positive contribution in 2014 for the first time since the start of the crisis, thanks to the recovery in private consumption, which will benefit from the improved behaviour of employment, the increase in available income

THE ANDORRAN ECONOMY: OVERALL TRENDS

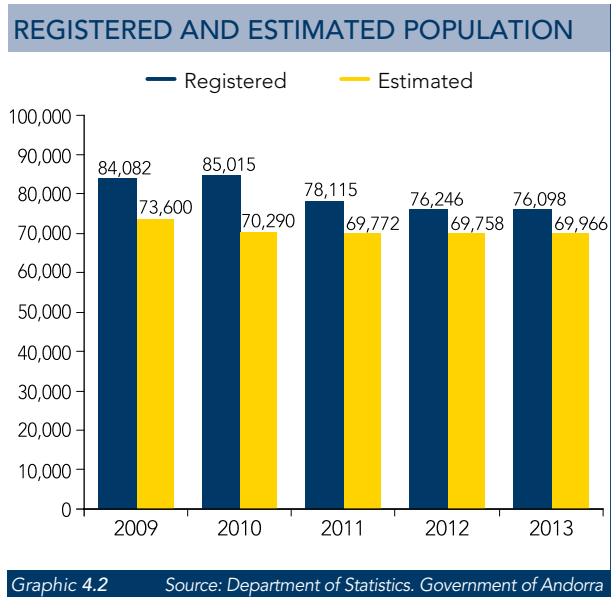
4. POPULATION, EMPLOYMENT AND EDUCATION

4.1. Population and migratory flows

In 2013, the registered population of Andorra was 76,098, a figure that represents a decline of 0.2% compared with the previous year (148 less). So, this means three years of decline, explained by the census check being carried out by each of the parish authorities (Communes). The census check began at the start of 2011 but, in reality, encompasses a population adjustment which started in 2008, with the sudden outbreak of the crisis, which led to many foreigners losing their jobs and leaving the country. So, the total reduction in the accumulated registered population since the high in 2008 is 8,386.

Faced with this situation and with the objective of achieving a more reliable population series, the Department of Statistics, following the resolution of the National Population Census Council, also began to publish a population estimate, which puts the Andorran population at 69,966 in 2013, 8.8% less than the registered population. This population estimate is prepared monthly since 2009, thanks to the communication and exchange of census data between official bodies and the Communes and is the reference that we use in this report to calculate population indicators.

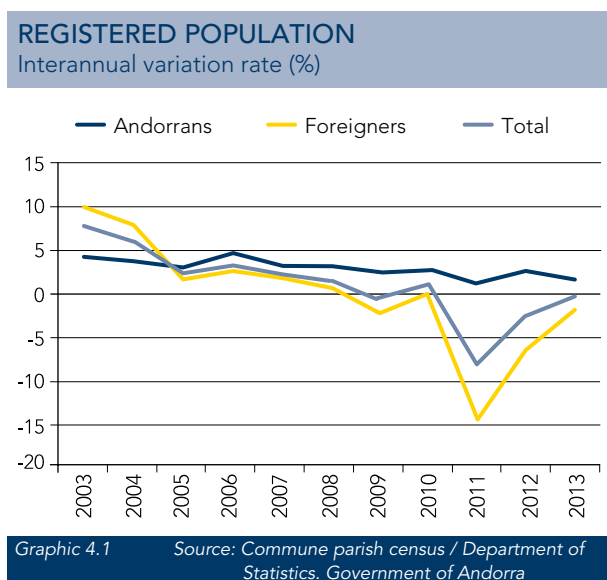
According to this series, the Andorran population increased 0.3% in relation to the population estimate



in 2012, the equivalent of 208 more people, putting the population at its highest rate since 2010. Equally, it has to be said that this estimate is still not wholly accurate because validation of the number of residents with Andorran nationality has still not been carried out.

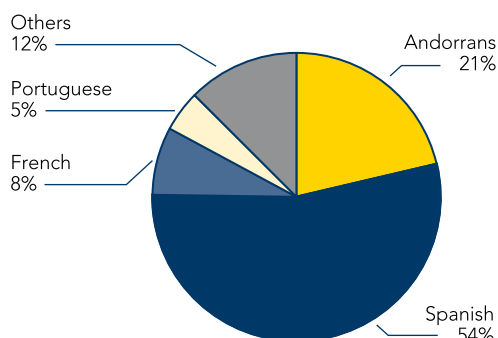
By nationalities, the reduction in the registered population of Andorra can be explained exclusively by the falling foreign population, following the same pattern as the last two years. In contrast, the number of Andorrans continues to grow, at a rate of 1.7%, although at a lower rate than in the previous year (2.8%). Consequently, there have already been nine consecutive financial years in which the number of Andorrans evolved more positively than the foreign population. Specifically, the population figures registered in 2013 show a new reduction in the number of foreigners, by 1.7%, although, as has been mentioned, this is a decline that needs to be spread over the last six years, as in 2011 and 2012. This downturn in foreign residents in Andorra contrasts with the period of strong growth seen in the period 2003-2008 and can be explained by the context of economic recession suffered by Andorra which, as has been said, drove many foreigners who lost their jobs to leave the country.

The decline was spread between the three main nationalities present in the country (Spanish, French

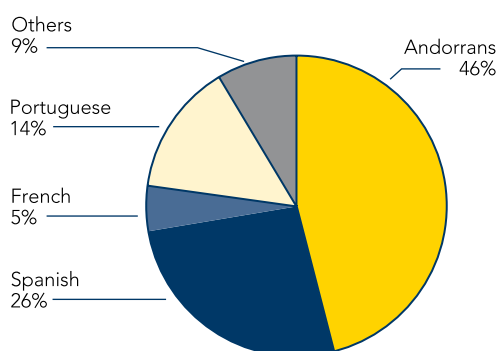


REGISTERED POPULATION OF ANDORRA BY NATIONALITIES

1987



2013



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

and Portuguese). The steepest fall was in the Portuguese, with a decrease of 3.7%, followed by the French population, with a reduction of 2.6% and, further behind, the Spanish, which shrank 1.2%, all three decreases being smaller than those seen in 2012. The only group of foreigners which grew was "other nationalities" (0.8%), so linking six years in which

the trend was better than in the other three groups of foreigners, which appears to indicate an unequal impact of the crisis according to nationality.

As a result, the proportion of foreigners in the total registered population fell for the ninth consecutive year to 54%, eight tenths less than in 2012, and far from the high reached in 1987 (78.7%). In parallel, the group of Andorrans increased its percentage by the same amount, to 46%, and so continues the rising trend observed since 1988 and only interrupted by the process of regularisation of foreigners in 2003 and 2004. The present situation is, therefore, much more balanced between Andorrans and foreigners and the time is approaching when Andorrans will outnumber foreigners.

As for the natural population movement, it can be seen that natural growth in 2013 was 397 people, meaning a reduction for the third consecutive year of 8.5%, and a calculated rate of the estimated population of 5.7 per thousand, the lowest in recent years. This trend in the natural population growth can be explained by the steep fall, for the fifth consecutive year, in the number of births (-13.7%) which, in all probability, relates to the context of economic crisis and was not sufficiently offset by the drop in the number of deaths (-21.1%). So, the birth rate fell to 9.1 per thousand and the death rate to 3.4 per thousand. To these figures should be added the negative balance in the migratory movement, of 189 individuals, calculated on the basis of the estimated population, which saw a total net increase of 208 individuals, as has already been mentioned.

The analysis of distribution by parish, according to the new most reliable data on estimated population, shows >

NATURAL MOVEMENT OF THE ESTIMATED POPULATION

	2012	2013
Births	737	636
Deaths	303	239
Natural growth	434	397
Birth rate (per thousand)	10.565	9.090
Death rate (per thousand)	4.344	3.416
Rate of natural growth (per thousand)	6.222	5.674
Increase from migration or census regularisation	-448	-189
Total increase in population*	-14	208
Marriages	288	291

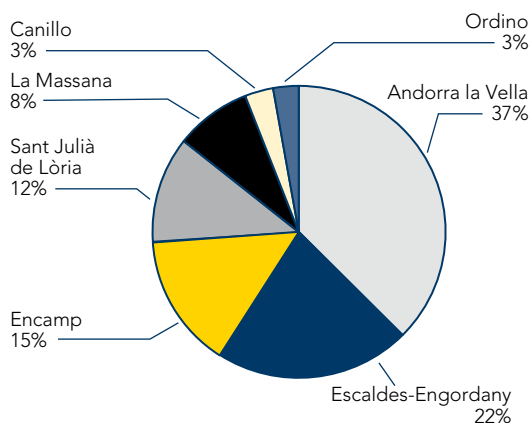
*Natural growth plus increase from migration.

Chart 4.1

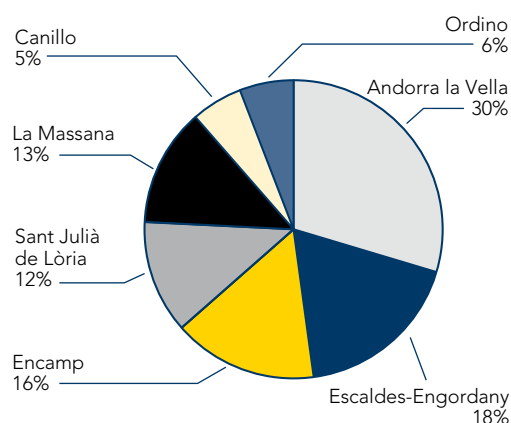
Source: Department of Statistics. Government of Andorra

REGISTERED POPULATION OF ANDORRA BY PARISHES

1991



2013



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

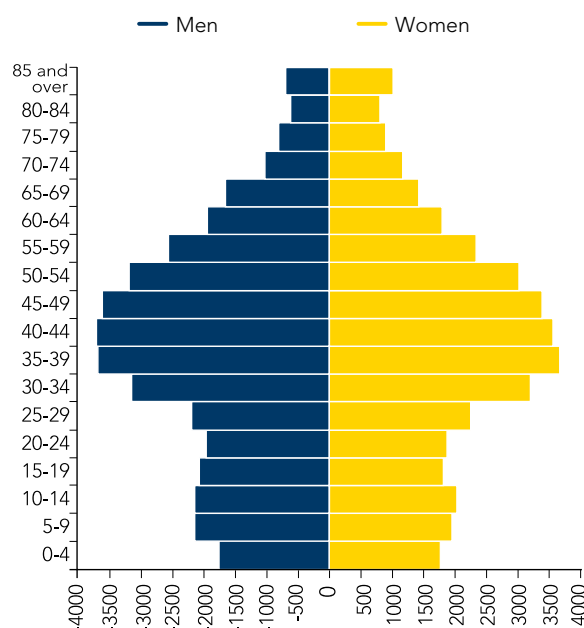
stabilisation in the spread of the population between the high, less populated parishes and the low parishes, which contrasts with the tendency of the former to gain percentage according to the population data registered since the beginning of the nineties until 2011. So, the percentage of the estimated population in the high parishes fluctuated about 38.5% in the last four years (2010-2013), below the 40.2% obtained with the registered population data, but well above the 29.1% that they represented at the beginning of the nineties; in contrast, the low parishes concentrate 61.5% of the estimated population, a percentage which is reduced to 59.8% with the registered population data. In any case, the review of the Commune censuses demonstrated that the process of population redistribution in Andorra was not as intense as shown by the data on principle and that, in fact, it has stopped in recent years.

By parish, the estimated population increased in La Massana (1.8%), Ordino (1.7%), Escaldes-Engordany (1.1%) and Andorra la Vella (0.6%), while it was

practically the same as last year in Sant Julià de Lòria and only fell in Encamp (-2.4%) and Canillo (-0.7%). As a result, Andorra la Vella remains by far the most populated parish, with 30.2% of the total estimated Andorran population (29.6% if we take into account the registered population data) and Canillo is still the least populated parish (4.5% of the total estimated population and 5.5% of the registered population).

As for the structure of the population by gender, it should be highlighted that the census check has resulted in a loss of predominance of the male population. However, the number of men still exceeds women in all age and work brackets, except for the 25-34 age bracket, in which for the first time there are more women than men. The male population is also lower in the over-70 age bracket. As a result, the difference between the percentages of male and female populations dwindled to only 1.7 percent, compared with 1.9 calculated in 2012. It should be remembered that the larger population of men can be explained by the high number of foreigners in the workforce, which has traditionally been mostly male. So, the presence of foreigners clearly exceeds that of Andorrans in all age brackets above the age of 25. On the other hand, the proportion of Andorrans is much higher in the age brackets: 0-9 (86.1%), 10-19 (74.4%) and 20-24 (68.5%); in contrast, the presence of Andorrans is limited to 31.9% in the group of individuals over the age of 65, although this increased from the previous year.

STRUCTURE OF THE POPULATION BY AGE AND GENDER. 2013



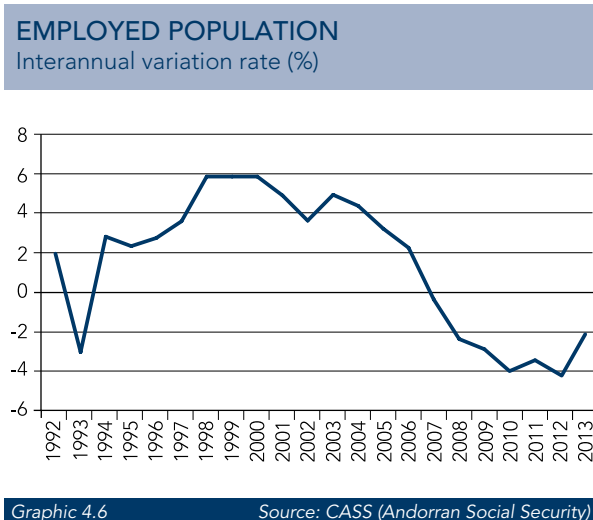
Graphic 4.5 Source: Commune parish census / Department of Statistics. Government of Andorra

To complete the population analysis, the distribution by age shows that the reduction in registered population is mainly concentrated among the youngest population. Specifically, the population group up to the age of 14 fell 1.7%, resulting in this group dropping its percentage of the total by two tenths, to 15.3%. The working age population (15-64) also fell, by 0.6%, reaching a percentage of the total of 71.6%, three tenths lower than in 2012. On the other hand, the group aged 65 and over increased 3.8%, so its percentage rose half a point to 13.1%. These data reflect the increase in the average age of the Andorran population, from 39.4 to 39.9 in 2013, a trend that needs to be interpreted cautiously as it is still influenced by the census check made in 2013, not just the natural evolution of the population.

4.2. Employment and unemployment

In 2013, the behaviour of the Andorran labour market continued to be negative, in line with the still unfavourable economic climate and following the line of the last six financial years, although the rate of deterioration tended to slow. In this context, the Government passed new measures to stimulate employment, such as programmes to promote temporary work for the benefit of society, already begun in 2012, and two programmes aimed at the private sector: the Programme to promote permanent contracts for unemployed workers, granting subsidies of 150 euros per month to companies contracting workers who have training or professional experience in specific jobs so that they remain active without the need for training, and the Programme to promote employment and training within the company, offering unemployed workers a training process within a company which is subsidised, at the first stage, with 550 euros per month (plus a maximum of 300 euros if there is theoretical training) and at a second stage, in the case of a permanent contract, with a subsidy of 150 euros per month.

According to data from the CASS (Andorran Social Security), the annual average number of employed in 2013 was 35,674, 2.1% less than in the previous year and the lowest figure since 2000. This fall, despite being quite intense, reflects a slowdown compared with the record drop recorded in 2012 (-4.2%) and is the smallest in the last six years. Nevertheless, the accumulated downturn in employment, compared with the maximum value achieved in 2006, is 17.8%,



Graphic 4.6

Source: CASS (Andorran Social Security)

representing more than 7,700 employees who lost their jobs and the destruction of 44% of jobs created in the period of expansion between 1993 and 2006. Equally, the average number of jobs in Andorra shrank, for the sixth consecutive year, to 41,837 jobs, 1.9% less than in 2012 and the lowest level since 2001.

Consequently, the employment rate – measured as the number of employees in relation to the registered population between the ages of 15-64 – reached 65.5%, one point less than in 2012. It should be specified, however, that this figure is still a little distorted by the reduction in the registered population caused by the census check, which softens the drop in the employment rate. In any case, it can be said that on comparable terms, the Andorran employment rate still stands above the European Union average (64.1%).

It should also be highlighted that the drop in the number of employees was greater than in the number of companies (-1.1%), which means that the average number of workers per company fell, specifically from 4.3 in 2012 to 4.2 in 2013, the lowest level in the available historical series. Equally, the average number of employees per establishment fell from 5.1 to 4.8, the lowest figure since 1996, which can also be explained by an increase in the number of establishments by 2.9%.

The sectoral breakdown shows that employment fell in all major sectors of activity, except agriculture, following the same pattern as the previous three years. Construction was, for yet another year, the sector where the downturn in workers was most intense (-12.9%), reaching a new historical low, with only 2,847 employees, compared with almost 7,000 in 2006. However, 2013 is the first time in seven years that the fall >

slowed in relation to the previous year. The decrease in employment in industry also decelerated – from -6.6% in 2012 to -3.8% in 2013 – the result of a smaller fall in the manufacturing industries (-4.6%) and an increase in the production and distribution of energy, gas and water (2.5%), contrasting with the drop recorded in the previous year. Finally, the extraction industries maintained an average number of employees of 2, for the third consecutive year. In contrast, the primary sector was the only major sector where employment increased (2.7%), for the fifth consecutive year and at a stronger rate than in the previous year (1.9%). However, the behaviour of this sector has a much lower impact on the economy, as it is an activity with a very small percentage of the Andorran labour market, with only 166 employees.

In the case of services – the sector which concentrates most employment in Andorra – the number of employees fell, for the sixth consecutive year, at a rate of 1%, although this is the smallest downturn recorded in this period which, moreover, was lower than the drop in the total number of employees. As a result, services' percentage of total employment rose to 87.2%, one point more than in 2012, a level that sets a new historical record in the available historical series. In contrast, construction lost one percentage point to reach 8%, another historical low, while the percentages of industry and agriculture remain quite stable, at around 4.4% and 0.5%, respectively.

More detailed analysis of tertiary activities shows that commerce and motor vehicle repairs remain the most important service subsector, with a percentage of 25%

of the total number of employees in Andorra, although they lose ground compared with the previous year and their share fell to the lowest level recorded in recent years. In second place lies hotels and catering, which concentrates 12.9% of employees, practically the same as in 2012. This is followed by public administration, defence and compulsory social security, which continues to increase its share to reach a historical high of 12.4% in 2013, thanks to an increase in employment of 0.2%, which contrasts with the cuts in most sectors. Next is real estate and rental activities and business services (11.2%) and then the section "other social activities and community services; personal services" - not including health and education – (7.1%). Finally are health and veterinary services (5%), the financial sector (4.9%) – one of the few where employment rises (2.2%) – households employing domestic staff (3.4%) and transport, storage and communications (3%). All other tertiary activities have employment percentages below 3%.

By gender, the downturn in employment in 2013 affected men (-2.9%) more than women (-1.4%), leaving the employment rate between men and women balanced at 50%. Nevertheless, this balance is lost when the disaggregated data is analysed by sector. So, the sectors with the greatest male presence are construction (9 out of every 10 employees are men), and energy and transport (7 out of every 10, in both cases). In contrast, the sectors that employ most women are households employing domestic staff (9 of every 10), domestic work for the community, health activities (8 out of every 10, in both cases) and education (7 out of every 10). This pattern of distribution by gender in

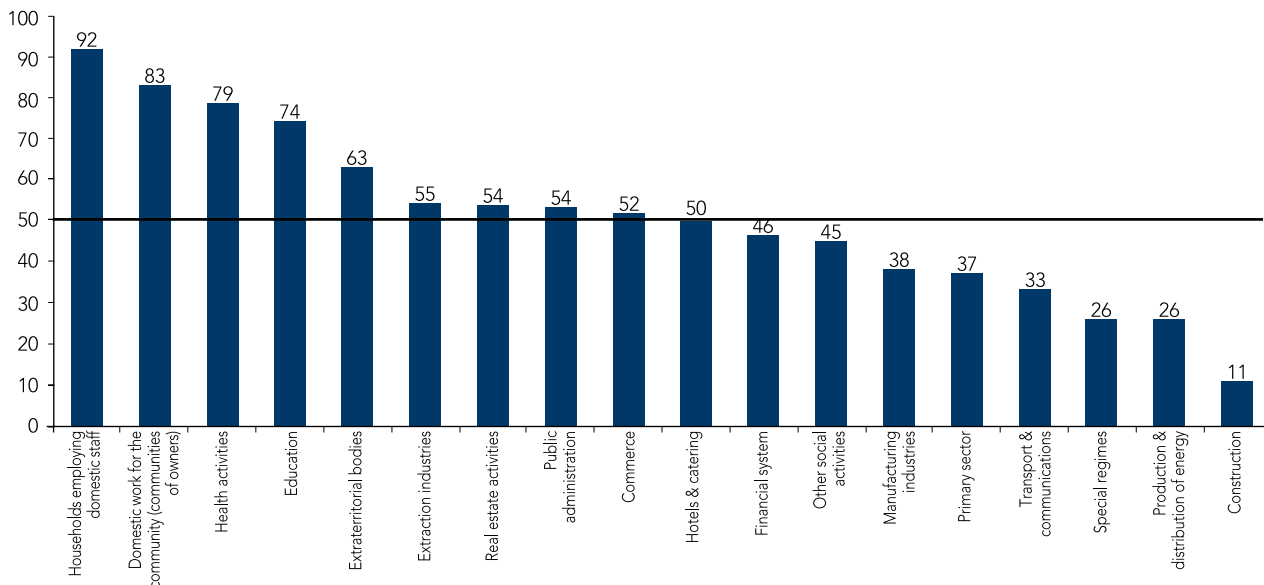
NUMBER OF EMPLOYEES

	2013	Var. 13/12	% total 2013
Agriculture, livestock and forestry	166	2.7	0.5
Industry	1,555	-3.8	4.4
Extraction industries	2	4.8	0.0
Manufacturing industries	1,383	-4.6	3.9
Production and distribution of electricity, gas and water	170	2.5	0.5
Construction	2,847	-12.9	8.0
Services	31,106	-1.0	87.2
Commerce and motor vehicle repairs (etc.)	8,917	-3.4	25.0
Hotels & catering	4,593	-1.9	12.9
Financial system	1,762	2.2	4.9
Public admin., defence and compulsory social security	4,414	0.2	12.4
Others	11,420	0.5	32.0
Total	35,674	-2.1	100.0

Chart 4.2

Source: CASS (Andorran Social Security)

PERCENTAGE OF FEMALE EMPLOYEES BY SECTORS. 2013 - % women over total employees



Graphic 4.7

Source: CASS (Andorran Social Security)

employment in Andorra is similar to that shown by developed countries.

Following the pattern of recent years, the job destruction recorded in 2013 resulted in another increase in the number of job seekers (3.4%), although this was much slower than in the last four years, when it progressed at double-digit rates. So, the figure of 983 was reached, the highest level in the historical series available since 2007, so that job seekers already represent 84.2% of total applicants. On the other hand, the number of applicants looking for better work fell 2% to 184 individuals or 15.8% of total applicants.

In contrast, the number of jobs offered by the jobs service is still rising, with an increase of 12.8%, to 241, a trend that may indicate a widening gap between the characteristics of the unemployed and businesses' requirements. According to these data, the number of applicants per offer ratio went from 5.3 to 4.8, which should increase the job options of the unemployed a little.

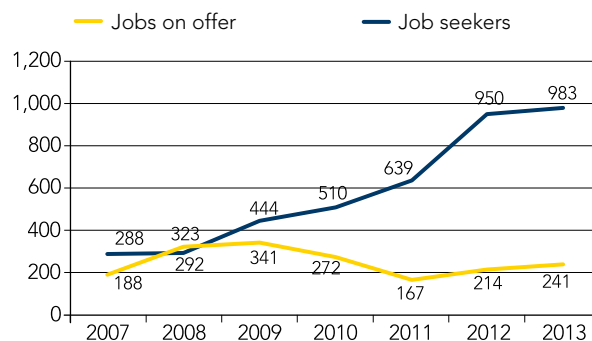
In this context, the number of beneficiaries of unemployment benefit fell 3.1%, after three years of strong increases, so that the coverage rate in relation to job seekers fell eight tenths to 12.6%, a rather low level in comparison with that of neighbouring European countries.

By ages, growth in unemployment tends to be greater in the older age brackets, following the trend of the last four years. So, the highest rise was recorded among

individuals aged 60 and above (10.7%), followed by the 40-59 age group (6.5%). Another group in which the number of job seekers is rising is the 18-25 age bracket (0.4%). On the other hand, among applicants aged 26-39 it fell by 0.6% and finally, it is among the youngest (up to the age of 17) that the number of applicants fell most (-8.3%). According to these data, almost half of the job seekers are concentrated between the ages 40-59 (46.2% of the total), followed by those between the ages 26-39 (28.3% of the total) and, at a distance, the 18-25 age group (16.3%), while applicants up to the age of 17 only represent 1.6% of the total and those of 60 and over, the remaining 7.6%.

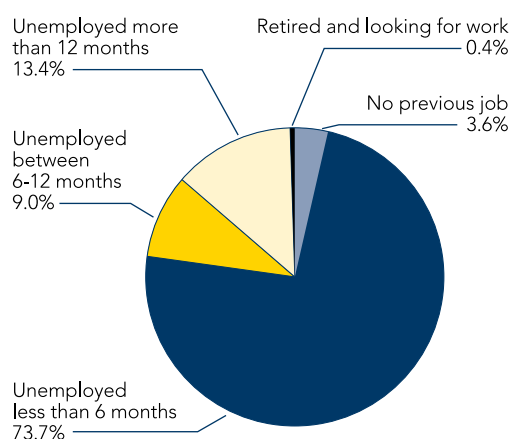
Another notable feature of job seekers in Andorra is that the majority, 73.7%, have been unemployed for less than 6 months. For its part, the percentage of >

NUMBERS OF JOB SEEKERS AND JOBS ON OFFER



Graphic 4.8 Source: Department of Labour, Government of Andorra; Department of Statistics, Government of Andorra

JOB SEEKERS. 2013 - % of total



Graphic 4.9 Source: Department of Labour, Government of Andorra; Department of Statistics, Government of Andorra

structural unemployment (unemployed for over a year) stands at relatively low levels (13.4%) in comparison with European neighbours, which could be explained to a large extent by the high flexibility of the Andorran labour market.

Finally, the analysis of job seekers by nationalities shows that the highest increase in 2013 affected Andorrans (14.2%), whose share of the total rose to 31.2%, a percentage that nevertheless is lower than that of the overall working-age population (40.7%). In second place are the French, rising 8.3%, increasing their share of the total by one tenth to 2.5%, taking into account that they represent 4.8% of the total population between the ages of 15-64. The Spanish are still the group with most job seekers in 2013, 310 in total, despite the reduction recorded this year (-2%), which leaves its contribution to the total at 31.6%, higher than its percentage of the overall working-age population (27.1%). Equally, the percentage of Portuguese in the group of job seekers exceeds that of their population percentage (21.9% compared with 18.3%), despite the downturn seen in 2013 (-3.1%). Finally, the group of other nationalities recorded an increase in job applications by the unemployed of 4.6%, leaving its percentage of the total at 12.8%, also higher than its percentage of the overall working-age population (9%). So, it can be concluded that unemployment in Andorra affects foreigners (except the French) to a greater extent than the Andorrans, although the former tend to leave the country when they reach this situation, as is evident in the population census carried out since 2011.

4.3. Education

During the 2012-2013 academic year, the student population in Andorra, including the school, university and non-university population abroad, was 12,563, 0.9% less than the figure for the previous academic year – revised from the initially published figures. This downturn can be explained by the fall, for the third consecutive year, in the school population (-0.4%), the university population (-2.6%) – which includes those in higher vocational education – and also non-university students abroad (-11%). In the last two cases, this decline breaks the rising trend recorded in recent years. The result is that the non-university population abroad's percentage of the global population of school age fell one tenth to 1.8%.

The distribution of the total student population by country of study shows that the number of students studying in Andorra fell 0.5%, compared with the increase of 0.3% recorded in the previous year, to reach 11,207 students. However, its percentage of the total student population rose three tenths to 89.2%, as the total student population fell more than the number of students in Andorra, maintaining the concentration of the student population in Andorra. In parallel, the population studying abroad fell 4%, a decline that breaks the rising trend seen in recent years and which can be explained mainly by the reduction in the number of university students abroad – being those who most study outside Andorra (69.6%).

Andorrans studying in other countries do so mostly in Spain (8.7% of the total), with a percentage that fell in relation to the previous year, the result of a drop in the number of students by 6.2%. The presence of Andorran students in France is much lower (1.9%), although it rose in comparison with the previous year, following the strong upward profile that started in the academic year 2010-2011, with a significant rise in students of 11.1%. The distribution by country of study is completed by 29 students spread throughout other countries (0.2% of the total), 9 less than in the 2011-2012 academic year.

4.3.1. School population

The number of students at school in the 2012-2013 academic year was 10,730, a figure that represents a reduction for the third consecutive year, by 0.4%. This trend increased its percentage of the total student population by half a point, to 85.4%. Equally, the

SCHOOL POPULATION BY LEVELS

	2012-2013	% variation 12-13/11-12	% in 2012-2013
Kindergarten	2,423	-0.5	22.6
Primary education	4,068	-1.5	37.9
Secondary education	3,079	1.8	28.7
Baccalaureate	842	-1.8	7.8
Vocational education	318	-2.2	3.0
Total	10,730	-0.4	100.0

Chart 4.3

Source: Ministry of Education and Youth

schooling rate – calculated as the proportion of the school population over the global population at this stage – rose to 56.6%, 3.2 points more than in the previous year and the highest level in the comparable historical series (since the 2006-2007 academic year).

The levels with most students at this stage are kindergarten and primary and secondary education, concentrating 89.2% of the school population, two tenths more than in 2012. By subgroups, the decrease in students at kindergarten level (-0.5%) and primary education (-1.5%) stands out, contrasting with the increase in students at secondary level (1.8%).

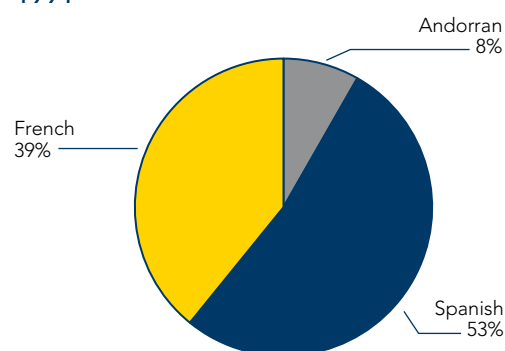
In the following stage of education, the Baccalaureate, the number of students also fell for the second consecutive year (-1.8%), so that its percentage of the total student population fell 7.8%, two tenths less than in 2011-2012. Equally, the percentage of the total of the group of students in vocational education fell one tenth to 3% of the school population, the result of a drop in the number of students, for the second consecutive year, by 2.2%.

Regarding the trend in the school population by type of education, it can be seen for yet another year that in the 2012-2013 academic year the Andorran educational system continued to gradually gain ground, with an increase in the number of students of 0.7%, contrasting with the decrease in the total population at this stage (-0.4%), raising its percentage by four tenths to 39.4% of the overall school population. The data show that the school population in the Andorran educational system grew uninterruptedly from the start of the nineties to reach a new historical high in 2013. It should be noted that the advance in 2013 was driven both by the Andorran School (0.5%) and vocational education (5.7%), although the relatively low percentage of the latter greatly limits its contribution in absolute terms.

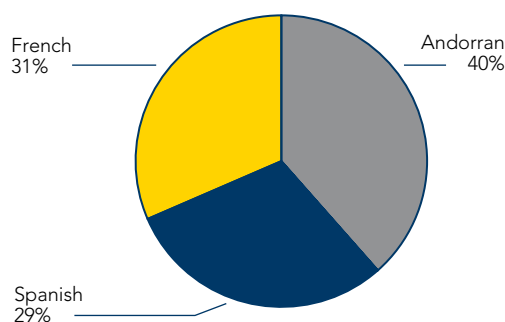
Contrary to the trend seen in the Andorran educational system, the number of students in the Spanish educational system fell 2.2%, linking nine falls in the last ten years. As a result, their percentage of the total fell half a point to 29.3%, setting a new historic low. This trend can be explained by the reduction, for the tenth consecutive year, in the number of students in Spanish schools (-9%), partly counterbalanced by a slight increase in the congregational schools (1%); along the same lines, students in the single private school saw a downturn of 4.5%, which contrasts with the increase observed in the previous year (6.2%).

ANDORRAN SCHOOL POPULATION BY EDUCATIONAL SYSTEM

1991



2013



Graphic 4.10

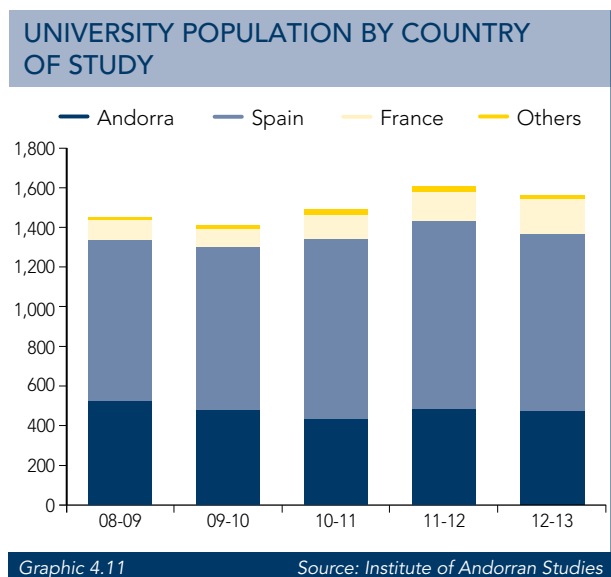
Source: Ministry of Education and Youth

As a result of the said figures, the percentage of the total of traditional Spanish schools fell seven tenths to 7.7% of the Andorran school population, and that of congregational schools rose three tenths to 19.6%, while the percentage of the private school remained at 2%, one tenth less than in the previous year. To complete the analysis, the French educational system practically stabilised its student population in relation to the previous year, after falling seven consecutive years, so that its percentage of the total school population rose slightly to 31.2%, after reaching a historical low last year, thus maintaining a higher percentage than the Spanish educational system.

4.3.2. University population

The university population of Andorra in the academic year 2012-2013 was 1,567 students, a figure that represents an annual decrease of 2.6% and contrasts with the increase recorded in the previous year. By gender, a downturn in the percentage of women can be seen, from 57.2% in the last academic year to 55.9%, although they are still the majority.

The distribution by country of study reflects that the fall in students affected all destinations except France, where the strongly ascendant trend of recent years continued, with an increase of 20.3%, bringing its percentage of the total to 11.4%, almost double that of four years ago. This greater presence of Andorran students in France was favoured by the policy of aid to education by the French government which coincides with the rising cost of registrations at Spanish universities. In the case of the University of Andorra, the decrease was 3.6%, compared with the 14.1% increase in the previous year, which brought a cut of three tenths in its percentage to represent 30.4% of the total of Andorran university



students and consequently, a retreat from the high of 36.8% achieved in the 2008-2009 academic year. Nevertheless, Andorra remains in second place in the ranks, only behind Spain, which is first, with 57% of Andorran university students, after experiencing a downturn of 5.1%, higher than the total. To complete the analysis, 1.2% of the remaining students – being 19 students, 6 less than in the previous academic year – are spread between other countries (Great Britain, USA, Switzerland, Portugal, Germany, Belgium, Costa Rica, Netherlands and Uruguay).

Finally, the distribution by types of studies reflects that the area with most Andorran university students is still legal and economic studies, concentrating 31.5% of total university students. Then there is health sciences (16.7%) and technical sciences (15.3%) and, with a lower percentage, human and social sciences (13.1%) and educational sciences (10.7%). At the other extreme are tourism, communications and public relations, experimental sciences and maths, studied by only 32, 73 and 94 students, respectively.

5. ACTIVITY AND DEMAND

5.1. The evolution in economic activity in 2013

After six years of deep economic recession, 2013 marked a turning point in the development of the Andorran economy, with a change in trend in many indicators and the appearance of the first signs of recovery. For the overall year, activity tended to stabilise, after six years of steep falls and an important accumulated

loss of purchasing power. The rate of descent in most of the main available indicators slowed down and in some notable cases even became positive, feeding the hope that the recession will be left behind. The improvement in the international context, above all in the Eurozone, and more specifically in Spain, is one of the factors that contribute to the Andorran economy finding the path to recovery. As for demand, signs

of an improvement in investment can be detected, and at the same time it can be seen that the decline in exports of tourism services and consumption has eased. As for the supply, a moderation in the rate of fall of the main indicators in industry, construction, commerce and services linked to tourism and real estate activities can be seen, while the financial sector is seeing greater dynamism than in 2012.

In more detail, stabilisation of activity in 2013 is apparent in the combined evolution of the main indicators, with modest rises in imports (2.3%), numbers of tourists (4.4%) and the Administration's operating costs (0.1%), which contrast with the downturns seen in 2012, while the decline slowed in the number of employees (-2.1%), the average wage (-0.2%) and the number of businesses (-1.1%). Also to rise were: registrations of cars (6.9%) and industrial vehicles (30.4%) and imports of capital goods (2.4%), data that may indicate a certain recovery in investment. On the other hand, there is still the odd indicator which made worse progress than in the previous financial year, such as energy consumption (-3.2%) and credit conceded

by banking entities (-4.8%), and also the fact that the number of job-seekers continued to rise (3.4%), although at a rather slower rate than in previous years.

In conclusion, the overall evolution showed some signs of improvement although the levels of activity still remain quite low.

According to the official data published by the Government, GDP saw a slight reduction of 0.1% in 2013, both in nominal and real terms (as inflation was 0% in 2013), a figure that represents a significant slowdown in relation to the real fall of -1.8% and nominal fall of -0.7% recorded in the previous year. It should be added that the Government revised the whole historical series, leading to a worsening of all levels since 2006, with the sole exception of the 2009 data, which improved three tenths. So, the economy accumulates seven years of economic crisis and economic losses which put the value of actual real GDP at levels from 2002-2003. The GDP estimate prepared by the Chamber also shows a stabilisation in GDP which may even have increased by a tenth or so, >

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

	2012	2013
Activity		
Businesses	-1.6	-1.1
Establishments ⁽¹⁾	-1.4	2.9
Employees	-4.2	-2.1
Industry	-6.6	-3.8
Construction	-16.9	-12.9
Services	-2.5	-1.0
Job-seekers	48.7	3.4
Number of visitors	-1.0	-2.8
Electricity consumption ⁽²⁾	-1.0	-3.2
Imports	-5.3	2.3
Demand		
Average wage	-0.4	-0.2
Car registrations	-16.5	6.9
Industrial vehicle registrations	6.2	30.4
Imports of capital goods ⁽³⁾	0.5	2.4
Imports of building materials ⁽⁴⁾	-23.7	-1.5
Credit from banking entities ⁽⁵⁾	0.5	-4.8
Operating costs of the Administration	-2.5	0.1

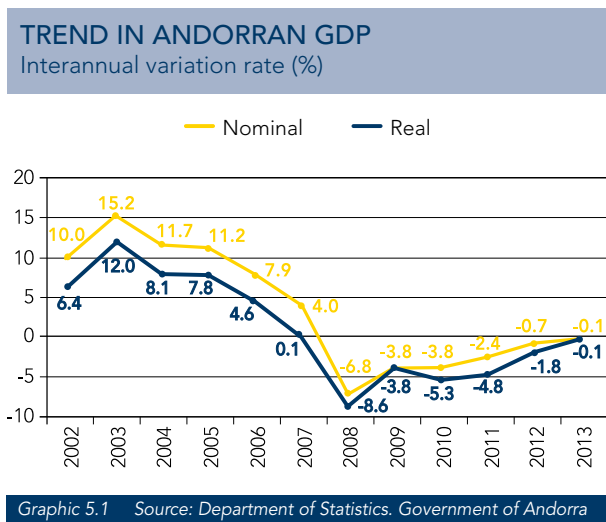
(1) Establishments registered on the Trade and Industry Register that carry out a commercial, industrial or services activity.

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

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

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

(5) Net credit investment to customers.



although in general terms, it does not deviate from the trend indicated by official data. In any case, the trend in Andorra's GDP was better than that of European and Spanish GDP in 2013, and very similar to France, so Andorra halted the tendency to fall behind in relation to neighbouring economies, in terms of wealth, which had marked recent years.

It should, however, be specified that the methodology used to make these GDP estimates has major limitations, as the calculation is partly based on a method of indirect estimation based on variables correlated to the trend in GDP and the application of coefficients based on Eurozone data from Eurostat. Therefore, the official estimate of Andorran GDP is not the result of integrating all suitable data in the sense of national accounts, as the statistical information available in Andorra still does not allow for this to be done comprehensively. This means that the historical series must be revised every year, following the revisions made by Eurostat, which causes major changes; for example, the GDP variation for 2007, which in the data published in 2012 was estimated at 1.1%, became only 0.1% in the latest revision, more in line with the Chamber's estimates which pointed to a slight fall in activity that year. Nevertheless and leaving aside the specific values obtained for each year, it can be seen that the profile of the Government's and Chamber's data is closely correlated to the main indicators of national economic activity so, despite the limitations, it can be considered a useful instrument for analysing economic development in Andorra.

ANDORRAN GDP

	ABSOLUTE VALUE	WEIGHT	% ANNUAL VARIATION		CONTRIBUTION TO GROWTH
			2013	2012	(weight x var.)
	M Euros	% of GDP	2013	2012	2013
Real GDP	1,825.2	100.0	-0.1	-1.8	-
Total nominal GDP	2,447.1	100.0	-0.1	-0.7	-0.1
Gross value added	2,209.2	90.3	0.3	-1.7	0.3
Taxes linked to products	237.9	9.7	-3.4	9.6	-0.3
	M Euros	% of GVA	2013	2012	2013
Sectors					
Agriculture, forestry and fishing	12.8	0.6	-7.9	13.7	0.0
Industry and manufacturing	111.7	5.1	3.5	-4.3	0.2
Construction	143.2	6.5	-13.9	-15.6	-0.9
Commerce and motor vehicle repairs	365.1	16.5	-1.9	-3.7	-0.3
Hotels and catering	178.8	8.1	-7.2	-5.0	-0.6
Transport and storage	36.3	1.6	-2.5	-6.5	0.0
Information and communications	88.2	4.0	-3.3	-5.9	-0.1
Financial and insurance activities	479.3	21.7	10.7	9.2	1.9
Real estate activities	217.2	9.8	-1.4	-2.0	-0.1
Professional, scientific and technical activities	135.4	6.1	2.5	-2.0	0.1
Public admin., education, health and social work	310.1	14.0	0.5	0.0	0.1
Other activities	130.9	5.9	3.2	-0.8	0.2

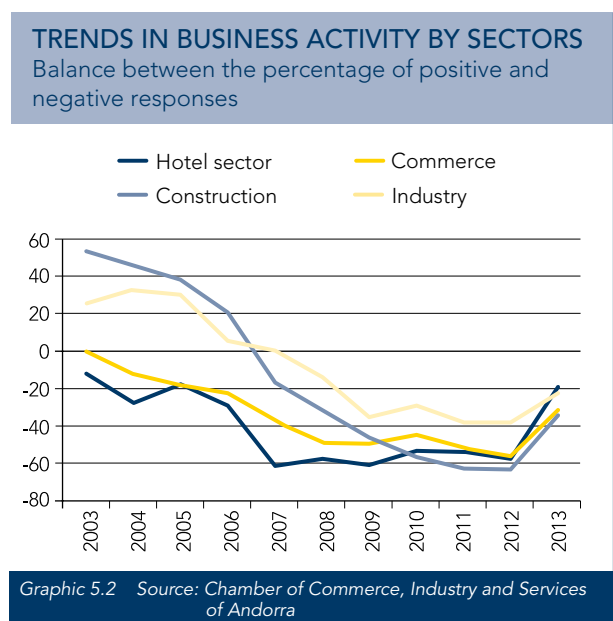
Chart 5.2 Source: Department of Statistics. Government of Andorra

According to Government data, the slight fall in nominal Andorran GDP in 2013 breaks down into an increase in gross value added, for the first time since 2007, of 0.3% (a component with a 90.3% share of total GDP) and a reduction of 3.4% in taxes linked to products (representing the remaining 9.7% of nominal GDP).

By sectors, the drop in nominal Andorran GDP in 2013 can be explained, firstly, by the fall in GVA in construction (-13.9%), although this slowed a little in relation to the previous year (-15.6%). So, the sector has seen seven consecutive years of 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 12.9% reduction in the number of employees in the sector, less than in the previous year, and slower falls in imports of building materials (-1.5%), authorised surface area (-2%), approved square metres (-10.8%), the number of businesses (-1.2%) and the number of establishments (-0.3%). Moreover, the results of the Chamber's surveys reflect that the evaluation of business activity was less negative than in 2012, slowing the fall in sales figures (-8.7%) and investment (-10.9%), while the rate of decline slowed in works contracted and carried out. In any case, construction's share of the economy fell to 6.5%, compared with 13.1% just before the crisis.

The contribution to GDP from industry and manufacturing improved, with an increase in nominal aggregate GVA of 3.5%, compared with the drop of 4.3% recorded in the previous year, which raised its percentage of GVA two tenths to 5.1%. It should be put into context, however, that this trend is the combined

result of strong progress in basic industry (25.4%), led by energy and favoured by the weather conditions in 2013, and a decline in manufacturing (-3.8%), although slower than in the previous year. This trend matches the replies from businesses to the Chamber's surveys, >



BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2013

Situation survey results for industry

- 2013 compared with 2012 (as % of businesses)

*Turnover	Higher	32
	Equal	25
	Lower	43
	Average variation (%)	-3.6

*Volume of investment	Higher	26
	Equal	56
	Lower	18
	Average variation (%)	1.3

*Number of employees	More	16
	Equal	67
	Less	17

- Prospects for 2014 (as % of businesses)

*Trend in turnover	Upward	22
	Stable	61
	Downward	17

*Trend in volume of investment	Upward	11
	Stable	65
	Downward	24

Situation survey results for construction

- 2013 compared with 2012 (as % of businesses)

*Turnover	Higher	16
	Equal	43
	Lower	41
	Average variation (%)	-8.7

*Volume of investment	Higher	16
	Equal	40
	Lower	44
	Average variation (%)	-10.9

*Number of employees	More	13
	Equal	60
	Less	27

- Prospects for 2014 (as % of businesses)

*Trend in turnover	Upward	7
	Stable	70
	Downward	23

*Trend in volume of investment	Upward	9
	Stable	70
	Downward	21

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

which show a slight improvement in business activity, production levels and the rate of productive capacity utilisation, and a certain recovery in confidence to levels not seen since 2005. Moreover, the rate of decline in turnover slowed, while investment saw a slight increase for the first time in seven years (1.3%). Other signs of a gradual recovery in industrial activity are the increase in energy consumption in the sector (36.2%) and the number of establishments (5.8%) and the slower decline in numbers of employees (-3.8%).

Services also saw signs of a changing trend determined by the results in commercial and tourism activities. A key factor in this turning point is the increase in the number of tourists (4.4%), for the first time in twelve years, which was also accompanied by an increase in the average stay from 2.2 to 2.6 days – the highest level since 2010 – resulting in an increase in the total number of overnight stays of 5.2%. These results favoured a slowdown in the rate of fall in the numbers of employees in hotels and catering and commerce in relation to 2012 (-1.9% and -3.4%, respectively), and also an increase in the number of establishments in both sectors (3.4% in hotels and catering and 0.7% in commerce), contrasting with the declines recorded in the previous year. The Chamber's surveys also picked up on this change in trend in tourism and commercial activity, with less negative

opinions about business activity, a slower rate of fall in sales figures in hotels (-1.5%) and commerce (-6.8%) and a gentle acceleration in hotel investment (3%). Nevertheless, in terms of GVA, commerce and tourism continued to fall, so the weighting of commerce in the economy fell four tenths to 16.5%, and hotels and catering six tenths to 8.1%.

The subsector of finance was the branch that led services, with GVA growth of 10.7%, higher than the 9.2% recorded in the previous year, a trend that reinforced its position as the leading sector of the economy with a weighting of 21.7%. The good results in activity in this sector were reflected in an increase in profits of 4.2%, the best level in six years, although the volume of credit fell 4.8%, while deposits rose 0.5%. Moreover, the number of employees in the overall finance sector rose 2.2%, half a point more than in 2012, in a context in which the number of businesses and financial establishments fell (-1% and -2.5%, respectively).

The primary sector saw a fall in GVA of 7.9% in 2013, contrasting with the strong progress of 13.7% seen in the previous financial year, although its weighting in the economy is very small (0.6%), so its impact on total GDP was very limited. Nevertheless, the trend in the sector was also marked by increases in the number of

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2013

Situation survey results for the retail trade

- 2013 compared with 2012 (as % of businesses)

		Total retail trade	Food	Clothing & footwear	Household equipment	Hygiene & health	Electronics	Vehicles & accessories	Other trades	Superm. & dept. stores
*Sales figures	Higher	16	9	14	4	14	14	35	20	30
	Equal	32	29	28	43	52	36	30	25	20
	Lower	52	63	58	54	33	50	35	55	50
	Average variation (%)	-6.8	-12	-8.1	-13.1	1.8	-5.3	-1.1	-6.5	0.6
*Volume of investment	Higher	17	11	19	14	10	14	22	19	18
	Equal	64	77	64	75	75	57	61	57	36
	Lower	19	11	17	11	15	29	17	24	46
	Average variation (%)	-2.7	-0.7	-3.0	-2.2	-5.6	-2.6	-1.0	0.3	-32.6
*Number of employees	More	6	0	0	0	14	7	5	8	30
	Equal	85	94	97	89	68	86	81	81	70
	Less	9	6	3	11	18	7	14	11	0

- Prospects for 2014 (as % of businesses)

*Trend in sales figures	Upward	17	17	13	21	14	14	14	21	18
	Stable	60	66	58	39	71	64	73	57	64
	Downward	23	17	29	39	14	21	14	22	18
*Trend in volume of investment	Upward	12	11	5	15	24	7	14	9	20
	Stable	71	83	62	63	71	79	77	72	60
	Downward	17	6	32	22	5	14	9	19	20

Chart 5.4

Source: Chamber of Commerce, Industry and Services of Andorra

businesses (13.1%) and employees (2.7%), higher than those of the previous year, and the tobacco harvest declined more slowly than in 2012 (-0.7%). In contrast, the numbers of livestock fell 0.5%, compared with an increase of 1.1% in the previous year.

By components of demand, the downturn in indicators of domestic demand slowed in general. On the one hand, it can be seen that the contraction in available income was less than in 2012, which halted the fall in private consumption, the result of the slower reduction in employment and lower loss of wage purchasing power. Specifically, the differential between the variation in employees' nominal average wages (-0.2%) and inflation measured in December (0%) was 0.2 points, compared with the loss of 1.5 points recorded in 2012. So, four consecutive years of falling real wages accumulated, although in 2013 this decline slowed considerably. In this context, private consumption gave some signs of recovery, such as the increase in car registrations, which was 6.9%, after a steep, almost uninterrupted decline since 2006. On the other hand, available indicators for analysing the trend in investment show that in the field of transport material there was an acceleration in lorry and van registrations (30.4%) and also that investment in capital goods appears to pick up as there is an increase in imports (2.4%), greater than the previous year (0.5%). Moreover, the Chamber's surveys indicate increased investment in industry (1.3%) and the hotel sector (3%), compared with the declines seen in 2012, and also that it decreased less in construction and commerce than in the previous year (-10.9% and -2.7%, respectively). So, it appears that overall investment saw a more favourable trend than in 2012.

As for the contribution from the public sector, the performance of the central administration in 2013 was marked by the major reduction in liquidated real investment (-72.9%), after almost quadrupling in 2012. This needs to be put into context, however, in that the investment peak in 2012 was basically to meet the payment of two road works (the Dos Valires tunnel and the Sant Julià de Lòria bypass) which have been in progress for a long time, raising the deficit of the central administration but not a de facto impetus to activity in 2012. In the same way, this factor implies that, if we exclude this exceptional investment entry in 2012, investment activity in 2013 was in reality higher than that of the previous year, still more if we take capital transfers into account (19.6%). In parallel, the growth rate of operating costs accelerated a little to 1.6%, denoting a slight relaxation in the austerity policies implemented in

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2013

Situation survey results for the hotel sector

- 2013 compared with 2012 (as % of businesses)

*Turnover	Higher	29
	Equal	40
	Lower	31
	Average variation (%)	-1.5
*Volume of investment	Higher	22
	Equal	69
	Lower	10
	Average variation (%)	3.0
*Number of employees	More	2
	Equal	79
	Less	19
*Source of clients according to sales channel (%)	Direct client / own website	24.5
	Internet / booking websites	43.2
	TOs & travel agencies	29.3
	Others	3.0
*Average stay of clients (nights)		2.6
- Prospects for 2014 (as % of businesses)		
*Trend in turnover	Upward	26
	Stable	64
	Downward	9
*Trend in volume of investment	Upward	12
	Stable	78
	Downward	10

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

recent years. Equally, the Communes softened the level of austerity in their budgets with a slight increase in spending (3.2%), after five consecutive financial years of cuts, but the increase in revenue was higher so, overall, they managed to continue to increase their global surplus. As a consequence, public sector aggregate real investment (the central administration plus the Communes) fell 67.4%, although this figure does not reflect real activity for the above-mentioned reasons, which appears in fact to rise. At the same time, the relaxation in austerity policies resulted in stabilisation of aggregate operating costs (0.1%), compared with the fall recorded in 2012 (-2.5%). So, overall, the performance of the public sector went from contraction to becoming more neutral and so broke the trend of recent years, which resulted in a small rise in their GVA of 0.5%, according to Government estimates.

As for the foreign sector, in 2013 this was marked by an increase in imports (2.3%) and a downturn in exports (-9.6%), which increased the commercial >

deficit by 3.3%, after two years of reductions. So, in 2013 the traditionally negative contribution from the trade balance to national GDP increased. However, the most notable contribution from the foreign sector to the Andorran economy is from tourism revenue – the most important source of income to the country – which seems to start to restrain the decline which marked recent years, motivated by the economic crisis suffered by the neighbouring economies of Spain and France, the source of most visitors to Andorra (48% and 42%, respectively).

Specifically, the number of tourists from Spain increased 4.6% and from France 13.5%; the number of other nationalities fell (-6.9%), although the very small significance of this group has a limited effect on the total. However, the total number of day-trippers fell (-5.7%), partially counterbalancing the positive impact of the increase in tourists and resulting in a drop in the aggregate number of visitors of 2.8%, steeper than in 2012 (-1%). In any case, there are more positive than negative indicators in this field, as the level of hotel occupancy rose, the average stay increased from 2.2 to 2.6 days – according to the Chamber's surveys – overnight stays grew 5.2%, and ski days sold increased 9.4% in the 2012-2013 season and 8% in the 2013-2014 season. In summary, it all points to a changing trend in tourism services. Nevertheless, these signs still did not reflect an improvement in GVA figures in 2013, which still show negative levels in the field of hotels and catering.

To end the analysis of the foreign sector, it should be remembered that in 2012, the new foreign investment law came into force in the Principality of Andorra, a step forward towards opening and liberalising the economy in relation to the previous regulatory framework passed in 2008, which is already starting to have a certain impact on attracting foreign capital to Andorra, with the consequent contribution to activity and job creation. More specifically, the balance in the first year of the Law being in force shows that until 31 August 2013, 93 new businesses were opened with a realised investment of 9.4 million euros and employing 132 persons. Moreover, of the 455 foreign investment applications received, the Government had authorised 415 on that date (66% from Spain), of which 279 had been formalised for a sum of 21.6 million euros, so it is expected that the number of new businesses opening with foreign capital will continue to rise.

To finish the analysis of the economic situation in Andorra, businesses' expectations for 2014 are a slow

recovery in the rate of activity. So, the Chamber's surveys reflect that businesspeople are starting to draw a more positive trend and indicate a very gradual improvement in business activity, although it is expected that the overall business tone will remain weak. By sectors, construction will continue to register the stronger fall in activity but on a more moderate adjustment path. As for the other branches, a slower decline in turnover is also expected in the retail trade, while in industry and the hotel sector activity levels will tend to improve a little, although they will remain very low-key. In this context, falls in business investment in industry and construction are expected, while following a more stable trend in the retail trade and the hotel sector.

One factor that will play in favour of economic activity in the Principality is the recovery in demand from Spain, according to the forecasts of growing dynamism in the neighbouring country in the south, and to a lesser extent, other European countries. So, economic forecasts for Andorra indicate gradual strengthening of the economic recovery with a moderate increase in GDP for 2014 overall.

The main indicators of activity available in the first few months of 2014 point in this direction, with accumulated increases until May or June in the number of visitors, total imports, employees and car registrations, in contrast with the falls recorded in the same period of the previous year. In conclusion, Andorra is starting to leave behind the economic crisis it has suffered for seven years and it is hoped that activity will gradually pick up, favoured to a large extent by the improvement in the European economic context.

5.2. Foreign trade flows

Before proceeding to analyse foreign trade in 2013, it should be noted that the Department of Statistics, in applying the methodology of the general international trade system, recommended by Eurostat and the World Trade Organisation, carried out a review of the foreign trade data and published a new standardised series for the period 2006-2013, not comparable with data from previous years. It is notable that the most significant changes involved in this review were a sectoral redistribution and an increase in the value of trade flows, changes that in both cases affected exports above all. Consequently, a knock-on effect resulted in the rise in the coverage rate of more than two points.

Considering these new data, it can be seen that in 2013 Andorra imported goods for the value of 1,128 million euros, a figure that represents an annual increase of 2.3%, the best level in the last nine years, and which means a change in trend in relation to the fall recorded in the previous financial year (-5.3%). By chapters, the most positive contributions were from pearls, precious stones and metals (1.3 points) and motor vehicles (1.2 points), while on the negative side, the most significant fall was in fuels (-1.2 points), just the opposite of their contribution in the previous year.

In this context of rising purchases, imports of tobacco and manufactured tobacco substitutes – another significant chapter – also grew, at a higher-than-average rate (5.8%), so if they are excluded from the total, the growth in imports without tobacco is somewhat slower (2.2%). Overall, a decline in the sectoral concentration of Andorran imports can be seen, breaking the trend towards concentration which marked the previous two years, so that the top three groups (food, mineral products and machinery and electrical equipment) represent 41.6% of the total, 1.2 points less than what the top three groups in the previous year represented (being the same).

Unlike imports, Andorran exports showed a negative trend in 2013, with a downturn of 9.6%, which came after two years of growth. In absolute terms, the volume of exports was 74.5 million euros, so the coverage rate stands at 6.6%, nine tenths less than the previous year and the lowest level since 2010.

The trend by sectoral groups shows that variations in exports were mostly negative and the result was an increase in the concentration, already traditionally

very high, with the weighting of the top three export groups (machinery and electrical equipment, transport material and optical, photographic and precision apparatus) at 59.4% of total sales, 5.8 points more than in the previous year but still lower than the high reached in 2007 (69.9%). It should be remembered that part of Andorran exports are actually re-exports of products that have been previously imported, an activity that nevertheless appears to tend to lose importance in recent years, partly affected by growing regulatory obstacles imposed by the European Union. Another factor that affects re-exports is the trend in the exchange rate which in 2013 was euro appreciation, a fact that in principle provides favourable conditions for importing goods from countries outside the monetary union and then exporting them to the EU.

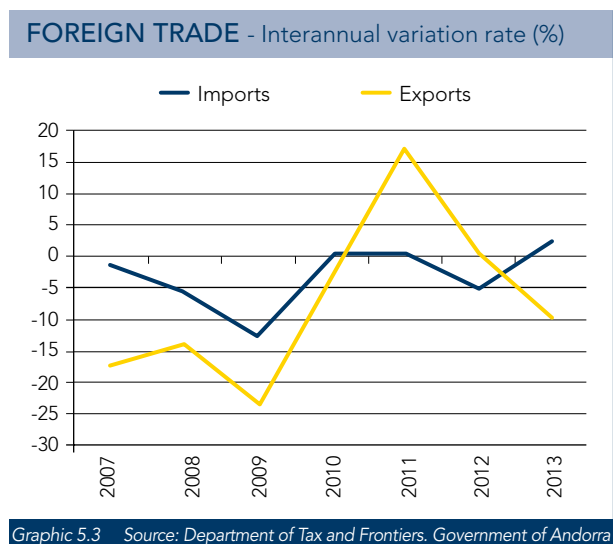
5.3. The geographical distribution of foreign trade

5.3.1. Imports

In 2013, purchases from European countries, the main geographical source of Andorran imports abroad, concentrated 91.7% of the total, eight tenths less than in the previous year, when the highest level in the historical series was achieved (92.5%). This slight reduction in the concentration of purchases from Europe derives from the scarce growth in purchases from the EU (1.2%), to which is added a slightly less dynamic trend in imports from European countries that do not form part of the EU (9.2%). Among the reasons explaining this pattern of import growth is notably the euro appreciation seen in 2013, which favoured purchases outside the Eurozone.

As for the other continents, the strong growth in Africa stands out, where purchases multiplied by almost seven, due almost exclusively to one single country, South Africa, which pushed this continent's percentage of the total from 0.2% to 1%, so overtaking America. In the case of Asia, the second supplier continent to Andorra, purchases saw a moderate increase of 3.8%, so its percentage of the total also increased one tenth to 6.3%. In contrast, imports from America saw a decline, for the second consecutive year, of 6.9%, which made its percentage of the total fall one tenth to 0.9%, the lowest level in the last eight years.

Within the EU-28, Spain continued to strengthen its role as the main supplier country to Andorra, the result of growth in purchases from this country of 4.2%, >



FOREIGN TRADE BY GEOGRAPHICAL AREAS

	IMPORTS			EXPORTS		
	M Euros 2013	% var. 2013/12	% total 2013	M Euros 2013	% var. 2013/12	% total 2013
Spain	700.1	4.2	62.1	41.6	-12.9	55.8
France	186.7	-4.0	16.6	13.8	-1.6	18.6
Germany	35.3	-10.4	3.1	2.0	1.6	2.7
Italy	30.1	15.1	2.7	1.9	-8.6	2.6
United Kingdom	14.7	-19.6	1.3	3.4	5,024.6	4.5
Netherlands	11.3	1.8	1.0	0.7	-12.8	0.9
Portugal	10.5	-15.1	0.9	0.1	-64.0	0.2
EU-28	1,012.9	1.2	89.8	64.6	-4.8	86.7
Switzerland	18.1	14.2	1.6	2.5	-33.2	3.3
Europe	1,034.1	1.4	91.7	70.1	-9.2	94.0
USA	5.9	-15.7	0.5	0.4	80.4	0.5
America	10.4	-6.9	0.9	0.9	-12.9	1.1
China	41.9	2.3	3.7	0.0	1,728.6	0.0
South Korea	6.0	95.4	0.5	0.0	-97.1	0.0
Japan	5.2	-29.2	0.5	0.0	434.5	0.1
Asia	71.2	3.8	6.3	3.0	-21.9	4.0
Total world	1,128.0	2.3	100.0	74.5	-9.6	100.0

Chart 5.6

Source: Department of Tax and Frontiers. Government of Andorra

contrasting with the decline in 2012 (-4.4%). As a result, its percentage of the total rose to 62.1%, 1.2 points more than in the previous year and a new historical high. On the other hand, imports from France fell for the tenth consecutive year, at the same rate as in 2012 (-4%) and its percentage of the total fell one point to 16.6%. Nevertheless, France is still the second supplier country to Andorra, well in advance of the third, although its percentage is far from what it reached in the nineties, when it was higher than 30%.

In relation to the other EU-28 countries, Germany remains in third place in the ranking of suppliers to Andorra, although purchases from this country fell for the third consecutive year, specifically by 10.4%, reducing its percentage by half a point to 3.1%. Then comes Italy which, with progress of 15.1%, increased its quota to 2.7%, three tenths more than in 2012. In contrast, purchases from the United Kingdom suffered a steep decline (-19.6%), reducing its percentage by four tenths to 1.3%, while imports from the Netherlands increased slightly (1.8%), leaving its percentage at 1% of the total.

The other countries in the EU-28 have a very small percentage, below 1%, so their contribution to total growth is not very significant. Outside the European

Union, imports from Switzerland increased for the third consecutive year, at a very significant rate of 14.2%, similar to 2012. As a result, its share of the total rose two tenths to 1.6% of the total, the highest level for many years.

In relation to imports by countries in the rest of the world, it should be remembered that in general only those from the USA and some Asian countries are of any significance, although in 2013 these were joined exceptionally by South Africa, where purchases went from being token in 2012 to representing 0.9% of the total. In contrast, in the case of the USA, the trend was negative for the second consecutive year, with a decline of 15.7%. Consequently, its percentage of the total fell one tenth to 0.5%.

Purchases from Asian countries showed, in general, a certain tendency to rise. The increase from China is notable (2.3%), leaving its percentage of the stabilised total at 3.7%, so it confirms its position as the first Asian supplier to Andorra and the third in the global ranking, only behind Spain and France. In contrast, imports from Japan continued to fall (-29.2%) for the sixth consecutive year, and continued to lose points to reach a historical low of 0.5%. Finally, it should be noted that purchases from South Korea have almost doubled to represent 0.5% of the total.

5.3.2. Exports

The steep fall in Andorran exports recorded in 2013 can be explained by an almost generalised decline by continents, from which only Africa escapes. The downturn in sales to the EU-28 – the main destination of Andorran exports – was 4.8%, similar to 2012. The explanation for this trend must surely lie in the weak demand marking the European economy in 2013. As a result, the EU's percentage of the total rose 4.4 points to 86.7%, considering that the decline was lower than that of total exports.

By countries, Spain remains the main consumer of products from Andorra in 2013, despite the reduction in exports of 12.9%, stronger than the average. As a result, its percentage of the total fell 2.1 points to 55.8%, the lowest level in many years. Sales to the second biggest Andorran market, France, also fell but more slowly (-1.6%), leading to an increase in its share of the total of 1.5 points to 18.6%. In any case, the balance between the two main partners of Andorra still clearly favours Spain, in contrast with the similar shares both countries had at the beginning of the nineties.

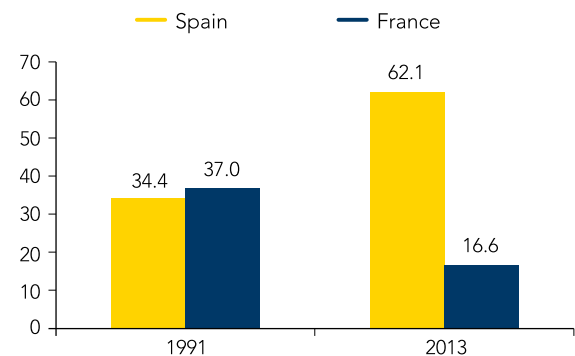
As for the other EU-28 countries, the trend in exports to the United Kingdom stands out, going from minimal in 2012 to a volume representing 4.5% of the total, making it the third most important destination for Andorran foreign sales. Then comes Germany, with a quota of 2.7%, three tenths more than in 2012, thanks to growth of 1.6%, followed by Italy, where exports fell 8.6%, a trend that maintains its share at 2.6% of the total. The other EU-28 countries have shares below 1% so their contributions are insignificant.

The downturn in sales in the rest of Europe was much more intense than in the EU-28, as they were damaged by euro appreciation, with a recorded decline of 41.6%, breaking a period of five years of growth and reducing their percentage by four points to 7.3%, the lowest level in the last four years. The explanation for this behaviour lies mainly in the reduction in sales to Norway (-62.2%), lowering its percentage to less than half (2.5%), so this is the country that deducted most growth from exports (-3.7 points), only behind Spain (-7.5 points). Equally, sales to Switzerland saw a fall of 33.2%, lowering its quota to 3.3%, 1.2 points less than the previous year. In this way, Switzerland fell from fourth to fifth place

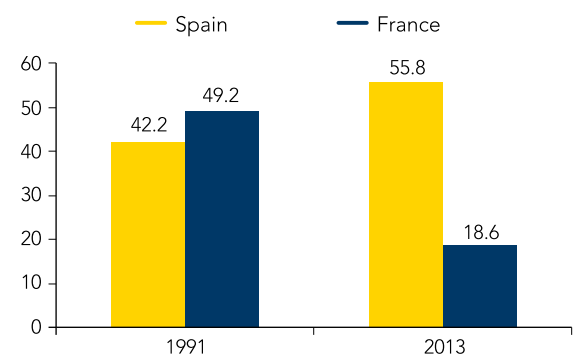
IMPORTS AND EXPORTS WITH ANDORRA'S NEIGHBOURING COUNTRIES

Percentage of total (%)

Imports



Exports



Graphic 5.4 Source: Department of Tax and Frontiers. Government of Andorra

in the ranking of destinations for Andorran exports, behind Spain, France, the United Kingdom and Hong Kong.

Along the same line, the percentage of total Andorran sales of the rest of the world fell three tenths to 6%, a trend that can be explained partly by euro appreciation, to which all continents except Africa contributed, where exports rose 41.1% to represent 0.7% of the total. In the case of Asia, the decline was 21.9%, after three years of strong growth, so its quota shrank seven tenths to 4%. By countries, the most negative contribution was from Hong Kong (-0.7 points), sales to which fell 17.3%, a trend that breaks with the exponential growth that marked the last five years and lowered its percentage to 3.5%. Also notable was the decline in sales to South Korea, reaching almost zero, compared with 0.6% in 2012.

Finally, Andorran sales to America saw a downturn of 12.9%, contrasting with growth of 21.7% in 2012. As a result, its percentage of the total fell one tenth >

to 1.1%. Despite this mostly negative context which affected the majority of American markets, it should be noted that the US market contrasted with this trend with an increase of 80.4%, continuing the steeply rising trend that started two years before and raising its percentage of the total by three tenths to 0.5%.

5.4. The sectoral composition of foreign trade

5.4.1. Imports

The increase in Andorran imports seen in 2013 (2.3%) was the result of very different trends in each group. The most positive contributions were from pearls, precious stones and metals (1.3 points), transport material (1.1 points) and food, beverages and tobacco (0.7 points). Other groups that also made positive contributions, though much more moderate, are products of the chemical industry and machinery and electrical equipment (0.3 points each). At the other extreme, the group that deducted most from import growth is mineral products (-1.2 points), the combined result of a fall in prices and the volume of fuel purchases.

A more detailed analysis reveals that imports of food, beverages and tobacco increased at a rate of 4.2%, compared with the decline of 0.6% in the previous year. This above-average progress raised their percentage by three tenths to 16.1%, a level that strengthens their position as first in the ranking of imported products in 2013. The most important chapter within this group is beverages, alcoholic liquids and vinegars, with 5.9% of total Andorran imports, after recording growth of

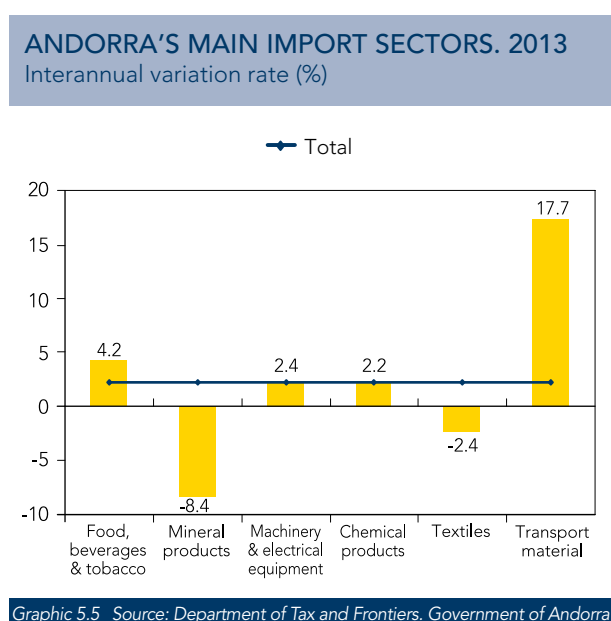
3.5% in 2013. The second most important chapter if tobacco, which also showed a rising trend (5.8%), so that its percentage rose one tenth to 2.9%.

Contrary to 2012, it was purchases of mineral products that made the most negative contribution to the variation in imports in 2013 (-1.2 points), in contrast with the positive contribution of one point which they made the previous year, deriving from a downturn in purchases of 8.4%. Consequently, the share of the total of this group fell 1.5 points to 13.1% after reaching a historical high in 2012 but, even so, purchases of these products remained in second place in the imports ranking.

The reasons for this fall can be found fundamentally in the decline in imports of fuel, oils and mineral waxes (-8.2%), the most important chapter in the group – with a quota of 12.7% of total imports- which, in turn, derives from the combination of a reduction in imported litres (-2.3%) and the average prices of fuel purchases. Consequently, if this chapter is deducted from total imports, the result is that the rise was still stronger, approximately 4% in 2013, compared with the fall of 7.5% recorded in the previous financial year. Equally, purchases of salt, sulphur, earths and stone, plastering materials, lime and cement, the second most important chapter in the group, also saw a fairly steep fall (-15%), for the seventh consecutive financial year, which can be explained by the continued decline in construction activity.

In contrast, the rate of growth in imports of machinery and electrical equipment accelerated a little, from 0.5% in 2012 to 2.4%, after several years of steep falls. This behaviour allowed them to maintain third place in the ranking, with a percentage of 12.5%, one tenth more than in 2012, moving away from the historical low they represented in 2011 (11.7%). The increase in purchases in this group can be explained, above all, by the progress in imports of mechanical appliances (5.1%), denoting a certain recovery in investment compared with previous years. The contribution from the chapter of electrical machinery and equipment was more modest, with growth of 0.6%, although this is also a positive indicator, indicating a change in trend in the consumer electronics trade, as it breaks a period of five consecutive years of steep falls, motivated by the deep crisis suffered by the sector.

Chemical products are still the fourth group in the ranking, thanks to an increase of 2.2%, contrasting with the steep downturn in the previous year (-13.1%), so their share of the global imports figure stabilised at



FOREIGN TRADE BY SECTORS

	IMPORTS			EXPORTS		
	M Euros 2013	% var. 2013/12	% total 2013	M Euros 2013	% var. 2013/12	% total 2013
Live animals & animal products	58.5	-1.0	5.2	0.1	-73.1	0.1
Vegetable products	23.4	2.3	2.1	0.0	-52.3	0.0
Fats & oils	4.7	1.8	0.4	0.1	77.6	0.1
Food products, beverages & tobacco	181.3	4.2	16.1	0.2	-72.7	0.2
Mineral products	147.4	-8.4	13.1	0.3	-8.9	0.4
Products of the chemical industries	127.8	2.2	11.3	1.3	-50.9	1.8
Plastics, rubber & articles thereof	25.4	3.2	2.2	1.4	9.9	1.8
Fur, leather & articles thereof	15.2	1.3	1.3	0.6	-25.1	0.8
Wood, cork & articles thereof	6.5	9.4	0.6	1.0	19.0	1.3
Paper & graphic arts	25.6	0.8	2.3	6.5	75.1	8.7
Textiles	102.3	-2.4	9.1	4.2	-56.2	5.7
Footwear, headgear, umbrellas, etc.	31.9	3.0	2.8	2.2	0.6	2.9
Articles of stone, cement, ceramic products	10.7	-18.0	1.0	0.2	-18.6	0.3
Pearls, precious stones and metals	22.4	169.8	2.0	5.1	-30.8	6.8
Base metals & articles thereof	29.8	-2.2	2.6	4.3	-15.9	5.7
Machinery & electrical equipment	140.5	2.4	12.5	20.6	-11.2	27.7
Transport material	81.6	17.7	7.2	12.7	17.7	17.1
Optical, photographic, precision app.	46.5	2.9	4.1	10.9	7.3	14.6
Arms & ammunition	0.9	-13.4	0.1	0.1	24.9	0.1
Miscellaneous manufactured articles	42.9	-1.5	3.8	2.2	-15.2	2.9
Works of art, antiques	2.8	100.1	0.2	0.6	25.9	0.8
Total	1,128.0	2.3	100.0	74.5	-9.6	100.0

Chart 5.7

Source: Department of Tax and Frontiers. Government of Andorra

11.3%. This trend was the consequence, basically, of the 3.4% increase in perfumery – the most important chapter in the group, with 6.6% of total imports – partly counterbalanced by a 1.9% fall in pharmaceutical products, the second most important at 2.5%.

As for the textiles group, foreign purchases saw a decline, for the sixth consecutive year, of 2.4%, highlighting the persistent weakness in clothing sales, also reflected in the results of the Chamber's surveys, although the fall in 2013 was more moderate than in the previous year (-9.6%). As a result, its percentage fell four tenths to 9.1% but still remains in fifth place in the imports ranking. The trend in this group was marked by the behaviour of the most significant chapter, articles of apparel and clothing accessories, not knitted or crocheted (5.5% of total imports), which fell 5.6%, while purchases in the second most important chapter, articles of apparel and clothing accessories, knitted or crocheted, increased 4.1%, leaving their share at 2.7% of total imports.

Imports of transport materials saw a much more favourable trend, with strong growth of 17.7%, contrasting with the steep fall recorded in 2012 (-16.9%), which raised their percentage of the total by nine tenths to 7.2%, a figure that holds it in sixth place in the ranking. The explanation for this progress can be found basically in the strong growth in imports in the chapter of motor vehicles, tractors, motorcycles and bicycles (19%) – the most important in the group, with 7.1% of total imports – which is in harmony with the increase in vehicle registrations in the Andorran market and vehicle re-exports.

Behind these lie imports of live animals and animal products, which saw a slight reduction in 2013, for the second consecutive year, of 1%, so their percentage of the total fell two tenths to 5.2%. This trend can be explained by the decline in almost all the chapters including, specifically, those with higher percentages: meat and edible offal (-0.9%), milk and dairy produce (-0.2%) and fish and shellfish (-3.2%).

Finally, the trend in the groups of products with a percentage below 5% of foreign purchases was highly divergent. In first place, the strong growth in pearls, precious stones and metals (169.8%) stands out, raising its percentage to 2%, so it was the group that contributed most to import dynamism in 2013. At the other extreme are articles of stone, cement and ceramics, with a fall in purchases of 18%, which reduced their percentage by two tenths to 1%. Any other groups with any significant percentage (over 0.5%) saw modest increases or reductions, by one digit, with a very limited impact on the total.

5.4.2. Exports

The significant decline in Andorran exports recorded in 2013, of 9.6%, can be explained mostly by the highly negative contribution from the groups: textiles (-6.6 points), machinery and electrical equipment (-3.2 points) and pearls, precious stones and metals (-2.7 points). On the other side of the coin are the positive contributions from paper and graphic arts (3.4 points) and transport material (2.3 points). The trend in the main groups of exported products are analysed in more detail below.

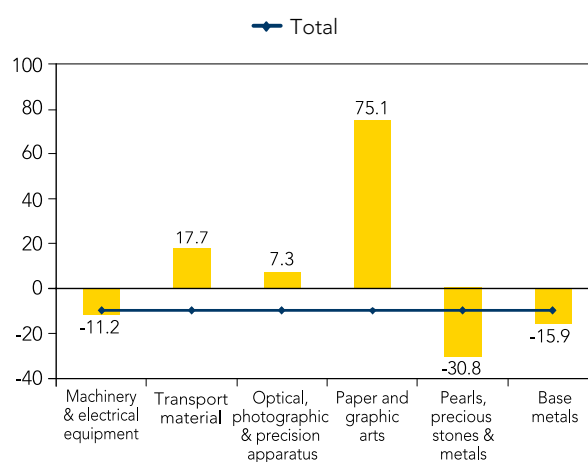
The first export group was machinery and electrical equipment which, despite the steep fall in purchases (-11.2%), still holds a very significant percentage (27.7%). This trend brought a negative contribution to total export growth of 3.2 points, the second worst in 2013 after textiles. By chapters, the downturn in this group can be explained by the fall both in sales of mechanical appliances (-22.7%) and electrical machinery and equipment (-9%), chapters with weightings of 4% and 23.7% of total exports, respectively.

In second place in the exports ranking lies transport material, thanks to a strong increase of 17.7%, which raised its quota of the total to 17.1%, four points more than in 2012, and made a contribution of 2.3 points to total growth in foreign purchases, the second highest after paper and graphic arts. The chapter that determines this behaviour is motor vehicles, representing 97% of the group and registering an increase of 15.7%.

Along the same line, foreign sales of optical, photographic and precision apparatus saw fairly significant growth, of 7.3%, so their weighting went from 12.3% in 2012 to 14.6% in 2013, meaning a contribution

ANDORRA'S MAIN EXPORT SECTORS. 2013

Interannual variation rate (%)



Graphic 5.6 Source: Department of Tax and Frontiers. Government of Andorra

of 0.9 points to the total variation in exports. This progress was driven by all the chapters in the group and, in particular, by optical and photographic (7.4%) and clocks and watches (7.2%), which have the most significant percentages (9.5% and 4.8%, respectively).

Lastly was the group: paper and graphic arts, which grew the most (75.1%) among the groups with any significant percentage and made the most positive contribution to the export trend. As a result, its share of the total rose 4.2 points to 8.7%, a trend that pushed it up from seventh place to fourth in the export ranking. This behaviour can be explained basically by rising sales of products of the printing or graphic industries, the most important in the group – with a weighting of 6.1% - which more than tripled.

On the other hand, the group of pearls, precious stones and metals saw a downturn of 30.8%, breaking with a period of five years of exponential growth (by two or three digits). As a result, its percentage of the total fell 2.1 points to 6.8%, leaving it in fifth place in the exports ranking, but still well above the low of 0.7% which it represented in 2007. So, this group was the third among those that most deducted growth from exports in 2013 (-2.7 points), only behind textiles and machinery and electrical equipment.

The fall in foreign sales of the group base metals was also quite significant (-15.9%) and stronger than that of the total, which reduced its percentage of the total by half a point to 5.7%. This behaviour can be explained by the reduction in practically all the chapters included in the group and, especially, by the decline in cast iron,

iron and steel (-18%) and articles thereof (-11.4%) – the two most important chapters in the group.

The most important downturn in exports, in terms of impact, in 2013, was in textiles (-56.2%), contrasting with the strong increase it had seen in the previous financial year (28.3%). In this way, textiles changed from being the group that contributed most to dynamism in exports in 2012 (2.6 points) to being the one that deducted most from growth in 2013 (-6.6 points). Consequently, its quota of total exports fell to less than half to reach 5.7%, relegating it from fourth to seventh place in the exports ranking. Within this group are notably the declines in foreign sales of articles of apparel and clothing accessories, knitted or

crocheted (-76.5%) and articles of apparel and clothing accessories, not knitted or crocheted (-35.7%) – the two most important chapters in the group.

The other groups represent a proportion lower than 5% of total exports and had very differing results. On the negative side are notably the falls in exports of products of the chemical industry, which fell by half and deducted 1.7 points from total growth; the fall in food, beverages and tobacco (-72.7%) and in miscellaneous manufactured articles (-15.2%), which deducted six and five tenths, respectively. The other groups with any significant percentage saw variations in different directions and intensity but with a very limited impact on total growth (one or two tenths at most).

6. PRICES AND COSTS

6.1. Consumer prices

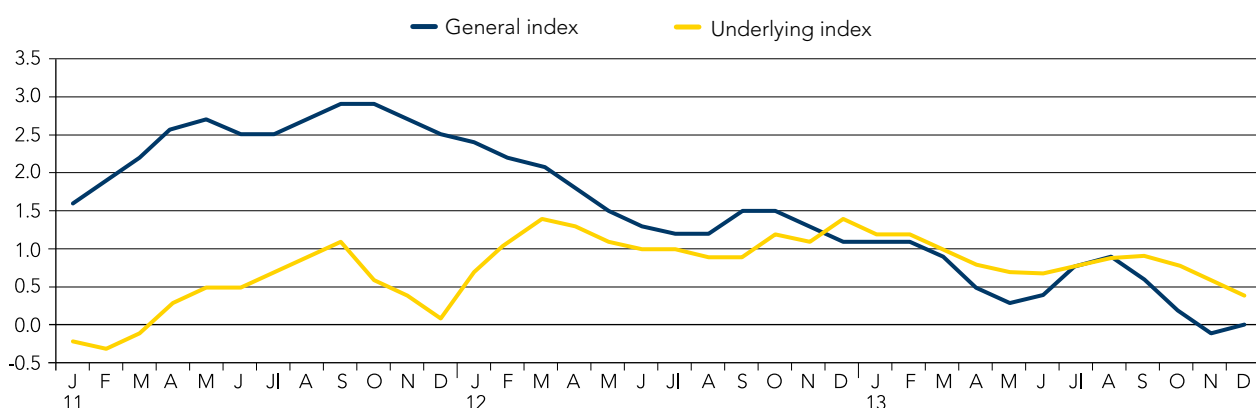
The trend in consumer prices in 2013 was marked by a continuation of the tendency to slow down that had started in the previous year. The main factors that explain this behaviour are the persistence of a negative economic context, with a quite depressed level of consumption, the cuts in energy prices and the deceleration in price growth in the Eurozone and, more specifically, in Andorra's neighbouring states and main trading partners. It should also be pointed out that the profound change in the Andorran tax system caused by the entry into force of the indirect general tax, the IGI (equivalent to the EU's VAT), does not appear to have had any significant inflationary effect.

The profile of the trend in consumer prices was that of gradual deceleration to an interannual rate of only 0.3%

in May. Later, prices picked up a little in the summer months, to 0.9% in August, and from September they resumed the slowdown to end the year at a rate of 0%, which equals the historic low of 2009, compared with the 1.1% recorded in 2012. Moreover, following the line begun in the previous financial year, Andorra's inflation fell below that of Spain (0.3% harmonised inflation), the origin of most consumer goods, and also remained below that of France (0.8% in December) and the Eurozone average for the same period (0.8%). This means that Andorra gained competitiveness in prices compared with Spain, following the trend begun in 2012, and also continued to improve in relation to the rest of the Eurozone.

The analysis by components shows that the evolution was quite disparate. On the one hand, the reductions in prices of leisure (-1.8%) and transport (-0.7%) stand >

THE ANDORRAN CONSUMER PRICE INDEX - Interannual variation rate (%)

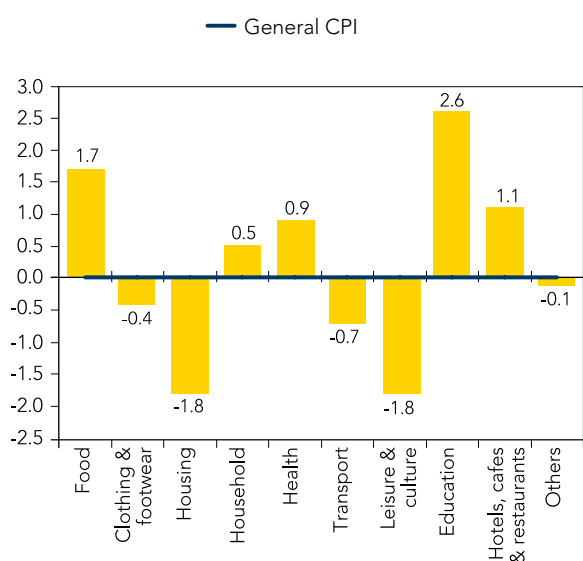


Graphic 6.1

Source: Department of Statistics, Government of Andorra

CONSUMER PRICE INDEX. DECEMBER 2013

Interannual variation rate (%)



Graphic 6.2 Source: Department of Statistics. Government of Andorra

out, contrasting with the increases recorded in the previous year. Another major fall was in the housing component (-1.8%) which intensifies in relation to 2012. It should be pointed out that the fall in transport and housing prices was favoured by falling energy prices. The price reductions also affected clothing and footwear (-0.4%) and miscellaneous goods and services (-0.1%), although their rate of decline slowed in comparison with the previous year. It should be remembered that clothing and footwear have already accumulated four consecutive years of falling prices, demonstrating the great weakness in demand suffered by this kind of commerce for many years.

On the other hand, the highest price rise was in the group: education (2.6%), although it decelerated in relation to the rise recorded in 2012 (3.2%). Then comes the group: food, beverages and tobacco, with a rise of 1.7%, which also involves a slowdown in relation to the previous year (2.2%). On the other hand, price rises in hotels, cafes and restaurants accelerated a little to 1.1% and are the only component, together with education, which has not seen an annual decrease in prices since the historical series became available, despite the major downturn in visitors which has affected them in recent years. Moreover, the prices of the health component rose 0.9%, contrasting with the decline recorded in the previous year (-2.6%). Finally, the price rise in the field of furniture, domestic appliances and household services was 0.5%, a slightly lower rate than the year before (0.7%).

The behaviour of prices by special groups shows that the steepest drop occurred in the energy group (-3.5%) breaking the trend of three years of increases. This factor is, therefore, one of the main elements that help to explain the moderation in inflationary pressures in Andorra during 2013, and highlights that this moderation is directly related to the reduction in oil prices. In parallel, the increase in food prices decelerated seven tenths to 1.1%, while the rate of growth in prices of services stabilised at 0.5%, a trend that continues to reflect the weakness still affecting demand.

So, if only the nucleus of inflation measured by underlying inflation is taken – excluding energy and food – the result is that in 2013 inflation slowed one point to 0.4% and so remains above overall inflation for the second consecutive financial year, demonstrating that the most volatile components helped to reinforce price moderation in Andorra. It should be highlighted that this figure is lower than the rate of underlying inflation recorded in the Eurozone (0.9%) and France (0.8%), but slightly higher than in Spain (0.2%), although in all cases these are very modest levels leading to the fear resurfacing that a state of deflation might recur, which would dash any hopes of economic recovery.

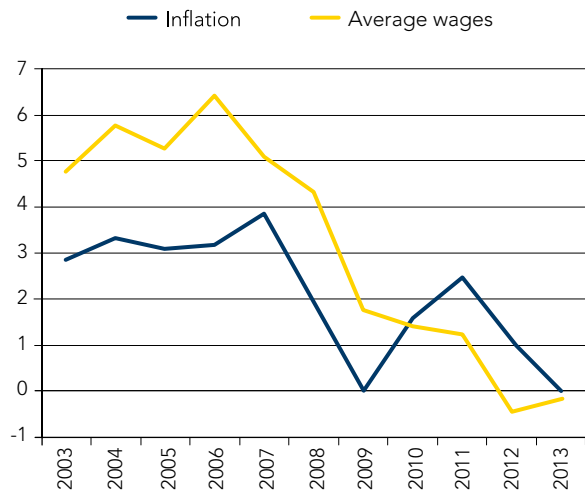
6.2. Wages

In 2013, the average wage in Andorra saw a fall of 0.2%, which is added to the fall in the previous year (-0.4%) and brought it down to 1,961.2 euros. These decreases in the last two years reveal an increasing tendency for the wages of Andorran workers to slow down since 2008. The reasons for this behaviour are mainly the moderation in inflationary pressures and the need for businesses to cut costs to gain competitiveness. It was also helped by the implementation of the Law on measures to contain public spending on staff matters, which brought a reduction in wages in the public sector, with effect from April 2012, so that in 2013, when the new discounted wages had already been in force throughout the year, there was a downward knock-on effect. Consequently, workers suffered another average loss in purchasing power of 0.2 points, added to those in 2010 (0.2 points), 2011 (1.3 points) and 2012 (1.5 points).

So, it can be seen that, since 2010, a system for fixing wages has been applied that is more flexible towards the needs of businesses, which seek to gain

AVERAGE WAGES AND INFLATION

Interannual variation rate (%)



Graphic 6.3 Source: CASS / Department of Statistics, Government of Andorra

competitiveness by reducing costs and prices. This system 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 and European economies.

As for the inter-professional minimum wage, the trend was still 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 2012, was 1.1%, compared with -0.2% of the average wage in 2012. Consequently, the average minimum hourly wage was fixed at 5.55 Euros per hour in 2013 (for adult workers), the equivalent of 962 Euros per month for a 40-hour working week.

From the sectoral point of view, the behaviour of wages shows that decreases affected most sectors, although their intensity varied greatly. Among the few sectors in which wages rose is firstly agriculture, livestock, hunting and forestry (6.8%), breaking with two years of decline. In second place is the financial sector, with a wage increase of 3.5%, which means serious acceleration in relation to the 0.1% seen in 2012; followed by education, in which wage growth slowed to 2.5%. It should be noted that the latter two sectors are the only ones not to have reduced average wages in any year in the available historical >

AVERAGE WAGES - Euros

	2013	Var. 2013/12	Average index in Andorra=100
Agriculture, livestock, hunting and forestry	1,452.93	6.8	74.1
Extraction industries	1,770.68	-23.4	90.3
Manufacturing industries	2,012.72	0.5	102.6
Production and distribution of electricity, gas and water	3,049.26	0.2	155.5
Construction	1,860.21	-3.3	94.9
Commerce and motor vehicle repairs (etc.)	1,674.93	-0.7	85.4
Hotels & catering	1,446.45	-0.2	73.8
Transport, storage and communications	2,165.20	-1.3	110.4
Financial system	4,697.29	3.5	239.5
Real estate & rental activities; business services	1,826.62	-0.3	93.1
Public administration, defence and compulsory social security	2,413.70	-0.8	123.1
Education	2,203.99	2.5	112.4
Health & veterinary activities, social services	2,196.36	-4.1	112.0
Other social activities & community services, personal services	1,630.46	-1.2	83.1
Households employing domestic staff	1,194.01	-0.6	60.9
Extraterritorial bodies	2,447.52	-6.9	124.8
Special regimes	850.67	-15.2	43.4
Domestic work for the community (communities of owners)	1,159.11	-3.6	59.1
Average	1,961.19	-0.2	100.0

Chart 6.1

Source: CASS (Andorran Social Security)

series, despite the major crisis in the labour market. They are followed by the manufacturing industries and the production and distribution of electricity, gas and water, with moderate wage increases (0.5% and 0.2%, respectively), but which represent an improvement in relation to the cuts they had applied in 2012.

All other sectors with a percentage of any significance cut wages. Also the extraction industries (-23.4%), extraterritorial bodies (-6.9%) and “special regimes” (-15.2%), although their evolution needs to be left to one side in the analysis for reasons of statistical representation, as they are sectors in which very few people work and therefore any variation in a single wage can cause the total to vary considerably.

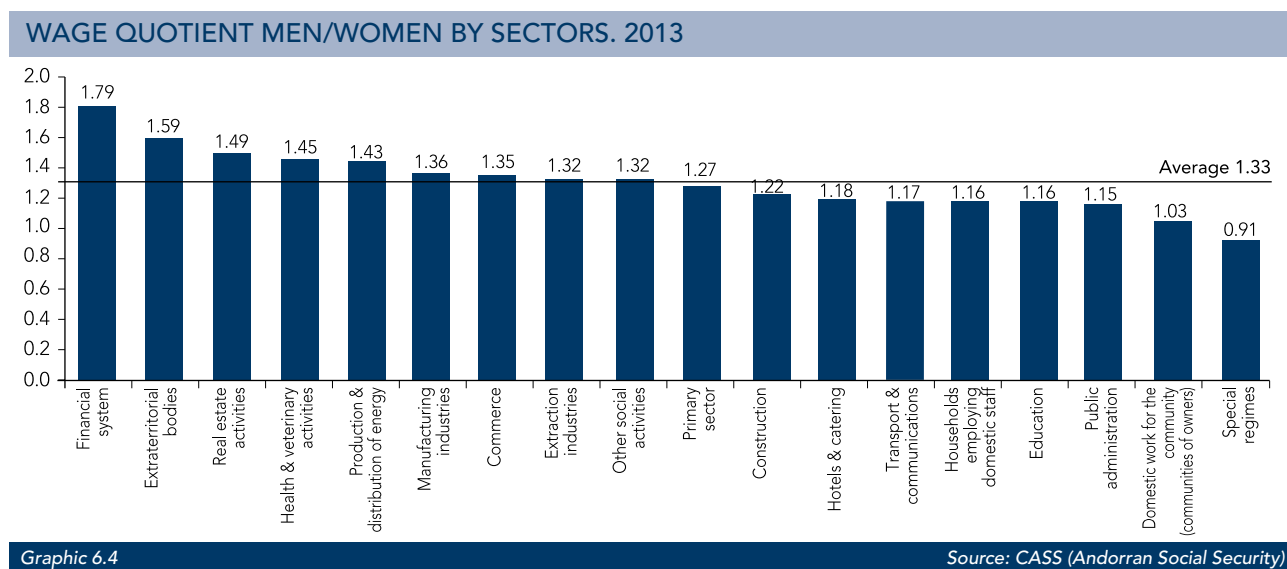
Therefore, excluding these very small sectors, the most important downturn in wages was seen in health & veterinary activities (-4.1%), followed closely by domestic work for the community (-3.6%), which is the sector where the average wage was lowest in 2013. The wage decrease was also significant in the case of construction (-3.3%), which already accumulates four years of falls in the last five years. Other sectors which lowered wages are transport (-1.3%), other social activities and services to the community (-1.2%), public administration (-0.8%), commerce (-0.7%), households employing domestic staff (-0.6%), real estate and rental activities (-0.3%) and hotels and catering (-0.2%), sectors that in the majority of cases reduced wages in 2012.

The analysis of wage levels in 2013 shows that the differences between sectors increased a little and therefore became even more significant. So, the highest wage is 4.1 times higher than the lowest

wage (3.8 in 2012) if we exclude the category “special regimes” created in 2012, due to its specificity. More specifically, the highest wages are to be found in the financial sector, where wages easily double the average. This level contrasts with that of domestic work for the community, which with wages at 40.9% below the average, is the lowest paid sector. The second sector in the wage ranks is that of production and distribution of electricity, gas and water, with wages 55.5% above the average, followed by extraterritorial bodies - paying 24.8% more – and public administration – with wages 23.1% above average. Then comes education; health and veterinary activities and social services; transport, storage and communications; the manufacturing industries, with wages between 12.4% and 2.6% higher than the average.

The other branches lie below the average wage level, at percentages that vary between 5% in construction, a sector that is below the average for the fourth consecutive year, and the 41% less received for domestic work for the community. Within this group of sectors, the cases of commerce and hotels and catering stand out, which employ a large part of the Andorran population (37.9% of total employees), with wages about 14.6% and 26.2% lower than the average, respectively. It should be added that in the case of commerce, the gap with the average wage widened for the sixth consecutive year, while stabilising in hotels and catering, after eight years of growth. As a result, since 2004, both sectors have an accumulated loss of about 6 points in relation to the average.

Finally, wage levels by gender show that the average wages of women in Andorra was 1,680.12 euros in 2013, some 25.1% lower than men’s, or in other words, men’s



wages are 33.4% higher than women's, a difference that has shrunk a little compared with the previous year, when it was 33.9%. The only sector in which the wage differences between men and women are minimal is in domestic work for the community. On the other hand, the greatest disparities are found in the financial sector,

where the average wages of men are 79% higher than those of women, followed by extraterritorial bodies (59% higher), real estate activities (49% higher) and health and veterinary activities (about 45% higher). These data demonstrate that in these sectors men fill most of the highest-ranking jobs.

7. THE PUBLIC SECTOR

7.1. Central Government performance

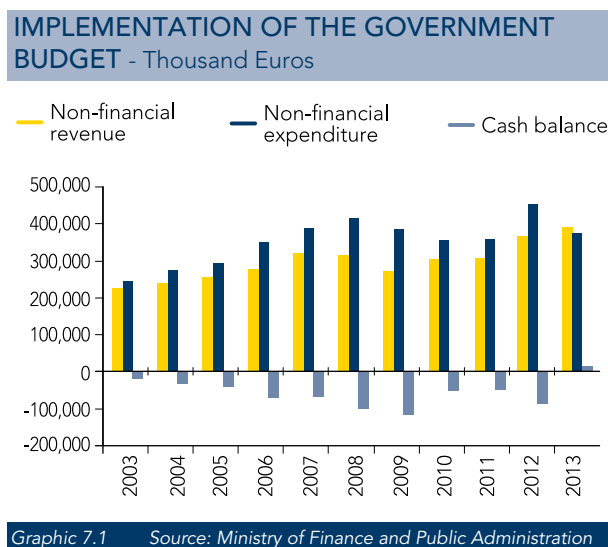
According to the provisional budget settlement, the Government's accounts for 2013 closed with a non-financial cash surplus, for the first time in sixteen years, of 15.7 million euros, representing about 0.6% of GDP. This is therefore a very positive historical result, contrasting especially with the high deficits seen in recent years (86.9 million euros in 2012 and the 116.6 million euros historical high in 2009). Now, this change in direction was made possible by an exceptional entry of 40 million euros, from the special distribution of profits from the semi-public telephone company, STA, which is unlikely to be repeated in later years as a means to correct future deficits.

In parallel, the final budget result, obtained by incorporating the movement of financial assets and liabilities in 2013 into the cash deficit, clearly improved and presents a positive balance of 37.8 million euros, contrasting with the deficit of 8.9 million recorded in 2012. The most notable movements produced in this field are the issue of 260 million euros of two-year bonds to renew the debt of the same amount due at the end of the year; three new issues of treasury bills with maturity at 18 months, carried out in April, June and October, for a total of 270 million euros; an issue of treasury bonds with maturity at 3 years for the amount of 150 million euros and a reduction in the available balance of credit policies to 77 million, the lowest figure since 2006. So, the temporary debt structure is 79.9% long-term debt and 20.1% short-term debt, contrasting with the practically opposite situation in the previous year, and made possible by issues of longer-term debt carried out in 2013. So, both the surplus obtained and the new debt structure enable us to state that the sustainability of the Government's public finances improved in 2013. However, the central Administration's debt increased 1.9% and set a new historical record of 868 million euros, while the outstanding public debt rose to 680 million euros, 2.6

times more than only four years before. In proportion to GDP, this volume of debt represents 35.5%, a level that is still much lower than the debt of the large majority of European governments.

The surplus obtained in 2013 was made possible, mainly, by a major cut in spending, combined with an increase in revenue. The cut in spending was basically concentrated on capital expenditure, which returns to a very low level, close to the minimum in 2011, after doubling in 2012, due to payment of works carried out in previous years. On the other hand, current expenditure continued to grow at a rate of 4%, accelerating in relation to the previous year (1%). With regards to revenue, the increase was 6.6%, driven by investment income, which multiplied by four, by revenue from other taxes and revenue and, to a lesser extent, by new direct taxes coming into force in 2012.

As for fiscal novelties, it should be remembered that on 1 January 2013, the indirect general tax (IGI) entered into force, substituting various indirect taxes in force until that time, being equivalent to EU VAT, but with lower rates of tax. Specifically, the standard tax rate is 4.5%, with a reduced rate of 1%, a super-



reduced rate of 0%, a special rate of 2.5% 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, higher than the differential with France, which is 15.1 points. Among tax novelties are notably the fact that the IRPF (income tax) law was passed in April 2014, with a rate of 10%, the same as corporate tax, tax on income from economic activities and tax on income of non-residents, and that this tax will be applicable in any financial years starting from 1 January 2015.

In parallel, Andorra made further 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 the Czech Republic, bringing to twenty-one the total number of agreements signed since 2009 and before the end of 2013. Moreover, in the first half of 2013 an agreement was signed with France to avoid double taxation and prevent tax evasion and tax fraud in matters of income tax. Finally, another fiscal regulation to watch in future is the future financial sustainability law, which will affect the Government, communes and public companies by setting a limit on debt and the public deficit, to guarantee the long-term sustainability of public finances and halt the growth of debt which marked recent years.

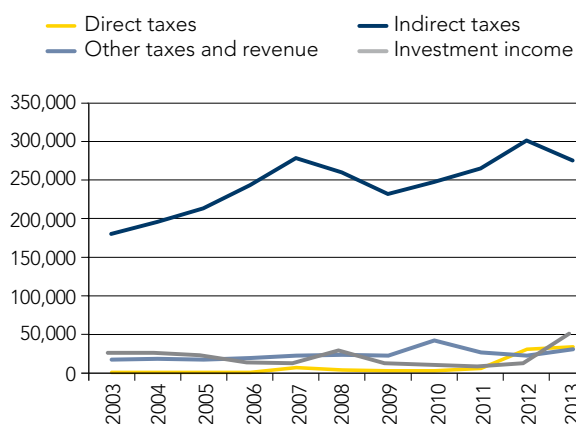
7.1.1. Revenue

Non-financial revenue settled in 2013 reached a total of 392.1 million euros, a figure that represents a budget execution rate of 108% and an interannual increase, for the fourth consecutive year, of 6.6%, compared with the 19.4% that it increased in 2012. This growth is the result, firstly, of the increase in investment income, which quadrupled in relation to the previous year and, secondly, the steep rise in revenue from other taxes and revenue (34.1%). Also significant was the contribution from direct taxes (10.1%), favoured by the new taxes applied in 2012. Moreover, some revenue was obtained from current transfers and sales of investments, although the relevance of their absolute value is minimal. On the other hand, the only revenue entry that falls is indirect tax.

In more detail, revenue from direct taxes saw progress, for the third consecutive year, of 10.1%, raising total revenue to 32.9 million euros, a new historical high.

GOVERNMENT NON-FINANCIAL REVENUE

Thousand Euros



Graphic 7.2 Source: Ministry of Finance and Public Administration

This rising trend can be explained by the increase, for the first time in six years, in revenue obtained from the tax on capital gains on property (16.6%) and, above all, the improvement in revenue from corporate tax (9.1%), which came into force in 2012, and from non-residents' income tax (15.9%), in force since 2011. However, the budget execution rate stayed at only 46%, while this chapter's percentage of total revenue rose three tenths, to 8.4%.

In contrast, revenue from indirect taxes saw a decline of 8.5%, breaking the trend of three consecutive years of growth and putting the rate of budget execution at 105%. As a result, the percentage of this entry in total non-financial revenue fell 11.6 points in relation to 2012, to reach 70.4%, although it is still clearly the most important source of finance for the Government.

The downturn in indirect taxes can be explained basically by the entry into force of the IGI which, overall, generated revenue almost 22% lower than what was collected in 2012 by the taxes it substituted (IMI (indirect goods tax), IAC (indirect tax on commercial activities), ISI (indirect service tax) – except on the provision of insurance services – IPI (indirect tax on domestic production), electricity and telephone consumption levies and notarial tax). In total, a net 95.4 million euros were settled as IGI plus 0.7 million for IMI, IAC and ISI on banking and finance (96.1 in total), which represents an execution rate of 104%. It needs to be put into context, however, that the change in the indirect tax model meant a change in application with the result that the sums settled in 2013 cannot be compared symmetrically with the sums settled in the 2012 financial year. Moreover, in the first quarter of

IMPLEMENTATION OF THE GOVERNMENT BUDGET⁽¹⁾ - Million Euros

	Settlement 2013	Variation % settlement 13/12	% execution 2013 ⁽²⁾
Direct taxes	32.9	10.1	46
On capital gains on property	1.4	16.6	57
On companies / economic activities	17.1	5.2	30
On non-residents' income	14.4	15.9	118
Indirect taxes	276.0	-8.5	105
On property transfers & doc. legal acts	3.2	-53.9	56
On consumption of goods	96.1	84.1	104
-Indirect goods tax	0.2	-99.6	-
-Tax on commercial activities	0.4	-95.4	-
- Indirect General Tax (IGI)	95.4	-	103
On consumption of services	13.3	-83.7	100
On production	1.3	-57.5	83
Special taxes	45.4	-4.6	89
On foreign trade	113.2	12.2	117
Levies	2.0	-72.4	-
On gambling	1.5	-22.0	74
Other taxes and revenues	31.7	34.1	155
Current transfers	0.8	-	-
Investment income	50.8	292.1	570
Non-financial revenue	392.1	6.6	108
Current expenditure	285.4	4.0	94
Personnel costs	94.5	0.1	97
Consumption of goods and services	44.1	5.1	90
Financial expenditure	23.8	-18.7	90
Current transfers	123.0	13.2	94
Capital expenditure	91.0	-49.6	70
Real investments	36.7	-72.9	50
Capital transfers	54.3	19.6	97
Non-financial expenditure	376.4	-17.3	87

(1) Settlement of the 2013 budget is 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 2013 these modifications represented an increase of 11.5% on the initial spending budget.

Chart 7.1

Source: Ministry of Finance and Public Administration

2013, taxes relating to the fourth quarter of 2012 were settled, such as electricity and telephone consumption levies, while regularisation of the ISI and IPI took place in the second half of 2012.

The above effect was partly compensated by a very significant rise in revenue from foreign trade taxes (12.2%). Within this section, the most important concept is the consumption tax (levied on imports chapters 1 to 24), with a major contribution from imports of beverages and tobacco which overall saw an increase in revenue of the same size (12.2%), reaching 112.5 million euros. This growth can be explained by the increases in the rate of tax passed in the financial

years 2012 and 2013, which converted foreign trade taxes into the top tax in Andorra in 2012 and holds them in this position in 2013 too, above the IGI.

The other entries forming indirect taxes saw declines of various sizes. The fall in revenue from special taxes was by 4.6%, to 45.4 million euros, putting them in third place in the ranking of revenue from indirect taxes, after the change in tax model in 2013. Along the same line, the trend in revenue from the property transfer tax saw a downturn of 53.9%, and income from the bingo tax fell 22%. In relation to the ITP (Property Transfer Tax), it should be noted that in reality the comparison with the previous year is not equivalent because application >

of the IGI meant that property transfers made by a businessman or professional within the framework of his activity are not subject to the ITP and therefore part of the revenue from property transfers in 2013 was collected as IGI rather than ITP.

The behaviour of revenue from other taxes and revenue in 2013 was more positive, with growth of 34.1%, contrasting with the decline of 14% recorded in the previous year, meaning that the budget execution rate rose to 154.7%. This trend was much better than that of the total settled revenue, resulting in an increase in its percentage of 1.7 points, to 8.1%, although still far from the high reached in 2010 (14.2%).

On making a more detailed analysis by entries, it can be seen that this growth in 2013 was basically the result of the trend in the section "unplanned" (6.8 million euros in 2013), which is greatly influenced by 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, the increase in revenue from the provision of services (32.7%) stands out, reaching the sum of 7.9 million euros. It should be remembered that within this section, the most important payment collected refers to withholding tax on savings income, in application of Law 11/2005, of 13 June, implementing the Agreement between the Principality of Andorra and the European Community relating to the establishment of measures equivalent 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 referring to the 2012 financial year was paid in, of 3.6 million euros, compared with 2.6 million in the previous year.

Another entry which grew exceptionally was repayments (582.5%), which can be explained because in 2013 the semi-public bodies STA (telephones) and FEDA (electricity) paid almost 1.2 million to co-finance the trenches and utility tunnels on several road infrastructures. On the other hand, income from taxes and goods sales suffered a downturn (of 2.1% and 47.1%, respectively). In the case of taxes, the reason for the downturn can be found in the substitution of the notarial tax by the entry into force of the IGI.

On a positive note, it should be highlighted that in 2013 the entry for investment income was 50.8 million

euros, the result of an increase of 292.1%, which exceeds the 39% that it grew in the last financial year. In this way, its percentage of the total non-financial revenue rose to 13%, the highest level since 2002, converting this revenue chapter into the second most important, only behind indirect taxes. The most significant item in this section is the distribution of profits from the semi-public bodies (98.6% of the total in 2013), which multiplied by almost five to 50.1 million euros, due to a special distribution by STA of 40 million, in response to the Government's wish not to formalise a new debt and taking advantage of the major capitalisation of the semi-public body. In effect, if there had not been this special revenue entry of 40 million, the total volume of non-financial revenue would have been lower than in 2012 and the Government would have ended the financial year with a deficit.

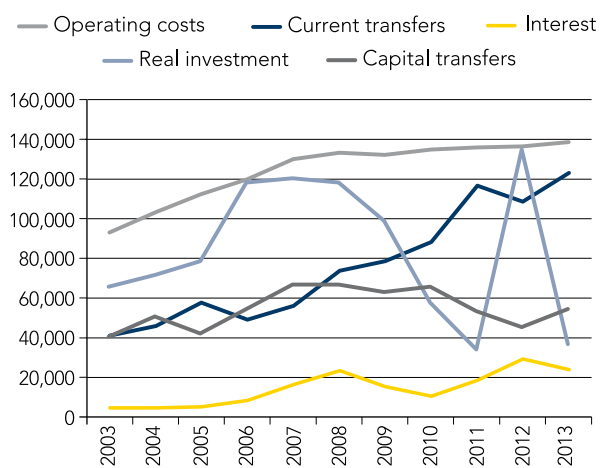
To complete the analysis of revenue, it should be added that the contributions from current transfers and the sale of real investment were only token.

7.1.2. Expenditure

Non-financial expenditure settled in 2013 reached a total of 376.4 million euros, a figure that represents a major cut of 17.3% in relation to the previous financial year, when spending set a historic record. This trend is wholly influenced by an exceptional reduction in real investment, after it also increased exceptionally in 2012 due to the payment of works carried out in previous years. So, if this factor is excluded, the trend in the other entries rose on the whole, breaking the line of austerity that marked the fiscal policy of the central Administration since 2009 and differing from the behaviour of other neighbouring economies in the Eurozone. As a result, the execution rate of non-financial expenditure in the final budget (that of the initial budget plus any modifications and increases approved during the financial year) was 86.6%, higher than in the previous year but lower than the revenue execution percentage.

As mentioned, the strong downturn in expenditure in 2013 can be explained exclusively by a major fall in capital expenditure (-49.6%), after the strong increase for exceptional reasons recorded in the previous year. This trend contrasts with the rise in current expenditure (4%), for which the rate accelerates in relation to the previous financial year.

GOVERNMENT NON-FINANCIAL EXPENDITURE Thousand Euros



Graphic 7.3 Source: Ministry of Finance and Public Administration

So, capital expenditure was only 91 million euros, half that of 2012 and close to the historic low recorded in 2011 (87.6 million). Consequently, its percentage of the total fell to 24.2%, 15.5 points less than in 2012, while the budget execution rate remained at 70%, a much lower level than in current expenditure. By chapters, the steep downturn in capital expenditure is the result of the major contraction in real investment (-72.9%), after reaching a historic high in 2012 of 135.1 million euros. It should be remembered that 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) carried out in previous financial years. So this was an exceptional occurrence, resulting in investment levels returning to minimums at the end of 2013, in line with the investment restriction policy that marked the budgets in the latest years of crisis. So, the weighting of real investment in total non-financial expenditure fell twenty points, as much as it rose in 2012, to 9.7%, only two tenths above the historic low of 2011, with an execution rate of 49.5%.

In contrast, capital transfers advanced 19.6%, after two years of steep falls, raising their execution rate to 97% and their weighting in the Government's non-financial expenditure to 14.4%, compared with the historic low of 10% recorded in 2012.

In the section of current expenditure, the increase in current transfers stands out (13.2%), contrasting with the fall in 2012. This increase raises its weighting in the total non-financial expenditure to 32.7%, so strengthening its role as first chapter in the budget expenditure, with an amount of 123 million euros. The most important entry

within this concept is transfers to semi-public bodies (46.7 million), which include the Andorran healthcare service and the Social Security (CASS).

Another chapter in current expenditure that is growing, for the second consecutive year, is consumption of goods and services, with an increase of 5.1%, double that of the year before (2.5%), leading to an increase in its share of total non-financial expenditure of 2.5 points, to 11.7%.

The trend in personnel costs was marked by stability (0.1%), compared with the fall (-0.8%) recorded in 2012, for the first time in history. This behaviour is the result of the combination of a drop in the average wage (-0.8% for all administrations) with a slight increase in the number of employees (0.2%). The wage cut can be explained because the Law on measures to contain public spending on personnel matters passed in 2012 – which includes, among other measures, a wage cut of between 5% and 10% - entered into force on 1 April 2012 and therefore did not affect wages in the first quarter of the previous year. As a result, the weighting of this chapter in the total non-financial expenditure was 25.1%, 4.3 points more than in 2012, a figure that maintains it as the second most important chapter of expenditure.

Finally, financial expenditure is the only chapter in current expenditure that shrank, and to a very significant extent (-18.7%), contrasting with the strong increases recorded in the previous two years (76% in 2011 and 55.9% in 2012). This trend can be mainly explained by falling interest on public debt, which in turn derives from a reduction in the Euribor rate passed for the 2013 financial year (0.543%) in comparison with 2012 (1.937%), so that its percentage of total non-financial expenditure fell one tenth to 6.3%.

Overall, current expenditure represented 75.8% of the Government's non-financial expenditure, 15.5 points over the previous financial year, and its execution rate rose to 93.7%.

7.2. Communes (local government) performance

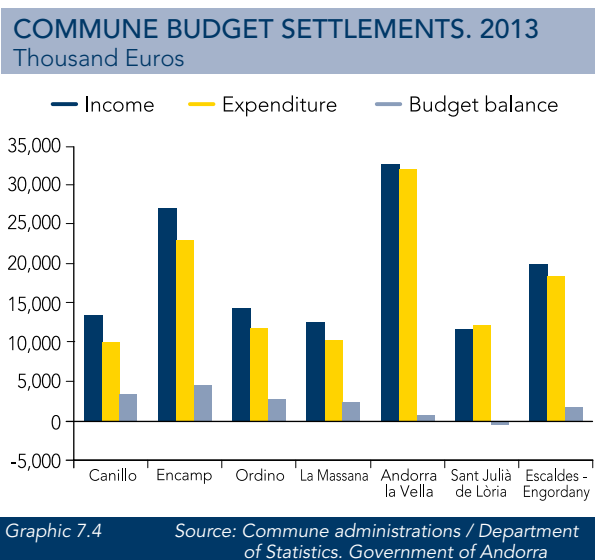
In 2013, the commune administrations' budgets, including financial assets and liabilities, were settled with a total volume of revenue of 131.6 million euros, clearly higher than the 117.4 million euros of actual expenditure. As a result, the overall balance >

of the commune administrations was positive for the sixth consecutive year, for a value of 14.2 million euros, 143.3% more than the previous year. This improvement in the communes' budget surplus was the consequence of much higher growth in revenue than in expenditure, contrasting with the downturns in both concepts recorded in 2012.

Before entering a more detailed analysis of the entries, it should be specified that the communes' budgets in 2013 were affected by the change in the tax model on the entry into force of the IGI, mainly, in two ways:

1. Real property transfers made by businessmen and professionals within the framework of their business or professional activity are subject to this new tax and no longer subject to the property transfer tax (ITP). This affects the revenue of each commune in relation to their revenue from ITP. The Communes Association started legal proceedings to challenge each of the received settlements, which had not been concluded by the end of the financial year. Faced with this situation, the Government acknowledged that the communes' claim was justified and, to resolve the situation, introduced the relevant amendments to the IGI Law during 2014.
2. On applying the IGI Law, certain services and revenue concepts generated by the communes become subject to the IGI, basically those associated with a public price that compete directly with private business.

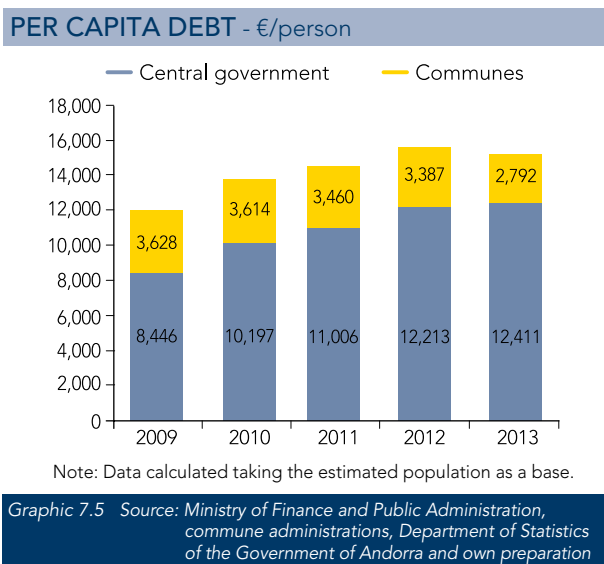
In this new tax context, more detailed analysis shows that all the communes except Sant Julià de Lòria saw fiscal surpluses which, moreover, are an improvement on the budgeted provisions for fiscal equilibrium or surplus. Of these, there are two which went from deficit to surplus (Canillo and Encamp) and three (Ordino, La Massana and Escaldes-Engordany) which increased their surpluses in relation to what they obtained in the previous year, while Andorra la Vella recorded a major reduction in its positive balance and Sant Julià de Lòria is the only one to settle with a deficit. In this way, Encamp was the commune with the largest surplus (4.3 million euros), after two years of deficit. In second place was Canillo, with a surplus of 3.4 million euros, which also means a change in direction compared with the slight deficit recorded in 2012. Lastly come Ordino, La Massana and Escaldes-Engordany (2.5, 2.3 and 1.7 million, respectively), improving on the positive rates obtained in the previous year, and then there is Andorra la Vella (0.5 million), having been the commune with the highest surplus in 2012 (5.7 million), basically due to taking out a loan of 3.5 million euros to finance the works on the new administrative building. At the other end of



the scale, the only commune which closed its accounts with a deficit was Sant Julià de Lòria (-0.5 million), which had not happened since 2008. Among the reasons to explain this negative result is the grant of a loan of 1.6 million euros to the company Camprabassa, SA, which operates the Naturlàndia adventure park.

As for debt, 2013 ended with an accumulated consolidated commune debt of 195.3 million euros, according to data published by them which are still provisional because they are still pending review by the Court of Accounts. This figure represents a reduction of 17.3% compared with the 2012 data, already reviewed by the Court, providing continuity and accelerating the falling trend started in 2010, which was possible thanks to the fiscal surplus obtained. In this way, all the communes stand below the debt level fixed by the Law (200% of average settled revenue in the last three financial years), unlike previous years, when several communes passed this threshold, especially La Massana.

So, the communes represent 18.4% of the total public debt (i.e. the sum of the debts of the central Administration and the communes), 3.3 points less than in 2012, and a percentage that lies below its weighting in the non-financial public spending of the administrations (21.2%), and represents about 8% of Andorran GDP. Altogether, this means that in relative terms they are less indebted than the Government, a situation that inverted in comparison with previous years, thanks to fiscal consolidation efforts. In aggregate terms, the total debt of Andorra (adding together the central administration and the communes) represents 43.5% of GDP, almost one point less than in 2012 and a per capita



debt (calculated according to the estimated population) of 15,203 euros, 2.5% less than in 2012, breaking the strong rising trend that marked recent years.

By parishes, only Sant Julià de Lòria increased its debt in 2013, in keeping with the deficit in its accounts, while all the others reduced it, also in keeping with the fiscal surplus obtained. It should be noted that the most indebted commune is still Andorra la Vella (26.6% of the total commune debt) in keeping with its higher economic weighting, while the lowest debt level is found in Canillo (9.3% of the total), as it was one of the ones that most reduced it in 2013. Finally, it should be noted that the commune that saw the relatively highest cut in debt is La Massana (-55.6%). Now, it should be specified that this cut can be explained because the company EMAP, SAU, which operates the Pal-Arinsal snow resort, resolved to issue preferred shares for the value of 19 million euros with the objective of strengthening the company's net assets, instead of issuing long-term debt. This enabled La Massana to comply with the debt limit fixed by the Law, in contrast with the excessive debt recorded in previous years.

7.2.1. Revenue

In the 2013 financial year, the communes settled total revenue of 131.6 million euros, representing a rise of 10% in relation to the previous year, after four consecutive years of declines, so returning it to a level close to that of 2010. The settlement of revenue exceeded the budgeted figure (104.3%) but this did not prevent its weighting in the total Andorran public sector revenue (i.e. the central Administration plus the

communes) from continuing to fall, for the seventh consecutive year, to represent only 11%, 2.8 points less than in 2012 and the lowest figure in the available historic series since 1991. It must be said, however, that a low level such as this is very distorted by the volume of financial liabilities of the central Administration, the result of its debt requirements, which greatly increased its revenue from 2009, artificially lowering the communes' share of the total.

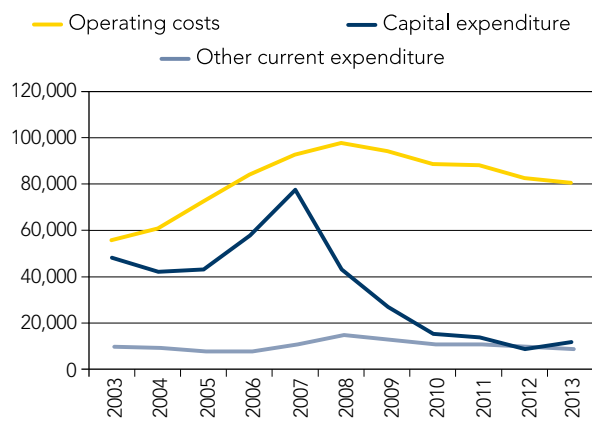
By parishes, only Andorra la Vella saw a fall in revenue (-9.1%), although this can be explained by the exceptional credit of 3.5 million euros which was included in the 2012 accounts, helping to explain the reduction in its budget surplus in 2013. So, if only non-financial revenue is taken into account, the trend was slightly positive (0.7%), if more modest than the rest of the communes. At the other extreme, the most important increase was in Ordino (39.9%), followed by Encamp (24.8%), Canillo (23.8%) and La Massana (11.9%), a trend which in any case represents a clear improvement in relation to the falls recorded in the last four years. The growth in revenue was more moderate in Escaldes-Engordany (6.4%) and Sant Julià de Lòria (5.9%), levels that also represent a change in trend compared with the declines they suffered in 2012. These increases in revenue, combined with the cut in expenditure or with lower increases in expenditure, explain the improvement in the budget balances of almost all the communes. In this context, Andorra la Vella maintains first place in the commune ranking by volume of revenue, with 32.7 million (24.8% of the total), while Sant Julià de Lòria became the commune with the least revenue, with 8.9% of the total, equal to 11.7 million euros.

7.2.2. Expenditure

The settlement of commune expenditure in 2013 shows an increase of 3.2%, breaking the period of five consecutive years of declines. It should be put into context, however, that non-financial expenditure stagnated, while financial transactions increased 28%, to a large extent thanks to repayment of debt. This progress put the percentage of execution of total expenditure in relation to the budget at 93.4%. Despite the rising trend, commune expenditure's percentage of total public sector spending in Andorra (i.e. the central Administration plus the communes) continued to shrink to 10.3%, 2.8 points less than in 2012 and a percentage that remains lower than its percentage of revenue. It should be added that the communes' low >

COMMUNES' NON-FINANCIAL EXPENDITURE

Thousand Euros



Graphic 7.6 Source: Commune administrations / Department of Statistics. Government of Andorra

share of total public sector expenditure depends, as was already commented in the revenue section, on the variations in the financial liabilities of the central Administration, linked to their debt requirements. So, if only non-financial expenditure is taken into account, commune expenditure's percentage of total expenditure rises to 21.2%.

By chapters, the increase in commune expenditure can be explained by the increase in capital expenditure (34.7%) and the increase in financial assets and liabilities (63.7% and 20.9%, respectively), contrasting with the cut suffered by current expenditure. More detailed analysis reflects that current expenditure falls, for the fifth consecutive year, by 3.3%, although at a lower rate than in 2012 (-6.7%). Within this section, all chapters shrink except for current transfers (5.8%): personnel costs – the largest chapter with 42% of total expenditure – were cut for the third consecutive year, by 2.2%, a trend that demonstrates the communes' effort

towards fiscal containment. The strongest reduction occurred in financial expenditure (-34.4%) which was made possible, basically, by the effort to reduce the debt. Consumption of current goods and services also saw a fall, of 2.6%, representing a slowdown in relation to the previous financial year, when it was the current expenditure chapter that contracted most (-13.3%).

In relation to capital expenditure, it can be seen that the communes softened the line of great austerity which marked the last five years, with a global increase of 34.7%, putting the investment effort at 11.7 million euros. It should be remembered that the accumulated fall between 2007 and 2012 was 89%, showing that investment absorbed a major part of the budget adjustment policies in recent years. Capital spending growth was noted in both real investment (40.6%) and capital transfers (13.9%).

To conclude, the division of spending by parishes shows a quite variable trend. On the one hand, three communes increased expenditure: Ordino (34.2%), Sant Julià de Lòria (12.2%) and Andorra la Vella (6.4%), contrasting with the reductions applied in 2012, so that the last two were the communes with the lowest settled budget balance. On the other hand are notably the spending cuts in Canillo (-9.5%) and Encamp (-4.7%) which, combined with the strong growth in revenue, enabled them to be the communes that most improved their budget balance in relation to 2012. Finally, La Massana and Escaldes-Engordany applied more modest spending cuts (-2.6% and -1.2%, respectively). As a result and following the same pattern as revenue, Andorra la Vella is still in first position in the ranking of communes by volume of expenditure, with a percentage of 27.4%, while Canillo is the commune with the lowest expenditure (8.5% of the total).

BUDGET SETTLEMENTS FOR THE COMMUNE ADMINISTRATIONS - Thousand Euros

	Income			Expenditure		
	2013	Var. 13/12	% 2013	2013	Var. 13/12	% 2013
Canillo	13,362.77	23.8	10.2	9,997.28	-9.5	8.5
Encamp	27,159.63	24.8	20.6	22,867.92	-4.7	19.5
Ordino	14,227.50	39.9	10.8	11,683.01	34.2	9.9
La Massana	12,427.83	11.9	9.4	10,131.57	-2.6	8.6
Andorra la Vella	32,679.02	-9.1	24.8	32,156.64	6.4	27.4
Sant Julià de Lòria	11,668.17	5.9	8.9	12,209.83	12.2	10.4
Escaldes-Engordany	20,080.11	6.4	15.3	18,374.39	-1.2	15.6
Total	131,605.03	10.0	100.0	117,420.65	3.2	100.0

Chart 7.2

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

THE ANDORRAN ECONOMY: DEVELOPMENTS IN THE MAIN SECTORS

8. THE PRIMARY SECTOR

Following the line of recent financial years, the primary sector continues to stagnate, despite the efforts made by farmers to introduce improvements, whether to achieve better economic results or to consolidate products that have been successful in the last few years, or to expand new farms. The climate has a major influence on the success of some crops, especially in the case of tobacco, which can be easily damaged, both in volume and in quality.

Overall, the primary sector has not seen many variations over the years. So, in the 2013 financial year, the data are very similar to those of the previous years. The number of workers reached the figure of 166, four more than in the previous year. Average monthly wages grew 6.8%, but in 2012 they fell 6.3%, meaning that average wages simply returned to 2011 levels. The number of farms was 322, 12% less than in previous years, but the total farm surface area remained almost stable: it increased 0.3%. By type of farm it should be noted that those dedicated to vines, potatoes and aromatic and medicinal plants diminished significantly, while those dedicated to forage, fallow and pasture increased.

Livestock breeding, as in recent years, generally maintained a fairly stable trend. The number of livestock only fell 0.5% in relation to 2012. As for sheep, the number of heads remained at the same levels as the previous year; on the other hand, the number of cattle saw a downturn of 2.6% while horses and goats increased 0.5% and 2.7%, respectively.

On the other hand, in October 2013, Andorran veal, under the denomination *Carn d'Andorra* (Andorran Meat), ended the process of recognition and registration as a Designation of Origin and Protected Geographical Indication (PGI); so, since November the producers have been able to commercialise the meat under the control and guarantee stamp "Carn de qualitat controlada d'Andorra" (Quality-controlled meat from Andorra) and with the Protected Geographical Indication stamp "Carn d'Andorra IGP" (Andorran Meat).

After starting a trial on fattening foals to promote horse production in Andorra in 2012, efforts continued to market it throughout the 2013 financial year; the response was generally good although trials coincided with two frauds related to horsemeat, which had a major impact in the media and made marketing the meat difficult.

The tobacco harvest in 2013, as in the previous year, was also affected by the heavy hailstorms that fell in summer. Specifically, the kilogrammes of tobacco produced, once the amount delivered by each harvester is adjusted in relation to their assigned quota, was 234,176.3 kg, 0.7% less than the previous year. The hailstorms most affected the parish of Andorra la Vella, where the harvest was 18.9% lower than in 2012, and to a lesser extent, but equally seriously, the parishes of Escaldes-Engordany (-3.5%), Sant Julià de Lòria (-4.5%) and La Massana, although the harvest in the latter increased 2.9%.

Andorra is still making efforts to expand profitable crops, such as the potato. The potato harvest was good but sales figures did not meet expectations. The cooperative for the producers, Sabors i Aromes, despite showing some economic difficulties, is working to research alternatives and to draw up a new feasibility study to ensure the profitability of this crop.

TOBACCO HARVEST BY PARISHES		
Kilogrammes		
	2013	Var. 13/12 (%)
Canillo	15,720.6	80.4
Encamp	26,811.3	-2.1
Ordino	34,114.1	1.3
La Massana	45,119.7	2.9
Andorra la Vella	24,422.6	-18.9
Sant Julià de Lòria	77,091.1	-4.5
Escaldes-Engordany	10,896.9	-3.5
Total	234,176.3	-0.7

Chart 8.1 Source: Department of Agriculture, Government of Andorra; Andorran Tobacco Product Manufacturers Association (AFPTA)

9.INDUSTRY

Overall, the results of the industrial sector in the 2013 financial year are not positive but, nevertheless, appear less unfavourable than in previous years and, moreover, expectations improve a little in the second half.

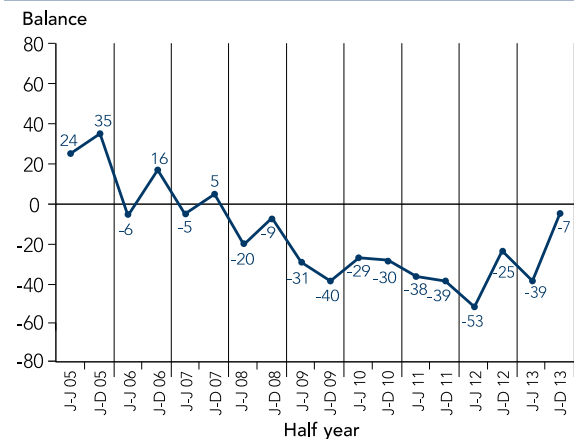
Specifically, there was a decrease of nine businesses, a reality that means a downturn of 4.6% in relation to 2012. In parallel, the average number of employees in the overall sector also fell 3.8%, a drop which, despite being quite significant, was lower than that in the previous two years. It should be noted, however, that since the beginning of the crisis in 2007, the number of employees fell by 364, which in terms of percentage means more than 20% of employment in the sector. The average wage continued a fairly stable trend, as it only rose 0.8%.

The results of the Chamber's situation surveys, which clearly reflect the opinion of businesses about the situation of their business, indicate that the crisis continues but that its intensity decreased a little, especially throughout the second half of the year.

So, the results of the survey for the first half of 2013 confirm that the decline in the industrial sector, despite an overall climate of still very negative business, moderated a little, for the second consecutive half-year, in line with a global economic context tending towards slow improvement. Specifically, the evaluations by businesspeople of business activity remained at a mostly unfavourable level but, in general terms, they did not consider it as bad as one year before.

In parallel, the majority of businesses also indicated falling production levels which, although significant, were not as marked as in the same period in 2012, when the sector suffered an especially steep downturn in activity. This smaller contraction in production could be partly attributed to a certain recovery in the rate of exports (foreign sales grew 17.7% interannual in the first six months of 2013), meaning an optimistic front against the current situation of a lack of impetus in domestic demand and which, undoubtedly, becomes a necessary support for consolidating the path towards recovery in business in the sector. On the other hand, according to this general situation of scarce activity, the rate of productive capacity utilisation remained low, 57.8% on average, very close to the average rate in 2012, only 3.6 points above the minimum obtained a year before. So, the unsatisfactory trend in the order

BUSINESS ACTIVITY - Industrial sector



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

Graphic 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

book – with 57% of the surveyed businesses putting this at very low levels – prevents the sector from being more optimistic, in a context in which businesses continue to reduce spending on investment and, moreover, try to keep stocks at a minimum. The volume of stocks of finished products reached a level slightly above the levels considered appropriate for the time of year and in relation to prices, businesses have pushed a new cut in sales prices, for the tenth consecutive year. Finally, the decline in activity continued to affect the contraction in employment in the sector, with significant adjustments in staff.

The results of the Chamber's situation survey in the second half of 2013 clearly indicate that the decline in the industrial sector slowed. So, the majority of indicators for the sector, both in activity and confidence, although showing an appreciable level of weakness, slowed their deterioration of a few months before and, overall, presented somewhat better levels than in previous half-years. The opinions of businesses about business activity were still at an unfavourable level but, in general, they suggest a less pessimistic reading of the industrial situation: the percentage of businesspeople who evaluated business trends negatively fell below 30% for the first time since the crisis started.

In parallel, the downturn in production was not as marked as in the two previous half-years and this confirms that the rate of decline in activity is slowing. Along the same line, the average rate of productive capacity utilisation picked up this half-year to reach

BUSINESSES' OPINIONS ABOUT TRENDS IN INDUSTRY - % of businesses

		2011			2012			2013		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	14	10	12	5	12	8.5	12	22	17
	Normal	34	41	37.5	37	52	44.5	37	49	43
	Bad	52	49	50.5	58	37	47.5	51	29	40
	Balance	-38	-39	-38.5	-53	-25	-39	-39	-7	-23
2. Orders (reviewed half year)	High	3	6	4.5	2	7	4.5	7	9	8
	Normal	34	25	29.5	27	27	27	36	39	37.5
	Low	63	69	66	71	67	69	57	52	54.5
	Balance	-60	-63	-61.5	-69	-60	-64.5	-50	-43	-46.5
3. Stocks of finished products (reviewed half year)	Excessive	6	13	9.5	7	10	8.5	8	6	7
	Adequate	38	36	37	48	52	50	48	49	48.5
	Insufficient	5	1	3	2	2	2	3	6	4.5
	No stocks	52	50	51	43	36	39.5	42	39	40.5
	Balance	1	12	6.5	5	8	6.5	5	0	2.5
4. Average productive capacity utilisation (as %) (reviewed half year)		56.7	55.6	56.2	54.2	61.1	57.7	57.8	67.7	62.7
5. Production (compared with same half year of previous year)	Higher	14	10	12	2	21	11.5	13	21	17
	Similar	22	35	28.5	35	28	31.5	39	31	35
	Lower	64	55	59.5	63	52	57.5	48	48	48
	Balance	-50	-45	-47.5	-61	-31	-46	-35	-27	-31
6. Sales prices (compared with previous half year)	Higher	8	3	5.5	2	8	5	2	2	2
	Equal	58	67	62.5	64	58	61	68	81	74.5
	Lower	34	31	32.5	34	33	33.5	30	17	23.5
	Balance	-26	-28	-27	-32	-25	-28.5	-28	-15	-21.5
7. Number of employees (compared with previous half year)	More	9	8	8.5	16	15	15.5	9	9	9
	Equal	70	68	69	66	66	66	70	80	75
	Less	20	24	22	18	19	18.5	21	11	16
	Balance	-11	-16	-13.5	-2	-4	-3	-12	-2	-7

Chart 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

67.7%, the highest value in the last six years and 10 points higher than the average in 2012. Stocks of finished products shrank a little, coming closer to the level considered normal. Despite this smaller downturn in activity, the order book again showed a very depressed profile in the last six months of 2013, demonstrating the still very weak behaviour of demand and confirming the sector's difficulties in managing a swift, sustained short-term path to recovery. On the other hand, businesses indicated a slight drop in the number of workers in the sector and also new reductions in sales prices, despite the pressure from costs, to gain competitiveness and reactivate sales, faced with the persistent downturn in consumption and the low investment capacity of businesses and individuals.

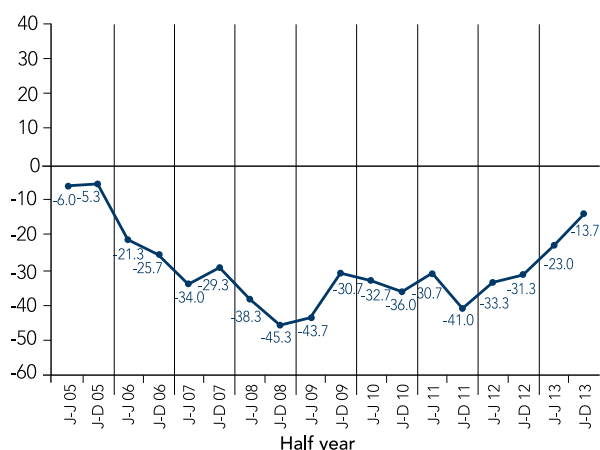
The business prospects for the first half of 2014 confirm the change in trend towards a slower rate of contraction in industrial activity. Overall, a more stable trend in business activity is expected and a slightly

more favourable order book and production volumes, indicating a gentle improvement in levels of activity in the sector. The average rate of productive capacity utilisation will remain close to current levels (around 67%) and new downward adjustments in staff and sales prices are expected.

The industry confidence indicator, despite still showing a major level of pessimism, has recovered a little in relation to previous half-years, to reach -13.7 points, a still quite negative value which does, however, represent the most favourable level of the last eight years.

Weak demand remains the main obstacle restricting good business activity, with 89% of businesses pointing to it. The other factors most often listed by businesses were increased competitiveness (45%), finance or treasury problems (41%) and increased operating costs (38%), for which figures doubled in comparison with the previous year.

CONFIDENCE INDICATOR⁽¹⁾ - 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

The tobacco industry remained relatively stable. The number of establishments, seven in total, did not vary in relation to 2012, and employment in this branch fell 1.3% to reach an average of 283 employees in 2013. The

group of employees in the tobacco industry represents 20.5% of total workers in the manufacturing industries. Tobacco imports reached a total of 32,869.19K Euros, 5.8% more than in 2012.

A rainier year than previous years allowed for national hydroelectric power to grow notably, specifically 33.6%, and so it reached the highest figure in the last 15 years. Thermal energy from urban waste also increased 10.5%. On the other hand, domestic consumption fell slightly about 2%. Electricity imports, with the combination of increased production and reduced consumption, fell 7.6%, the lowest rate of fall in the last 15 years. By sectors, consumption fell in most branches and only saw rises in the sub-sectors of industries (+36.2%), public lighting (+7.7%) and domestic use (+2.7%).

Finally, total fuel consumption continued to feel the crisis and fell again; fuels have been following this negative trend for eight years now. Overall, the reduction in fuel imports was 2.3%. By type, only imports of domestic heating oil increased (+3.0%), while unleaded petrol and diesel fell -6.3% and -4.2%, respectively.

10. CONSTRUCTION AND RELATED INDUSTRIES

The construction and related industries sector is, undoubtedly, the Andorran activity most affected by the crisis that began in 2007. All available indicators for the sector reflect this continued downturn in activity: number of businesses, size, number of employees, wage growth, energy consumption, volume of works carried out, public investment, imports of building materials, surface areas authorised for building, the Chamber's business opinion surveys, etc.

In 2013, the number of businesses shrank again and their size, measured by the number of employees, also shrinks every year; this year there is now no business with more than one hundred workers. In 2013, the average number of employees fell 12.9% and already accumulates seven consecutive years of strong downturns. So, employment in construction currently represents less than half the employment there was in 2006 (2,847 employees in 2013 compared with 6,908 employees in 2006). Imports of building materials saw a slight decline and reached 24,929.33K Euros, 1.5% less than in 2012. Now, if this is compared with the maximum figure reached in 2006, 72,394.23K Euros, this means that imports in 2013 represent almost a third

of those recorded in 2006. Electricity consumption by this sector saw a fall of 15.7% in relation to 2012, the steepest fall since 2008. So, MWh consumed in 2013 are less than 30% of those consumed in 2006. This situation of extreme crisis is also clearly reflected in the applications for new-build surface areas. This year, the authorised surface area was only 52,413 m², 2% less than in 2012 and a figure that represents less than half of the authorised square metres in 2006, in comparable terms.

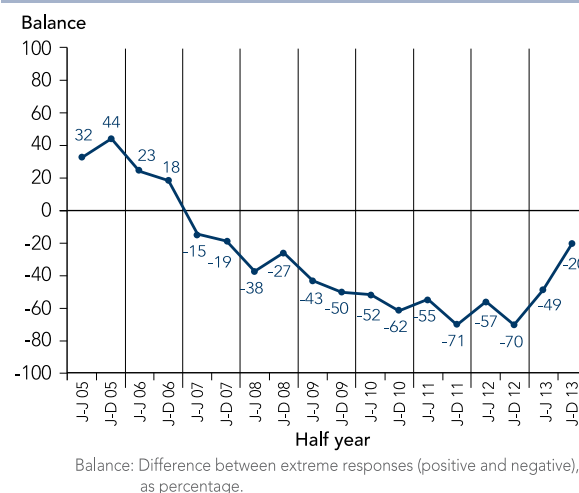
The public sector did not help to drive activity in the building sector either. In this financial year, the Government's real investments fell steeply, by 72.9%, meaning that the 135.1 million euros in 2012 fell to 36.7 million euros in 2013; it should be taken into account, however, that to a great extent the figure in 2012 relates to payments for works carried out in previous years. Real investment by the Communes, on the other hand, saw an increase of 40.6%, after five consecutive years of major cuts. Not all public real investment is in public works, but they are a major part and reflect how the public sector has affected the building sector.

The results of the Chamber's surveys also reflect this situation of crisis, although the negative trend is not as intense, maybe because the downturn was very steep in previous years.

The survey in the first half of 2013 reflects that, after twelve consecutive half-years of deep recession in activity, the building sector continued to show the most negative results in the economy as a whole. Now, it has to be put into context that, despite the fact that building activity continued to decline strongly, the less favourable trend in some indicators – both in activity and confidence – suggests that the strong rate of fall of previous financial years is starting to slow. Specifically, the opinions gathered in this situation survey by the Chamber confirm that business activity is still considered to be very bad but less negative than in the last three years in comparative terms.

Along the same line, building companies have indicated a major decline in the levels of work carried out in relation to the two preceding half-years, although there are signs of a slowing trend in the rate of decline recorded in previous periods. Overall, the trend in the volume of contracted works continued to show a very depressed profile, especially in the subsector of non-residential construction - which continues to face a very sudden standstill in activity – but also in the field of civil works, where the public austerity plans for infrastructure projects persist. On the other hand, the downturn in contracts for works in the segment of residential construction tended to slow, basically thanks

BUSINESS ACTIVITY - Construction sector



Graphic 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

to the greater dynamism in activities linked to housing refurbishment which, for the first time since the start of the crisis, began to give clear signs of reactivation. Finally, this low rate of activity marking the sector continued to have an impact on sales prices, which maintained their downward path and also the labour market, with a major interannual reduction in employees.

The results of the situation survey in the second half of 2013 confirm that activity in the construction sector is still in clear recession. Now, although the background trend continues to be very negative, for now it seems that the intensity of the downturn in this sector is waning and the worst of the recessive phase, which >

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

		2011			2012			2013		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	4	0	2	7	4	5.5	7	13	10
	Normal	37	29	33	29	22	25.5	38	53	45.5
	Bad	59	71	65	64	74	69	56	33	44.5
	Balance	-55	-71	-63	-57	-70	-63.5	-49	-20	-34.5
2. Volume of works carried out (compared with same half year of previous year)	Higher	4	4	4	7	7	7	5	24	14.5
	Equal	22	15	18.5	20	18	19	37	22	29.5
	Lower	74	81	77.5	73	76	74.5	58	54	56
	Balance	-70	-77	-73.5	-66	-69	-67.5	-53	-30	-41.5
3. Contract unit prices (compared with previous half year)	Higher	0	0	0	0	0	0	0	2	1
	Equal	36	38	37	38	33	35.5	47	64	55.5
	Lower	64	63	63.5	62	67	64.5	53	34	43.5
	Balance	-64	-63	-63.5	-62	-67	-64.5	-53	-32	-42.5
4. Number of employees (compared with previous half year)	More	2	4	3	7	4	5.5	7	16	11.5
	Equal	57	50	53.5	47	50	48.5	58	71	64.5
	Less	41	46	43.5	47	46	46.5	36	13	24.5
	Balance	-39	-42	-40.5	-40	-42	-41	-29	3	-13

Chart 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

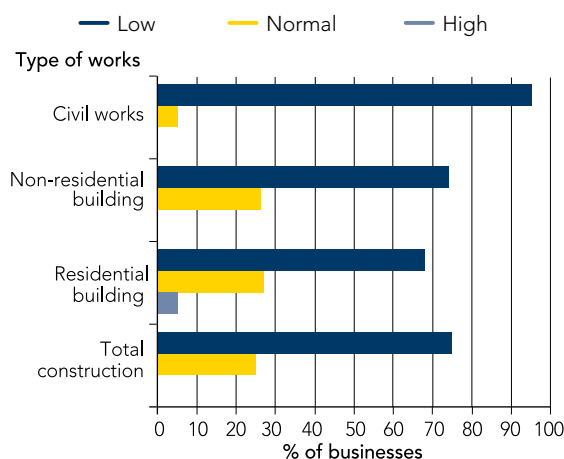
now accumulates seven years of major downturns, has begun to be left behind. Specifically, the evaluations of businesspeople about the trend in business activity reflect a still fairly pessimistic climate, but less intense and generalised than in previous periods.

Equally, the rate of decline in the volume of works carried out has eased off and indicates a trend towards more moderate levels of adjustment. Nevertheless, the trend in contracted works, which sets out future levels of activity, again presented very poor levels and, therefore, does not allow us to be very optimistic about a strong reactivation in this sector within the next few months. By type of construction, the volume of contracts was still very unfavourable in the non-residential building branch and showed a particularly depressed tone in the field of civil works, with activity remaining at minimums, despite the efforts of the public administration to increase the volume of works tendered in 2013. In the segment of residential works, although the decline in activity slowed a little, overall contracts also reached rather unsatisfactory levels.

This situation shows the low dynamism that persists in the building sub-sector, which can be explained by the deterioration in available family income, the instability of the labour market and hardening credit concession, factors that continue to limit access to the purchase of a home. In general terms, this deceleration in the rate of fall in activity slightly slowed the decline in sales prices and favoured a labour market trend more dominated by stability.

The prospects of businesses for the first half of 2014 indicate that the pending adjustment in activity is still expected to be considerable but, despite everything, it would appear that the sector is already closer to rock bottom. So, businesses expect a more stable trend in

CONTRACTED WORKS - Construction sector July-December 2013 half year



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

activity and a more contained decline in works carried out. In the opinion of businesses, the decline in the volume of contracts will continue a more moderate profile, both in the building sub-sector – which will continue to receive the impetus from greater dynamism in activities linked to refurbishment and renovations – and also the civil works segment if, as expected by businesses, the public investment actions provided for 2014 crystallise. Finally, it is expected that sales prices will continue to fall and that employment will continue to follow a gentler line of contraction.

As for the factors limiting improvement in business, weak demand is still the obstacle most cited by businesses, with a frequency of 89%. However, the increase in competitiveness – mentioned by 53% of those surveyed – has gained ground and becomes the second most important factor, followed by finance and treasury problems, which still concern a significant percentage of businesses (40% of the total).

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND. Works awarded in 2013 or previous years and finished in 2013

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (June 2014)
New Seat of Justice	New seat of Justice and extension to the Government administrative building; phase I Proj. 0018/2002/ Commune outbuildings	LOCUBSA	Jan-05	89 months	18,713,715.34 €	Finished
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
Link-road CG2 – Encamp bypass	Link-road CG2 Encamp bypass - Ave. Joan Martí; phase III. (Mirador d'Encamp zone) Proj. 0021/2010	TP COMESA	May-12	12 months	819,399.40 €	Finished
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 Proj. 0025/2012	TP LA COMA	Aug-12	7 weeks	144,920.23 €	Finished

Chart 10.2

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (June 2014)
Avalanche and risk protection	Stabilise slope at Roc Corbs - Solana Andorra; phase III	DESPLOM	Aug-12	2 months	255,895.35 €	Finished
Mountain huts	Construction of Borda de Sorteny mountain hut Proj 0009/2012	COPSA	Sept-12	5 months	474,534.21 €	Finished
Avalanche & risk protection	Rock protection CG3. Section Pedrera tunnel – Sant Antoni tunnel. Proj. 0015/2012	INACCÉS	Sept-12	12 months	897,494.83 €	Finished
CG3; crossroads CS340 - El Serrat	CG3; La Cortinada roundabout. Proj. 0014/2012	DRAGASA	Oct-12	4.5 months	291,760.20 €	Finished
CG1; Margineda bridge – frontier and access	Straighten and improve drainage CG1- Riberola. Proj 0034/2012	COPSA	Nov-12	7 weeks	152,637.66 €	Finished
Public buildings	Active security at Edifici Les Columnes	EMTE	Nov-12	11 weeks	81,844.52 €	Finished
Public buildings	Central heating COEX – Cortinada	SIMCO	Dec-12	6 weeks	30,842.63 €	Finished
Isolated functional road network improvements	Replacing pedestrian crossing and other improvements to La Margineda zone. Proj. 0039/2012	CONSTRUCCIONS MODERNES	Dec-12	2 months	63,978.73 €	Finished
CG3; River Montaner bridge - CG4 crossroads	Repairing CG3 - CS320; Sispony. Proj. 0026/2012	TP UNITAS ARMENGOL & MONTANÉ	Dec-12	14 weeks	344,785.31 €	Finished
Avalanche and risk protection	Direct stabilisation of sector SV1 at Roc de St.Vicenç (Solana d'Andorra la Vella). Proj. 0047/2012	DESPLOM	Jan-13	1 month	92,921.80 €	Finished
Stream and river protection	Dredge Gran Valira river - Parc Central zone	TP COMESA	Jan-13	6 weeks	46,029.72 €	Finished
Schools	Demolish Aixovall modules	LOCUBSA	Jan-13	8 weeks	70,034.46 €	Finished
Refurbish Meritxell Church	Electrical works at Meritxell Church. Proj. 0051/2012	INSTAL·LACIONS INTEGRALS	Jan-13	8 weeks	53,139.52 €	Finished
Repairs, masonry, roads	Stabilise Puiol del Piu road, CS500; phase II. Proj. 0029/2012	DRAGASA	Jan-13	2 months	172,347.88 €	Finished
Repairs, masonry, roads	Repair pedestrian access to CG3 – by eastern exit of Dos Valires tunnel. Proj. 0053/2012	LOCUBSA	Jan-13	3 months	88,091.88 €	Finished
Avalanche and risk protection	Directly stabilise slope of Roc Corbs at Solana d'Andorra la Vella; phase IV. Proj. 0013/2012	INACCÉS	Jan-13	3 months	348,683.27 €	Finished
Avalanche and risk protection	Repair barriers MET 2012. Proj. 0035/2012	DRAGASA	Jan-13	13 weeks	164,435.23 €	Finished
Repairs, masonry, roads	Repair CG3 PK 15+200 (Torrent de Farreres). Proj. 0002/2011	CONSTRUCCIONS PURROY	Jan-13	15 weeks	92,633.92 €	Finished
Construction (sewers)	Restabilising various sections of main sewer - 2012. Proj. 0040/2012	CONSTRUCCIONS MODERNES	Jan-13	4 months	244,103.18 €	Finished
National stadium Stream and river protection	Channelling right edge Valira – sports field. Proj. 0049/2012	COPSA	Jan-13	20 weeks	657,807.38 €	Finished
Construction (sewers)	North-east sewer; Bordes Envalira - Soldeu; phase II. Prat de la Borda fins al Prat de Botàs. Proj. 0051/2008	CEACSA	Jan-13	10 months	352,267.22 €	Finished
Road signs	Supplying safety barriers and motorbike protection on roads CG & CS - 2013	MULTISERVEIS COPRINCEP	May-13	5 days	48,231.56 €	Finished
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 €	Finished
Road signs	Install safety barrier on CG & CS - 2013	PROGEC	June-13	6 months	47,617.31 €	Finished
Schools	Refurbishment of Andorran School kindergarten playground in Santa Coloma. Proj. 0018/2013	CONSTRUCTORA IMMOBILIÀRIA CARRACEDO	Jul-13	4 weeks	94,282.56 €	Finished
Stabilising banks	Stabilising bank – area of Sant Ermengol school car park. Proj. 0017/2013	DRAGASA	Jul-13	4 weeks	49,073.80 €	Finished
Schools	Repairs to main façade of Pas de la Casa school. Proj. 0036/2013	EMPUB	Jul-13	7 weeks	171,943.76 €	Finished
Isolated functional road network improvements	Improved access at Pont de París. Proj. 0010/2013	COPSA	Jul-13	2 months	78,634.64 €	Finished
Schools / Public buildings	Refurbishment and extension of La Gavernera children's home. Proj. 0004/2013	COPSA	Jul-13	16 weeks	409,280.51 €	Finished
Schools	Removal of modules and preparation of ground at La Covanella. Proj. 0040/2013	PROGEC	Sept-13	12 weeks	139,903.76 €	Finished
CG1; Margineda bridge – frontier and access roads / Construction (sewers)	Remodelling Ave. Rocafort. Proj. 0011/2013	COPSA	Sept-13	29 weeks	617,782.50 €	Finished

Chart 10.2

Source: Department of Land Planning, Government of Andorra

WORKS BY THE MINISTRY OF THE ECONOMY AND LAND.

Works awarded in 2013 or previous years, finished or in progress in 2014

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (June 2014)
Isolated functional road network improvements	Roundabout CG3, edge of Escaldes-Engordany, PK 2+200. Proj. 0047/2008	CEVALLS	May-09	20 months	4,035,213.71 €	In progress
Mountain huts	Equipping Borda de Sorteny mountain hut	MANCOMUNITAT DEL COMÚ i DELS QUARTS - ORDINO	Apr-12	5 months	478,922.95 €	In progress
Schools	Anchors Margineda Institute	PIRINEU INSPECCIÓ i CONTROL	May-12	8 weeks	71,385.60 €	Finished
Roundabout Ave. Dr. Vilanova - Ave. Tarragona	Roundabout CG1 - Dr. Vilanova. Proj. 0029/2009	COPSA	Aug-12	17 months	2,458,195.77 €	Finished
Construction (sewers) Stream and river protection	Sewer – area of Escaldes-Engordany. Proj. 0056/2008	TP UNITAS ARMENGOL & MONTANÉ	Sept-12	12 months	805,154.35 €	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
Construction (sewers)	Connection from Mereig sewer to main sewers. North-east system. Proj. 0036/2012	CONSTRUCCIONS LOAN	Jan-13	6 weeks	38,066.01 €	Finished
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
Ordino school	Extend Germans de Riba school in Ordino. Proj. 0011/2012	COPSA	Jan-13	17 months	3,249,157.88 €	In progress
Resurfacing of CG, CS and streets	Resurfacing or reinforcement of road surfaces of CG and CS and streets - 2013	PAVAND	March-13	10 months	4,499,900.08 €	Finished
National stadium	Construction works on national stadium. Proj. 0015/2011	LOCUBSA	Apr-13	15 months	3,779,887.63 €	In progress
Repairs, masonry, roads	Works to repair pavement CG1 to PK 3+500. Proj. 0014/2013	CONSTRUCCIONS MODERNES	May-13	3 weeks	54,452.48 €	In progress
Ràdio Andorra	Emergency work on Ràdio Andorra building; phase III. Proj. 0008/2013	COANSA	Jul-13	16 weeks	179,375.53 €	Finished
Construction (sewers)	Repair last section of rainwater system in area of Serra de l'Honor. Proj. 0021/2013	COPSA	Aug-13	8 weeks	188,365.14 €	Finished
Avalanche and risk protection	Dynamic barriers on CG1.in area of Aixovall crossroads. Proj. 0033/2013	DRAGASA	Nov-13	3 months	245,504.35 €	Finished
Avalanche and risk protection	Dynamic barriers on CG2. In area of eastern exit of Canillo. Proj. 0034/2013	TREPOSA	Nov-13	3.5 months	260,665.43 €	Finished
Public buildings	Generator hut in the outbuildings of the River Runer frontier point. Proj. 0051/2013	ELECTROMUNTATGES SANSÀ	Dec-13	4 weeks	32,275.34 €	Finished
Construction (water treatment plant)	COEX Andorra Base water treatment plant. Proj. 0056/2013	DRAGASA	Dec-13	8 weeks	21,312.99 €	In progress
CG2; La Tosca bridge roundabout - Coprincep Episcopal roundabout	CG2; reform right margin, area of La Bartra - old Europa campsite. Proj. 0032/2012	CEACSA	Dec-13	5.5 months	919,410.90 €	In progress
Repairs, masonry, roads	Repair area of CG4 Prat del Bosc bridge. Proj. 0064/2013	PROGEC	Jan-14	4 weeks	17,925.93 €	In progress
Repairs, masonry, roads	Restore River Aixec bridge - Encamp. Proj. 0058/2013	CONSTRUCCIONS PURROY	Jan-14	4 weeks	159,057.89 €	In progress
Repairs, masonry, roads	Restore River Aubinyà bridge. Proj. 0060/2013	PROGEC	Jan-14	4 weeks	58,328.17 €	In progress
Repairs, masonry, roads	Restore Cascada de Moles bridge; CG2. Proj. 0062/2013	LOCUBSA	Jan-14	4 weeks	78,335.86 €	In progress
Repairs, masonry, roads	Repairs on CG1; Margineda roundabout. Proj. 0061/2013	PIDASA	Jan-14	2 months	134,505.83 €	In progress
Public buildings	Refurbish outbuildings of the Department of Labour at Edifici Les Boigues. Proj. 0052/2013	PROGEC	Jan-14	12 weeks	311,354.53 €	In progress
Avalanche and risk protection	Direct stabilisation of slope at Roc Corbs at Solana d'Andorra la Vella; phase V. Proj. 0041/2013	COPSA	Jan-14	3 months	377,424.29 €	In progress
Avalanche and risk protection	Install dynamic barriers on CG2, in area of Vall del Riu, Canillo. Proj. 0053/2013	INACCÉS	Jan-14	5 months	369,671.54 €	In progress
Avalanche and risk protection	Install dynamic barriers on lower slope of Roc de Persoma, Andorra la Vella. Proj. 0053/2013	TREPOSA	Jan-14	5 months	377,522.11 €	In progress
CG2 - CS220 - Molleres bridge	CG2; Improve area of Lloset d'Encamp. Proj. 0057/2013	PROGEC	Jan-14	6 months	263,462.30 €	In progress
Repairs, masonry, roads	Drainage to stabilise surface of CG4, in area of Fontanals. Proj. 0063/2013	CONSTRUCCIONS MODERNES	Jan-14	6 months	549,044.96 €	In progress

Chart 10.3

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (June 2014)
CG2; Soldeu - Pas de la Casa & access roads	Widen and straighten CG2; crossroads area of Gasopas; phase I. Proj. 0009/2013	TP LA COMA	Jan-14	30 weeks	905,720.77 €	In progress
Stream and river protection	Channel Gran Valira, Prat Salit bridge – Poblado bridge. Proj. 0016/2009	TP UNITAS ARMENGOL & MONTANÉ	Jan-14	35 weeks	1,225,814.60 €	In progress
Arrange town square	Hotel Glòria, town square in Sant Julià de Lòria. Proj. 0046/2013	PIDASA	Jan-14	11 months	1,042,664.77 €	In progress
CG2; Carrer de la Unió – roundabout at Tosca bridge	Roundabout CG2 - c/Ciutat Sabadell. Proj. 0041/2013	CONSTRUCCIONS MODERNES	Jan-14	12 months	1,269,203.83 €	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 the 2014 financial year and in progress

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (June 2014)
Resurfacing CG, CS & streets	Resurface CG, CS & streets. Proj. 0032/2013	PAVAND	Apr-14	9 months	4,449,783.37 €	In progress
Isolated functional road network improvements	Improvements to old Customs at Pas de la Casa; phase II. Proj. 0001/2013	CEVALLS	May-14	6 months	981,919.71 €	In progress
Public buildings	Electrical reform at frontier point on River Runer. Proj. 0031/2014	ELECTROMUNTATGES SANSÀ	June-14	3 weeks	19,086.67 €	In progress
CG1; Margineda bridge – frontier & access roads	Drainage on CG1, in area of Aixovall. Proj. 0065/2013	PIDASA	June-14	6 weeks	67,870.74 €	In progress
Isolated functional road network improvements	Pavement at Ave. Pont de la Tosca. Proj. 0054/2013	TP UNITAS ARMENGOL & MONTANÉ	June-14	6 weeks	46,393.09 €	In progress
Avalanche and risk protection	Artificial tunnel of Arinsal dyke. Proj. 0002/2013	TP UNITAS ARMENGOL & MONTANÉ	June-14	12 weeks	315,685.13 €	In progress
Roundabout on CG2, in area of River Gros	Roundabout in area of River Gros, PK 18+400. Proj. 0005/2010	LOCUBSA	June-14	10 months	1,829,271.80 €	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 2014

	Budget project name	Description of works
Canillo	CG2; Ransol - Soldeu	Widen & straighten CG2, section: El Tarter - Roc de Sant Miquel, sector 3
	Repairs, masonry, roads	Montaup road; phase I, PK 8+500
	CG2; Ransol - Soldeu	Widen CG2, new roundabout with CS to Ransol
	New school at Canillo	Extension to Canillo school
Encamp	Schools	Change windows and insulation in facades of Spanish & French schools at Encamp
	Schools	Repair Pas de la Casa school playground and other works
	Repairs, masonry, roads	Repair viaduct at Lloser d'Encamp
	CG2 - CS220 - Molleres bridge	CG2; improve pedestrian zone at Lloser d'Encamp
	CG2; Tosca bridge roundabout - Copr. Episcopal roundabout	CG2; pavement at La Bartra
	Mountain huts	Madriu mountain hut
	CG2; Soldeu - Pas de la Casa & access roads	Roundabout at eastern exit of Envalira tunnel
	Avalanche and risk protection	Protection on CG2, Europa campsite area

Chart 10.5

Continued

	Budget project name	Description of works
Ordino	CG3; crossroads CS340 - el Serrat	Widen & straighten CG3, on section before River Farreroles
	CG3; crossroads CS340 - el Serrat	Widen & strengthen CG3, on River La Posa in Arans
	CG3; crossroads CS340 - el Serrat	Widen & straighten CG3, from Llorts Mines to first building on left bank
	CG3; crossroads CS340 - el Serrat	CG3; La Cortinada - River La Posa
	CG3; crossroads CS340 - el Serrat	CG3; section entrance to Llorts
	CG3; crossroads CS340 - el Serrat	CG3; section exit from Llorts; phase II
La Massana	Schools	Repair French school playground in La Massana
	Old highways	Stabilise bank under old highway, in area of Sant Antoni
	CG4; la Massana crossroads - Erts crossroads	CG4; new bridge over River Arinsal - area of Borda Colat
	Incidental functional improvements to network	Restore false tunnel at Sant Antoni de la Grella
	Avalanche & risk protection	Restore lands at Arinsal dyke
	Old highways	Restore access track to Moles d'Anyós
Andorra la Vella	Prat del Rull roads	Build urban roads at the Prat del Rull action unit
	River & stream protection	Channel right margin of River Valira between Carrer Prat Salit & Carrer de les escoles; phase II
	River & stream protection	Channel right margin of River Valira between Carrer Prat Salit & Carrer de les Escolles; phase III-B
	Public buildings	Remove modules MICG sports pavillion
	Public buildings	Extend La Comella prison
	Schools	Refurbish toilets at Ciutat de Valls school
	Access improvements	Improve access to MICG Pavillion
	CG1; c/ Unió - Santa Coloma roundabout	Improve drainage on CG, area of Commune stadium
	Schools	Install fat collectors at Santa Coloma Andorran school kitchens
	Avalanche & risk protection	Protection from falling rocks, area of Janer School
	El Fener First Aid Centre	Andorra Vella First Aid Centre
	Public buildings	Works to adapt ACB basketball hall
	Public buildings	Remodel 2nd & 3rd floors of Edifici de Les Boïgues
Sant Julià de Lòria	CG1; Margineda bridge - frontier & access roads	CG1; raise gradient in area of water treatment plant
	River & stream protection	Repair Ós river weirs
Escaldes-Engordany	Public buildings	Impermeabilise roof of Edifici de l'Obac
Miscellaneous	Road signs	Supply safety barriers and motorbike protection on CG & CS roads
	Road signs	Renew vertical traffic signs, CG1 (Andorra la Vella - Sant Julià de Lòria)
	Stabilising banks	Treat banks of road network - 2014
	Road signs	Install and repair safety barriers on CG & CS roads
	Road signs	Renew mileposts on CS roads - 2014
	Access improvements	School access improvements
	Repairs, masonry, roads	Repair various bridges

Chart 10.5

Source: Department of Land Planning, Government of Andorra

11. SERVICES

The services sector, which is the fundamental and most significant nucleus of the Andorran economy, is still plunged in deep crisis. All branches strongly linked to tourism – commerce, hotels, catering, etc. – still suffered from the downturn in activity, although less intensely than in previous years, especially in the second half of the year. Basically, it was the financial sector that best avoided the deterioration in the economic situation.

So, the total number of employees in the service sector fell 1%, but in the case of the branch of commerce, the downturn was -3.4%, a figure that is practically the same as the reduction recorded in 2012. In hotels and catering, the decline in employees was -1.9% and in

the transport and communications branch -3.3%. Of note is the decline of -2.8% in educational activity. On the other hand, the financial system recorded growth in employment of 2.2% and, for their part, social activities and personal services and real estate and rental activities increased 4.5% and 1.2% respectively.

11.1. Commerce

In the current context of weakness in the international economic situation and, in particular, neighbouring countries, especially France and Spain, the number of visitors entering the country continues to decline, >

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

1. Business activity (reviewed half year)		2011			2012			2013		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Good	7	5	6	4	6	5	10	13	11.5
	Normal	37	36	36.5	30	37	33.5	40	50	45
	Bad	57	59	58	66	57	61.5	50	37	43.5
	Balance	-50	-54	-52	-62	-51	-56.5	-40	-24	-32
Food	Good	15	0	7.5	0	3	1.5	11	11	11
	Normal	30	42	36	38	30	34	46	50	48
	Bad	55	58	56.5	63	67	65	43	39	41
	Balance	-40	-58	-49	-63	-64	-63.5	-32	-28	-30
Clothing & footwear	Good	5	0	2.5	0	5	2.5	2	11	6.5
	Normal	18	21	19.5	22	29	25.5	38	42	40
	Bad	78	79	78.5	78	67	72.5	60	47	53.5
	Balance	-73	-79	-76	-78	-62	-70	-58	-36	-47
Household equipment	Good	0	7	3.5	3	9	6	9	4	6.5
	Normal	41	39	40	29	28	28.5	35	54	44.5
	Bad	59	54	56.5	68	63	65.5	56	43	49.5
	Balance	-59	-47	-53	-65	-54	-59.5	-47	-39	-43
Hygiene & health	Good	9	5	7	0	14	7	12	18	15
	Normal	43	40	41.5	65	50	57.5	60	50	55
	Bad	48	55	51.5	35	36	35.5	28	32	30
	Balance	-39	-50	-44.5	-35	-22	-28.5	-16	-14	-15
Electronics	Good	0	5	2.5	13	6	9.5	23	0	11.5
	Normal	44	50	47	31	44	37.5	31	79	55
	Bad	56	45	50.5	56	50	53	46	21	33.5
	Balance	-56	-40	-48	-43	-44	-43.5	-23	-21	-22
Vehicles & accessories	Good	0	8	4	0	0	0	7	9	8
	Normal	40	20	30	22	28	25	41	57	49
	Bad	60	72	66	78	72	75	52	35	43.5
	Balance	-60	-64	-62	-78	-72	-75	-45	-26	-35.5
Other trades	Good	8	7	7.5	8	9	8.5	11	19	15
	Normal	40	36	38	21	41	31	33	50	41.5
	Bad	51	57	54	71	50	60.5	56	31	43.5
	Balance	-43	-50	-46.5	-63	-41	-52	-45	-12	-28.5
Supermarkets & department stores	Good	13	8	10.5	0	0	0	7	27	17
	Normal	53	46	49.5	60	70	65	60	27	43.5
	Bad	33	46	39.5	40	30	35	33	46	39.5
	Balance	-20	-38	-29	-40	-30	-35	-26	-19	-22.5

Chart 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

but above all this is felt in their purchases; this is what most affected Andorran trade in the last seven years. It should however be noted that although the balance of commercial activity throughout 2013 remained quite weak overall, expectations improved a little in the second half of the year.

In 2013 employment in commerce saw a fall of 3.4% in relation to the previous year; the average monthly wage fell 0.7% and electricity consumption fell 3.8%. For its part, the trend in imports also reflected the low level of activity in the sector although, in general, it showed more favourable behaviour than in the previous year.

The results of the Chamber's surveys confirm the continuation of the difficult situation suffered by the

retail trade but a slight improvement in expectations is also indicated.

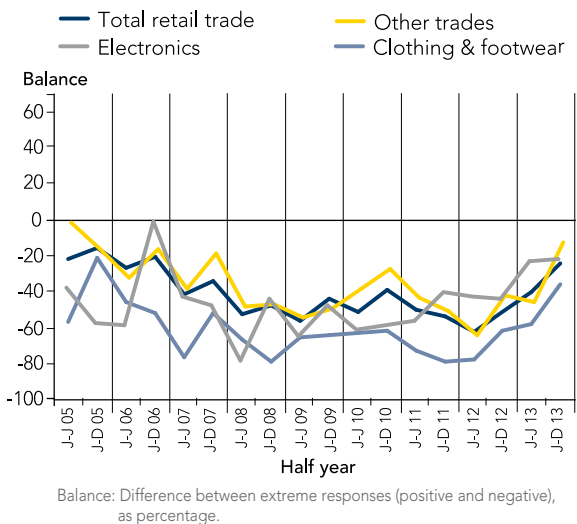
So, the situation survey relating to the first half of 2013 demonstrates that the retail trade, again with a very weak balance of activity, remains one of the sectors most damaged by the economic crisis, in a scenario marked by the major weakening in consumer demand. In fact, the biggest problem is still the lack of consumer confidence, motivated by the uncertainties in the international context, but also by certain domestic weaknesses within our economy, among which are notably the constant deterioration of the labour market, in terms of employment and wages, and the deterioration in available household incomes, which continues to block decisions on family

BUSINESSES' OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of businesses										
2. Sales figures (reviewed half year compared with same half year of previous year)		2011			2012			2013		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Higher	9	7	8	3	9	6	16	18	17
	Similar	23	20	21.5	22	30	26	29	33	31
	Lower	68	74	71	75	61	68	55	48	51.5
	Balance	-59	-67	-63	-72	-52	-62	-39	-30	-34.5
Food	Higher	9	6	7.5	3	3	3	9	14	11.5
	Similar	25	17	21	28	33	30.5	45	40	42.5
	Lower	66	77	71.5	69	63	66	45	46	45.5
	Balance	-57	-71	-64	-66	-60	-63	-36	-32	-34
Clothing & footwear	Higher	5	7	6	0	8	4	3	18	10.5
	Similar	23	14	18.5	28	25	26.5	24	29	26.5
	Lower	72	79	75.5	73	68	70.5	73	53	63
	Balance	-67	-72	-69.5	-73	-60	-66.5	-70	-35	-52.5
Household equipment	Higher	12	8	10	3	6	4.5	21	11	16
	Similar	15	35	25	19	28	23.5	24	33	28.5
	Lower	73	58	65.5	77	66	71.5	56	56	56
	Balance	-61	-50	-55.5	-74	-60	-67	-35	-45	-40
Hygiene & health	Higher	5	0	2.5	0	0	0	8	14	11
	Similar	23	25	24	30	32	31	40	48	44
	Lower	73	75	74	70	68	69	52	38	45
	Balance	-68	-75	-71.5	-70	-68	-69	-44	-24	-34
Electronics	Higher	0	10	5	7	11	9	31	14	22.5
	Similar	7	10	8.5	14	39	26.5	8	43	25.5
	Lower	93	80	86.5	79	50	64.5	62	43	52.5
	Balance	-93	-70	-81.5	-72	-39	-55.5	-31	-29	-30
Vehicles & accessories	Higher	4	4	4	0	8	4	23	32	27.5
	Similar	30	15	22.5	18	20	19	31	27	29
	Lower	65	81	73	82	72	77	46	41	43.5
	Balance	-61	-77	-69	-82	-64	-73	-23	-9	-16
Other trades	Higher	11	9	10	7	15	11	19	20	19.5
	Similar	24	21	22.5	13	30	21.5	27	31	29
	Lower	65	70	67.5	80	55	67.5	54	48	51
	Balance	-54	-61	-57.5	-73	-40	-56.5	-35	-28	-31.5
Supermarkets & department stores	Higher	33	0	16.5	0	30	15	27	27	27
	Similar	27	15	21	50	40	45	27	9	18
	Lower	40	85	62.5	50	30	40	47	64	55.5
	Balance	-7	-85	-46	-50	0	-25	-20	-37	-28.5

Chart 11.2

Source: Chamber of Commerce, Industry and Services of Andorra

BUSINESS ACTIVITY - Retail trade



Graphic 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

consumer spending. So, traders' opinions about business activity, although indicating overall a slight correction in the strongly negative levels of previous half-years, remained strongly negative and indicate

that the sector is still far from achieving optimal levels of activity.

By subsectors, the notable dynamics in the branch of clothing and footwear stand out, with a much more negative trend in business than other sectors, and also the bad results in the branches of household equipment, vehicles and accessories, and the section "other trades", which has shown quite a generalised and intense downturn in levels of activity. In the other branches, on the other hand, the deterioration in business has been quite significant but within a slightly more moderate profile.

On the other hand, the commercial sector continued to express a logical preoccupation with the downturn in sales, which already combine six financial years of very negative trends. From a sectoral point of view, it should be put into context that the interannual fall in sales figures tended to ease off in most branches, but more through the accumulation of a long period of continuous decline than a true reactivation in demand. The only branch that stands apart from >

IMPORTS - Thousand of euros

	2007	2008	2009	2010	2011	2012	2013
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	65,485.45	67,536.29	62,292.50	58,938.71	59,202.68	59,041.00	58,458.78
Section II (Chapters 06-14) Vegetable products	21,295.74	22,612.91	22,086.99	24,550.12	23,114.51	22,875.64	23,396.37
Section III (Chapter 15) Fats and oils	5,537.94	5,613.66	4,705.33	4,433.04	4,774.08	4,638.52	4,721.19
Section IV (Chapters 16-24) Food products, beverages and tobacco	161,725.11	172,437.13	161,643.56	169,684.66	175,159.31	174,055.52	181,341.30
Section V (Chapters 25-27) Mineral products	108,791.45	138,676.80	107,659.88	125,843.14	149,746.50	160,880.80	147,415.13
Section VI (Chapters 28-38) Products of the chemical industries	153,655.43	148,367.79	140,148.97	137,246.13	143,899.79	125,002.12	127,762.54
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	29,044.34	28,220.86	26,845.80	26,047.78	25,211.62	24,590.66	25,376.13
Section VIII (Chapters 41-43) Furs, leather and articles thereof	23,201.93	20,864.40	15,747.06	16,059.17	16,623.16	14,952.35	15,152.34
Section IX (Chapters 44-46) Wood, cork and articles thereof	15,097.87	12,175.29	9,977.31	8,677.57	6,993.47	5,963.84	6,526.35
Section X (Chapters 47-49) Paper and graphic arts	24,396.85	24,414.48	23,081.88	27,696.63	27,335.26	25,363.32	25,562.11
Section XI (Chapters 50-63) Textiles and articles thereof	130,948.11	123,566.88	118,679.00	118,550.73	115,891.13	104,774.84	102,297.95
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	37,047.81	34,985.62	34,719.08	37,347.24	37,068.72	30,969.05	31,891.29
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	28,028.31	24,741.25	18,045.33	16,813.56	13,971.02	13,107.31	10,742.98
Section XIV (Chapter 71) Pearls, precious stones and metals	13,832.64	11,963.61	10,910.72	10,382.63	11,478.72	8,291.36	22,368.39
Section XV (Chapters 72-83) Base metals and articles thereof	59,574.33	54,793.66	44,674.93	39,728.11	35,041.24	30,510.42	29,832.59
Section XVI (Chapters 84-85) Machinery and electrical equipment	246,076.22	198,765.96	166,884.28	147,052.57	136,569.72	137,206.61	140,546.64
Section XVII (Chapters 86-89) Transport material	131,890.18	103,077.42	80,577.67	85,798.64	83,364.96	69,274.69	81,555.53
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	55,367.54	51,112.50	40,621.95	43,659.74	44,985.09	45,148.11	46,467.32
Section XIX (Chapter 93) Arms and ammunition	1,363.80	1,304.92	1,146.51	986.01	965.35	1,065.85	923.15
Section XX (Chapters 94-96) Miscellaneous manufactured articles	82,323.71	71,185.81	60,585.93	59,431.39	51,834.35	43,585.85	42,914.70
Section XXI (Chapters 97-99) Works of art, antiques	8,024.40	3,446.05	2,025.77	654.47	1,123.68	1,383.17	2,767.57
Total	1,402,709.14	1,319,863.30	1,153,060.44	1,159,582.05	1,164,354.37	1,102,681.01	1,128,020.34

Note: Data revised by the Department of Statistics by applying the methodology for the general system for the international goods trade, recommended by Eurostat & the World Trade Organisation.

Chart 11.3

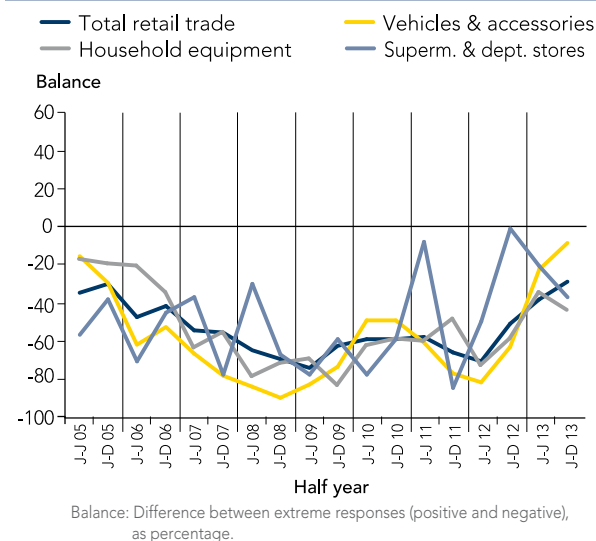
Source: Department of Tax and Frontiers, Government of Andorra

this pattern of moderation was the branch of clothing and footwear, which still had a very marked interannual drop in sales, similar to that of the same half year in 2012.

The survey in the second half of the year indicates that the retail trade, despite showing a slightly less negative overall balance than in the last few financial years, continued to show a very weak general pulse in activity. In this respect, the main problem faced by this sector is still the persistent, intense weakness of consumer demand, motivated not only by a real decline in household purchasing power but also by an atmosphere of low confidence among consumers in the general economic situation. So, according to the opinions gathered in the survey, the retailers' view of developments in business activity were still bad but overall, the least negative in the last seven years.

By subsectors, in all branches of commerce, without exception, a slightly more moderate pattern of deterioration in business than in previous half years predominated. However, the branches of household

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

equipment and clothing and footwear stand out for their bad results, so despite also seeing a smaller fall in activity this half year, they maintained a still very disappointing business climate.

STRUCTURE OF IMPORTS - %

	2007	2008	2009	2010	2011	2012	2013
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	4.7	5.1	5.4	5.1	5.1	5.4	5.2
Section II (Chapters 06-14) Vegetable products	1.5	1.7	1.9	2.1	2.0	2.1	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	11.5	13.1	14.0	14.6	15.0	15.8	16.1
Section V (Chapters 25-27) Mineral products	7.8	10.5	9.3	10.9	12.9	14.6	13.1
Section VI (Chapters 28-38) Products of the chemical industries	11.0	11.2	12.2	11.8	12.4	11.3	11.3
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	2.1	2.1	2.3	2.2	2.2	2.2	2.2
Section VIII (Chapters 41-43) Furs, leather and articles thereof	1.7	1.6	1.4	1.4	1.4	1.4	1.3
Section IX (Chapters 44-46) Wood, cork and articles thereof	1.1	0.9	0.9	0.7	0.6	0.5	0.6
Section X (Chapters 47-49) Paper and graphic arts	1.7	1.8	2.0	2.4	2.3	2.3	2.3
Section XI (Chapters 50-63) Textiles and articles thereof	9.3	9.4	10.3	10.2	10.0	9.5	9.1
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	2.6	2.7	3.0	3.2	3.2	2.8	2.8
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	2.0	1.9	1.6	1.4	1.2	1.2	1.0
Section XIV (Chapter 71) Pearls, precious stones and metals	1.0	0.9	0.9	0.9	1.0	0.8	2.0
Section XV (Chapters 72-83) Base metals and articles thereof	4.2	4.2	3.9	3.4	3.0	2.8	2.6
Section XVI (Chapters 84-85) Machinery and electrical equipment	17.5	15.1	14.5	12.7	11.7	12.4	12.5
Section XVII (Chapters 86-89) Transport material	9.4	7.8	7.0	7.4	7.2	6.3	7.2
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	3.9	3.9	3.5	3.8	3.9	4.1	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	5.9	5.4	5.3	5.1	4.5	4.0	3.8
Section XXI (Chapters 97-99) Works of art, antiques	0.6	0.3	0.2	0.1	0.1	0.1	0.2
Total	100	100	100	100	100	100	100

Chart 11.4

Source: Department of Tax and Frontiers, Government of Andorra

In parallel, the global sales figures continued to fall, although the fall slowed in relation to preceding half years. Specifically, the greatest downturn in the sales figures, in interannual terms, was recorded in the subsector of household equipment, which shows that the consumption of durable goods, above all linked to the home, is still strongly penalised by the general atmosphere of crisis. The downturns in sales in the branches of clothing and footwear, food and supermarkets and department stores lie in a more moderate but also quite unfavourable context. On the other hand, the branch of vehicles and accessories managed to stabilise the rate of sales, which is to a certain extent normal, after the steep falls accumulated by this market uninterruptedly since 2005.

In commerce as a whole, stocks were valued as rather low for the time of year and, in line with the low dynamism of the activity, a new downturn in employment levels in the sector is indicated. Finally, retailers continued to make efforts to maintain a competitive price position and applied major discounts and promotions to encourage consumption, a dynamic which, although helping to contain the fall in

sales slightly, continues to significantly help to reduce the adjusted commercial margins of businesses and seriously affects business profitability.

Business prospects do not suggest an appreciable recovery in commercial activity over the next few months but, nevertheless, they are not as pessimistic as one year before. It is expected that business activity will maintain a negative trend and sales figures will continue to shrink, but more slowly, in the majority of branches except the segments of clothing and footwear and household equipment, where steeper falls in sales are expected again. The number of employees in the sector will follow a path of decline and sales prices will be more stable overall.

As for the factors that discourage an improvement in business, weak demand repeats, for the twentieth consecutive half year, as the obstacle most quoted by businesses (76% mentioned it). Moreover, the importance of loss of attractiveness in the area increases, becoming the second obstacle most quoted by businesses (53%), in front of the increase in operating costs (44%).

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VARIATIONS IN IMPORTS - %

	2007	2008	2009	2010	2011	2012	2013
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	0.3	3.1	-7.8	-5.4	0.4	-0.3	-1.0
Section II (Chapters 06-14) Vegetable products	7.1	6.2	-2.3	11.2	-5.8	-1.0	2.3
Section III (Chapter 15) Fats and oils	-8.2	1.4	-16.2	-5.8	7.7	-2.8	1.8
Section IV (Chapters 16-24) Food products, beverages and tobacco	-9.1	6.6	-6.3	5.0	3.2	-0.6	4.2
Section V (Chapters 25-27) Mineral products	8.4	27.5	-22.4	16.9	19.0	7.4	-8.4
Section VI (Chapters 28-38) Products of the chemical industries	3.6	-3.4	-5.5	-2.1	4.8	-13.1	2.2
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	2.4	-2.8	-4.9	-3.0	-3.2	-2.5	3.2
Section VIII (Chapters 41-43) Furs, leather and articles thereof	-0.4	-10.1	-24.5	2.0	3.5	-10.1	1.3
Section IX (Chapters 44-46) Wood, cork and articles thereof	-8.5	-19.4	-18.1	-13.0	-19.4	-14.7	9.4
Section X (Chapters 47-49) Paper and graphic arts	0.8	0.1	-5.5	20.0	-1.3	-7.2	0.8
Section XI (Chapters 50-63) Textiles and articles thereof	2.3	-5.6	-4.0	-0.1	-2.2	-9.6	-2.4
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	-0.3	-5.6	-0.8	7.6	-0.7	-16.5	3.0
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	0.7	-11.7	-27.1	-6.8	-16.9	-6.2	-18.0
Section XIV (Chapter 71) Pearls, precious stones and metals	-3.6	-13.5	-8.8	-4.8	10.6	-27.8	169.8
Section XV (Chapters 72-83) Base metals and articles thereof	-10.8	-8.0	-18.5	-11.1	-11.8	-12.9	-2.2
Section XVI (Chapters 84-85) Machinery and electrical equipment	-1.6	-19.2	-16.0	-11.9	-7.1	0.5	2.4
Section XVII (Chapters 86-89) Transport material	-14.3	-21.8	-21.8	6.5	-2.8	-16.9	17.7
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	2.6	-7.7	-20.5	7.5	3.0	0.4	2.9
Section XIX (Chapter 93) Arms and ammunition	5.1	-4.3	-12.1	-14.0	-2.1	10.4	-13.4
Section XX (Chapters 94-96) Miscellaneous manufactured articles	6.5	-13.5	-14.9	-1.9	-12.8	-15.9	-1.5
Section XXI (Chapters 97-99) Works of art, antiques	285.8	-57.1	-41.2	-67.7	71.7	23.1	100.1
Total	-1.4	-5.9	-12.6	0.6	0.4	-5.3	2.3

Chart 11.5

Source: Department of Tax and Frontiers. Government of Andorra

In 2013, Andorran imports, which are undoubtedly the best indicator of how retail sales have progressed, reflect that the situation improved a little. Overall imports increased 2.3% in relation to 2012 and if imports of building materials (which fell -1.5%), fuel imports (which fell -8.2%) and tobacco sales (which saw an increase of 5.8%) are removed, the overall growth in other imports was 4.1%. On analysing the figures for this year, it should be taken into consideration that changes in methodology have been made in preparing the statistics and therefore there are significant variations in relation to the reports from previous years. The absolute figure of total imports reached 1,128 million euros; if this figure is compared with that of 2006, the year prior to the crisis, it turns out to be 20% lower than that of this year.

The analysis of imports from a sectoral point of view shows very disparate behaviour: there is a numerous group of products that saw a significant increase in imports, others that saw a more slowly rising trend, and an also numerous group of products that showed notable declines in import volumes.

Among imports that grew significantly should be highlighted imports of pearls, precious stones and metals, which increased 169.8% in relation to 2012 and works of art, collectors' items and antiques (+113.5%); also motor vehicles and motorcycles (+19%); tools, cutlery and knives (+13.6%); cocoa and derivatives (+7%) and coffee, tea and spices (+6.3%). On the other hand, if we concentrate of those that increased more slowly, the following stand out imports of sugar and confectionery (+1.4%), products of the printing industry and graphic arts (+1.6%), clocks and watches (+2.6%), soaps and waxes (+3.1%), perfumery (+3.4%), beverages and alcoholic drinks (+3.5%), optical, photographic and cinematographic apparatus (+3.8%), knitted clothing (+4.1%), shoes (+5.1%) and mechanical apparatus (+5.1%). On the other hand, there was also a significant group of products in which imports fell. This is the case, for example, of glass and glass manufactures (-25.3%), furs and worked leather (-18.1%), ceramics (-17.6%), arms and ammunition (-13.4%), musical instruments (-9.9%), miscellaneous articles of base metals (-7.2%) and non-knitted clothing (-5.6%). Finally, it should be noted that other products also fell, although more slowly, such as furniture and lighting (-4%) and pharmaceutical products (-1.9%).

11.2. The financial system

The financial system is one of the mainstays of the Andorran economy, with a weighting of about 21%. This sector was the branch of activity in the national economy that reacted best throughout the long years of crisis and also the sector that contributed most to the changing trend felt by the economy, especially from the second half of 2013. So, the number of employees in the whole sector continued to grow, this year by 2.2%. Average wages, which are the highest of all the sectors in the Andorran economy, followed similar behaviour and increased 3.5% in relation to 2012, so that it was the sector that grew most.

The nucleus of the Andorran financial system is the banking system, which is made up of a total of five banking groups, with a network of 40 offices. The Andorran financial system confirmed its strength throughout 2013 and gave continuous signs of solvency in an international context that was particularly complex for the banking sector with an increase of 16.6% in client's managed funds and 4.2% in the aggregate profit of the Andorran banking system.

The financial margin reached 198 million euros and the ordinary margin grew to 680 million. The excellent solvency and liquidity ratios are among the highest in European countries. These indicators denote a positive trend in the Andorran financial system. The consolidation of the domestic market and positive behaviour in the process of internationalisation of the Andorran banking system results in business diversification and growth, and also an increase in its

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

	2012	2013
Total assets	15,234,158	15,869,667
Gross credit investment	7,479,465	7,148,928
Managed funds	35,390,075	41,267,760
Result ^(*)	196,838	205,197
ROE	12.67%	12.61%
ROA	1.34%	1.30%
Efficiency ratio	48.77%	47.96%
Solvency ratio	21.22%	22.00%
Liquidity ratio	65.45%	66.71%

(*) Results attributed to the group.

Chart 11.6

Source: Andorran Bank Association

structures and the aggregate number of employees, obtaining a higher level of efficiency than in 2012.

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. The following table shows the ratings of the Andorran banking entities published by Fitch Ratings on 2 June 2014.

In the 2013 financial year, the aggregate assets of Andorran banks saw an increase, mainly in the chapter Portfolio of securities, with an increase of 8.8% in relation to 2012 (representing 31.3% of total assets) and in the chapter Financial intermediaries, with an increase of 19% in relation to 2012 (representing 12.6% of total assets). The section Credit investments saw a slight downturn of 4.8% and represents 44.3% of the total assets.

The composition of the aggregate liabilities at the end of the 2013 financial year is marked by the relatively significant weighting of Clients' deposits in the finance structure of the Andorran banking system, representing 68% of the aggregate liabilities (70.4% in 2012). Own funds represent 9.5% and Results 0.9%, while the other liabilities consist mainly of Financial intermediaries with 13.1% and Other liabilities, with 8.5%.

RATINGS AWARDED TO ANDORRAN BANKS

	Ratings		Agency
	Long term	Short term	
Andbank Group	A-	F2	Fitch Ratings
MoraBanc Group	A-	F2	Fitch Ratings
Banca Privada d'Andorra	BB+	B	Fitch Ratings
Crèdit Andorrà Group	A-	F2	Fitch Ratings
BancSabadell d'Andorra ^(*)	-	-	-

(*) 51% owned by Banc Sabadell.

Chart 11.7

Source: Fitch Ratings reports in June 2014

In 2013, gross credit investment fell 4.4% compared with 2012, contrasting with the positive trend seen in the previous year (+2.3%).

Funds managed by the Andorran banking entities, i.e. customers' deposits and intermediation, custodial or not, saw growth of 16.6% in 2013 to reach the figure of 41,268 million euros, an amount that marks this year as yet another historical high. The increase came mainly from intermediation (shares, investment funds, bonds, etc.) which increased 23.6% and represents 73.9% of managed funds. Clients' deposits also increased, but to a lesser >

ANDORRAN BANKS BALANCE SHEET DATA. 2012 - 2013 - Thousand Euros

	ANDBANK GROUP		MORABANC GROUP		BANCA PRIVADA D'ANDORRA		CRÈDIT ANDORRÀ GROUP		BANC SABADELL D'ANDORRA		ANDORRAN BANKS AGGREGATE BALANCE SHEET	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
ASSETS												
Cash and banks	579,445	615,905	439,735	683,621	321,428	415,301	409,427	423,029	55,847	58,023	1,805,882	2,195,879
Credit investment ⁽¹⁾	1,792,920	1,727,661	977,334	928,106	1,124,663	975,371	3,071,818	3,006,858	416,841	391,331	7,383,576	7,029,327
Portfolio of securities	993,937	1,147,427	577,201	420,396	1,005,315	1,573,531	1,851,627	1,669,288	129,368	149,727	4,557,448	4,960,369
Tangible assets	133,681	147,343	97,621	101,145	141,305	145,425	321,346	363,003	23,505	23,651	717,458	780,567
Intangible assets	14,161	19,173	14,127	10,338	19,266	29,023	56,234	62,125	3,002	2,885	106,790	123,544
Other assets	186,877	385,468	41,452	21,640	233,486	208,254	188,077	153,936	13,112	10,683	663,004	779,981
TOTAL ASSETS	3,701,021	4,042,977	2,147,470	2,165,246	2,845,463	3,346,905	5,898,529	5,678,239	641,675	636,300	15,234,158	15,869,667
LIABILITIES												
Share capital	78,061	78,842	42,407	42,407	70,000	70,000	70,000	70,000	30,068	30,068	290,536	291,317
Reserves ⁽²⁾	311,627	339,024	197,619	213,141	149,232	147,325	410,596	442,788	23,499	27,576	1,092,573	1,169,854
Results	56,581	64,080	45,175	42,375	17,588	20,534	70,862	71,241	6,624	6,960	196,830	205,190
Subordinated liabilities	-	-	60,000	59,513	63,131	61,940	150,000	150,000	-	-	273,131	271,453
Financial intermediaries	450,329	643,612	52,820	45,385	691,959	1,254,154	303,194	88,070	53,418	44,486	1,551,720	2,075,707
Deposits	2,580,506	2,690,727	1,682,732	1,689,057	1,621,477	1,516,235	4,454,875	4,447,272	388,814	442,062	10,728,404	10,785,353
Other liabilities	223,917	226,692	66,717	73,368	232,076	276,717	439,002	408,868	139,252	85,148	1,100,964	1,070,793
TOTAL LIABILITIES	3,701,021	4,042,977	2,147,470	2,165,246	2,845,463	3,346,905	5,898,529	5,678,239	641,675	636,300	15,234,158	15,869,667

(1) Net credit investment to clients.

(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

extent, by 0.5%. The increase in managed funds is greatly due to intermediation, the effect of internationalisation and the revaluation of financial markets.

Despite the adverse economic and financial environment, the consolidated result of the whole Andorran banking system exceeded 200 million euros (4.2% higher in 2012). The ordinary margin grew 11% and the operating margin increased to 293 million euros (+37.5%).

11.3. Tourism

We have repeatedly said that it is the behaviour of tourism that marks a large part of the Andorran economy. The 2013 financial year has not improved in relation to the number of visitors; they fell again and more than in the previous year. In 2012 they fell -1% and in 2013 -2.8%.

The total number of visitors was 7,676,178, almost 225,000 less than in the previous year. By nationalities, the Spanish and French decreased -4.1% and -5.9%, respectively but, in contrast, the numbers of other nationalities rose 24%. Visitors staying overnight, tourists, increased 4.4%, benefitting hotels and restaurants. On the other hand, the number of day-trippers, who do not stay overnight, continued to fall, by -5.7% this year. Specifically, the numbers of French tourists increased (+13.5%) and Spanish (+4.6%); on the other hand, other nationalities fell 6.9%. As for day-trippers, the increase was recorded in other nationalities, with 63.6%, while the numbers of French (-8%) and Spanish (-10.1%) fell significantly. Among overall visitors, the Spanish represent 48.3%, the French 42.5% and other nationalities, 9.3%; it should be noted that the latter have grown significantly in the last three years.

This year the weather greatly benefitted the ski season. The balance for the previous season may well have been good but this season 2013-2014 was even more satisfying. The slopes started to open on 30 November and did not close until 21 April. So, the season was long, with good snowfalls. The influx of skiers was significant; the number of passes/day sold was 2,356,664, the highest figure since the 2005-2006 season. In recent years, the ski resorts greatly reduced their investment in improving equipment. In the current financial year, 9,150,000 euros were invested, a figure however that exceeds that of the previous two

PASSES/DAY SOLD FOR SEASON

SEASON	SKI DAYS (passes/day sold)
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
2013 – 2014	2,356,664

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

years (in 2011, 7 million euros were invested and in 2012 the investment was 8.3 million euros). There were still many campaigns being promoted abroad and more events and activities were organised to attract potential clients.

Caldea spa offered a novelty to its customers this year. After several years of preparation and a major investment effort by the spa's operating company (SEMTEE, SA), on 15 January 2013 a new wellness centre annex was opened at Caldea, called Inúu. The fact that it was put into operation in a period when the world crisis is still affecting the country brought negative results in the first year. The traditional centre sold 291,383 tickets in 2013, a little less than in the previous financial year (292,958) and the new INÚU centre sold 10,721, a lower figure than expected. Altogether this meant that the financial result was negative (-3.6 million euros).

2013 was not very positive for the Ice Palace either. Current subsidies have reached the same figure as the previous financial year, 397,986 euros, and income saw a fall of 8.1%. The Palace made investments in improvements of 72,525 euros and the budgeted result for the financial year was losses of 35,232 euros.

Naturlàndia, the ecological theme park in La Rabassa, closely linked to the winter season, had very satisfactory

results. The season opened on 25 November 2013 and did not close until 4 May 2014. The number of visitors came close to 74,000, much higher than the nearly 60,000 in the previous season, which was already good. Naturlàndia had turnover of 710,941 euros, almost 20% more than in the previous season. Both the snow activities and excursions on snowmobiles had almost 3,000 visitors; the animal park stands out with 7,000 visits and the almost 1,600 day ski passes sold are also remarkable. Naturlàndia opened a hostel in Easter Week 2014 with a total of 120 beds.

Finally, the available data about overnight stays at the various establishments indicate that there were 6,978,761 overnight stays, a figure that means an increase of 5.2% compared with 2012. By type of accommodation almost two thirds were registered in hotels and practically ten percent of overnight stays took place in holiday apartments. This year, the most occupied months (most use of available beds) were August, February, March and January, and the least occupied months were May, April, November and June, in that order.

In the adjoined tables are listed data about tourist accommodation by parish and data by type of establishment and category. The supply of accommodation has changed very little, specifically the number of beds increased 1.7% and establishments remained the same, 278 in total. The main supply of beds is in hotels, which represent nearly 70% of the total, followed by furnished holiday

apartments (16.6%), aparthotels (6.6%) and holiday apartments (5.4%).

In accordance with the growth in the number of visitors staying overnight in the country, the results of the Chamber's surveys reflect this slight improvement, especially in the second half of the year.

The situation survey for the first half of 2013 confirms that the hotel sector continues to be going through a difficult time although, in general, a clear deceleration in the rate of decline in activity during the first half of 2013 can be seen. Specifically, businesses' opinions about business activity, although still greatly pessimistic, improved appreciably in this half, to the point that they are the least negative of the last six years.

This certain improvement in the evaluation of the business situation is due, to a large extent, to the comparison with the exceptionally low levels of activity in previous half-years, but also to the impact of other factors which played in its favour, such as an overall satisfactory ski season, a slight increase in the influx of tourists, and the constant efforts of hoteliers to adapt to the changes in quality of the demand, ever more sensitive to price levels and with more demanding standards. From a national perspective, the negative trend in business activity in previous half-years eased in most areas and it was only in the parishes of Encamp and Ordino that a very unfavourable trend persisted, although this was the period of yearly maximum activity in these areas. In contrast, on the most positive >

SUPPLY OF TOURIST ACCOMMODATION BY PARISHES

	2010		2011		2012		2013	
	Establ.	Beds	Establ.	Beds	Establ.	Beds	Establ.	Beds
Canillo	55	7,831	56	7,823	56	8,030	58	8,683
Encamp	65	10,070	66	10,884	67	10,610	65	10,506
Ordino	27	1,914	28	2,002	29	2,235	29	2,305
La Massana	41	5,445	40	5,427	39	5,401	40	5,504
Andorra la Vella	43	6,672	41	6,570	41	6,803	39	6,654
Sant Julià de Lòria	12	1,254	11	1,216	11	1,177	11	1,215
Escaldes-Engordany	34	5,412	35	5,560	35	5,883	36	5,968
TOTAL	277	38,598	277	39,482	278	40,139	278	40,835

* 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

		2010					2011					2012					2013								
		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.	183	4	34	84	53	8	183	3	32	84	56	8	181	3	31	81	58	8	175	3	23	83	58	8
	Rooms	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	10,837	74	726	4,024	5,312	701
	Beds	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	28,354	197	1,761	9,907	14,456	2,033
Hostels/ residences	Establ.	15	5	9	1	-	-	14	6	8	-	-	-	12	6	6	-	-	-	13	5	8	-	-	-
	Rooms	267	84	154	29	-	-	229	88	141	-	-	-	192	88	104	-	-	-	231	84	147	-	-	-
	Beds	620	170	334	116	-	-	486	178	308	-	-	-	402	171	231	-	-	-	501	163	338	-	-	-
Pensions	Establ.	7	5	2	-	-	-	7	5	2	-	-	-	7	5	2	-	-	-	7	5	2	-	-	-
	Rooms	144	111	33	-	-	-	144	111	33	-	-	-	135	104	31	-	-	-	135	104	31	-	-	-
	Beds	293	223	70	-	-	-	293	223	70	-	-	-	288	222	66	-	-	-	288	222	66	-	-	-
Aparthotels	Establ.	24	2	4	15	3	-	22	2	4	13	3	-	22	2	4	12	4	-	21	2	4	12	3	-
	Rooms	863	89	152	455	167	-	812	89	152	404	167	-	782	64	152	374	192	-	702	64	152	315	171	-
	Beds	3,388	282	578	1,882	646	-	3,128	282	578	1,622	646	-	3,033	203	520	1,531	779	-	2,713	203	520	1,339	651	-
Holiday apartments	Establ.	29	4	12	12	1	-	27	3	11	12	1	-	27	3	11	12	1	-	27	3	12	11	1	-
	Apart.	505	39	250	191	25	-	471	33	222	191	25	-	488	33	207	224	24	-	486	33	235	194	24	-
	Beds	2,294	164	1,160	870	100	-	2,120	134	1,016	870	100	-	2,170	146	953	953	118	-	2,206	146	1,097	845	118	-
Furnished apartments ⁽¹⁾	Establ.	19 ⁽²⁾	-	-	-	-	-	24 ⁽²⁾	-	-	-	-	-	29 ⁽²⁾	-	-	-	-	-	35 ⁽²⁾	-	-	-	-	-
	Apart.	982	419	480	83	-	-	1,229	533	620	76	-	-	1,174	385	707	77	5	-	1,379	440	747	148	44	-
	Beds	4,810	1,851	2,557	402	-	-	6,036	2,415	3,243	378	-	-	5,868	1,736	3,712	383	37	-	6,773	2,005	3,872	651	245	-
Total	Establ.	277 ⁽³⁾	20	61	112	57	8	277 ⁽³⁾	19	57	109	60	8	278 ⁽³⁾	19	54	105	63	8	278 ⁽³⁾	18	49	106	62	8
	Rooms/Apart.	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	13,770	799	2,038	4,681	5,551	701
	Beds	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	40,835	2,936	7,654	12,742	15,470	2,033

Notes:

*Data at 31 December of corresponding year.

⁽¹⁾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.

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

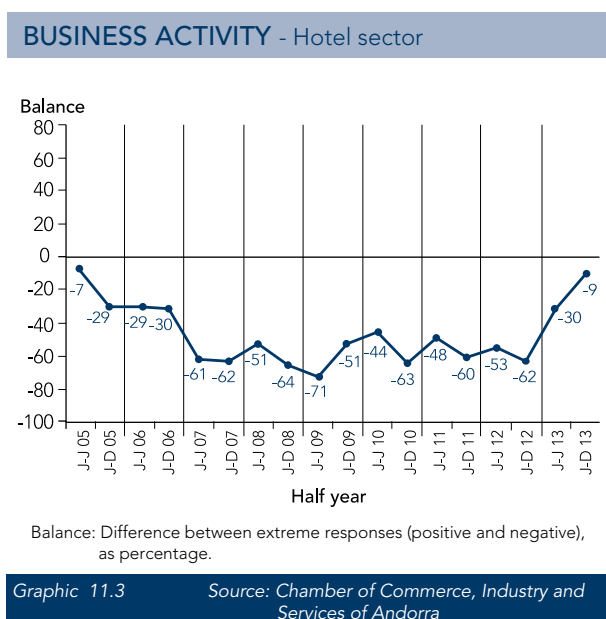
⁽³⁾ Data relating to the number of commercial companies authorised to manage this kind of establishment.

⁽⁴⁾ 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

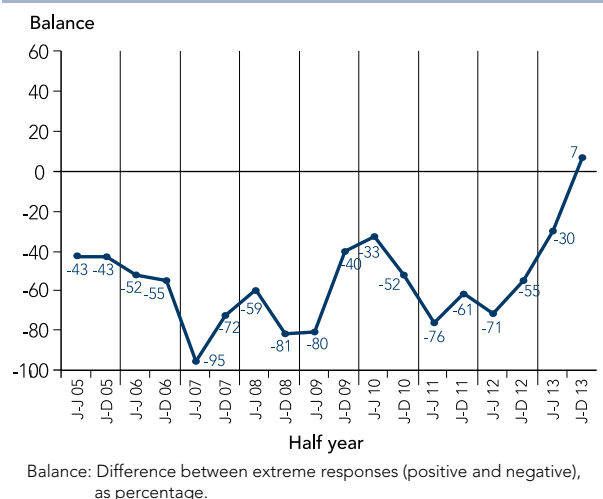
side, the parishes of Canillo and La Massana stand out, in which hotels abandoned a markedly pessimistic note for the first time since the start of the crisis and indicated a business trend that was dominated more by stability.



As for employment levels, businesspeople also indicated, overall, less negative evaluations than the typical ones in recent times. So, the only parishes that maintained a strong rate of fall in employment levels were Sant Julià de Lòria, Encamp and Ordino, while in contrast, the interannual decline in the average level of employment in the other areas was slower. On the other hand, surveyed businesses indicated a new decline in workers in the sector and a drop in sales prices, but less marked than in previous half-years, a reflection of the ever more obvious difficulties in assuming cuts in margins, faced with rising costs and increased fiscal pressure.

In the second half of 2013, the hotel sector saw a certain recovery in the feeling of business confidence in relation to the minimum values of previous half-years. So, after many consecutive half-years of weakening activity, the trend in business activity continued to be unsatisfactory; however, it presented the least negative balance for this period in the last ten years. Now, despite this slight improvement in business, the weakness in tourist demand is still very marked and,

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

moreover, the sector is still facing a significant fall in income, due to the downturns in prices and the cut in average spending per tourist, which greatly impeded a change of trend towards a recovery in performance levels in the sector.

From a national point of view, business activity maintained a fairly stable trend in the parishes of La Massana and Escaldes-Engordany and was only valued in positive terms in the area of Andorra la Vella – with perceptions that, although not excessively optimistic, were the most favourable in the last seven years. In contrast, a negative business trend was the common denominator in the other parishes, mainly Sant Julià de Lòria and Ordino.

As expected in this period of the year, the average level of employment compared with the previous half-year fell a little, due to lower activity in the high parishes. However, in interannual terms, hoteliers noted a slight increase in levels of employment in almost all the parishes, to a large extent thanks to the rising trend in tourism from nearby, especially from France, which saw more favourable behaviour in the tourism sector mainly in the summer months and also at the start of the ski season.

Staff employed in the sector followed a clearly downward trend and sales prices tended to head down, although less markedly than a year before.

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

		2011			2012			2013		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	6	7	6.5	4	2	3	17	14	15.5
	Normal	41	26	33.5	39	33	36	36	64	50
	Bad	54	67	60.5	57	64	60.5	47	23	35
	Balance	-48	-60	-54	-53	-62	-57.5	-30	-9	-19.5
2. Average distribution of clients (%) (reviewed half year)	Catalonia	34	40	37	31	45	38	27	39	33
	Rest of Spain	26	27	26.5	24	29	26.5	26	28	27
	France	17	18	17.5	25	14	19.5	25	17	21
	Others	23	14	18.5	21	11	16	22	16	19
3. Level of reservations (reviewed half year)	High	1	0	0.5	2	2	2	15	12	13.5
	Adequate for the period	15	16	15.5	16	23	19.5	21	46	33.5
	Low	82	84	83	82	73	77.5	60	40	50
	Reservations not taken	1	0	0.5	0	2	1	4	2	3
Balance	-81	-84	-82.5	-80	-71	-75.5	-45	-28	-36.5	
4. Average rate of occupancy (compared with same half year of previous year)	Higher	4	7	5.5	4	7	5.5	22	35	28.5
	Equal	16	25	20.5	22	31	26.5	26	37	31.5
	Lower	80	68	74	75	62	68.5	52	28	40
	Balance	-76	-61	-68.5	-71	-55	-63	-30	7	-11.5
5. Prices paid by clients (compared with previous half year)	Higher	8	7	7.5	6	2	4	20	15	17.5
	Equal	36	41	38.5	47	33	40	48	31	39.5
	Lower	56	52	54	47	64	55.5	33	54	43.5
	Balance	-48	-45	-46.5	-41	-62	-51.5	-13	-39	-26
6. Number of employees (compared with previous half year)	More	6	4	5	0	7	3.5	7	4	5.5
	Equal	51	46	48.5	47	58	52.5	49	80	64.5
	Less	44	50	47	53	36	44.5	44	16	30
	Balance	-38	-46	-42	-53	-29	-41	-37	-12	-24.5

Chart 11.12

Source: Chamber of Commerce, Industry and Services of Andorra

As for the distribution of clients according to their place of origin, the Catalans are still the main clients for Andorran hotels (representing 39% of the total), followed by clients from the rest of Spain (28%). On the other hand, French clients remained third in the ranks (with 17% of the total clientele), in front of other more distant destinations (16%).

Businesses' expectations for the first half of 2014 show a more positive note in general but do not inspire belief in a background improvement in the hotel situation, but rather a slight picking up in activity for seasonal reasons. So, a slight improvement in business activity is expected for the whole sector and also a small increase in the average rate of employment, although this will still be at very modest levels. In parallel, the global volume of reservations is still considered low for the period of the year, although it recovered a little in relation to previous half years. Moreover, hoteliers predict that the contraction in staff in the sector will continue to fall and also sales prices will have more stable behaviour.

The percentage of businesses that consider that rising operating costs limit good business activity reached the highest level in recent years (with 75% of hotels mentioning it), a very similar incidence to that of weak demand (77%), which did not change much. After these, businesses highlighted other obstacles such as increasing competition (54%) and finance or treasury problems (46%), two factors that were mentioned more than in the previous half year.

11.4. Transport and communications

Nor was 2013 positive for the services branches of transport and communications, although their results were not as negative as in the previous two years, which demonstrates that there has been some recovery in certain activities in these sectors. The number of employees in these services branches fell 3.3%, one point less than in the previous year. The average wage also contracted 1.3%.

In recent years, vehicle registrations saw major declines. Contrasting with the 6,773 vehicles registered in 2005, in 2012 only 2,259 were registered, i.e. one third. In 2013, registrations showed a certain degree of recovery, as they increased 10.1%, but levels are still very low. By type of vehicle, car registrations rose 6.9% and lorries 3.3%. The most important growth was in

vans, mopeds and snowmobiles. The total number of vehicles fell 0.3% despite the recovery in registrations.

Telecommunications services also felt this general situation of crisis, both in installations and their use, except in relation to the latest technology, which is still being adopted and used more. So, in 2013, land lines fell -0.4% and mobiles grew an insignificant 0.1%; in contrast, broadband internet increased 3.1%. As for the use of the installations, national traffic continued to fall, in the case of land lines by -4.8% and in the case of mobiles -5.3%. International traffic still suffered a stronger downturn: incoming traffic fell -6.5% and outgoing -8.2%. In contrast, broadband internet traffic shot up: national by 104.3% and international by 24%. So, classic telecommunications continued to fall, also a reflection of lower activity in the country, and the more innovative telecommunications continue to expand strongly.

statistical appendix 2013



CAMBRA
DE COMERÇ
INDÚSTRIA I SERVEIS
D'ANDORRA

THE ANDORRAN ECONOMY: GENERAL STATISTICS

1. POPULATION, EMPLOYMENT AND EDUCATION

1.1 Population

Registered population by nationalities (persons)					
	2009	2010	2011	2012	2013
Andorrans	32,085	32,962	33,481	34,417	34,989
Foreigners	51,997	52,053	44,634	41,829	41,109
Spanish	26,662	26,688	22,187	20,320	20,070
Portuguese	13,362	13,100	11,711	11,229	10,809
French	5,099	5,087	4,104	3,794	3,695
Others	6,874	7,178	6,632	6,486	6,535
Total	84,082	85,015	78,115	76,246	76,098

Registered population by parishes (persons)					
	2009	2010	2011	2012	2013
Canillo	5,903	6,194	4,826	4,133	4,151
Encamp	14,263	14,357	13,521	12,051	11,934
Ordino	4,187	4,396	4,322	4,417	4,546
La Massana	9,773	9,937	9,744	9,902	9,961
Andorra la Vella	23,380	23,505	22,256	22,398	22,546
Sant Julià de Lòria	9,715	9,706	9,051	9,063	9,101
Escaldes-Engordany	16,861	16,920	14,395	14,282	13,859
Total	84,082	85,015	78,115	76,246	76,098

Estimated population by parishes (persons)					
	2009	2010	2011	2012	2013
Canillo	-	3,166	3,140	3,204	3,180
Encamp	-	11,319	11,094	10,937	10,675
Ordino	-	4,015	4,091	4,210	4,281
La Massana	-	8,618	8,526	8,647	8,800
Andorra la Vella	-	21,190	21,018	20,988	21,113
Sant Julià de Lòria	-	8,500	8,404	8,406	8,404
Escaldes-Engordany	-	13,482	13,499	13,366	13,513
Total	73,600	70,290	69,772	69,758	69,966

Note: Estimate of the population carried out by the Department of Statistics based on census data from official bodies and the communes.

This estimate is made monthly from December 2009 and at the end of 2013 put the population at 69,966 persons, signifying an overweighting of +8.8%, the lowest divergence in the last four years. However, this estimate is not wholly precise because the figures on residents with Andorran nationality still have to be validated.

Natural population movement					
	2009	2010	2011	2012	2013
Births	838	828	793	737	636
Deaths	272	239	275	303	239
Natural growth	566	589	518	434	397
Birth rate (per thousand) *	11.386	11.780	11.366	10.565	9.090
Death rate (per thousand) *	3.696	3.400	3.941	4.344	3.416
Natural growth rate (per thousand) *	7.690	8.380	7.424	6.222	5.674
Total population growth *	-	-3,310	-518	-14	208
Increase from migration and census regularization *	-	-3,899	-1,036	-448	-189

* Data calculated taking the estimated population as a base

Population structure by ages of the registered population (persons)					
	2009	2010	2011	2012	2013
Up to 14 years	12,150	12,229	12,095	11,841	11,644
From 15 to 64 years	61,122	61,463	56,163	54,801	54,485
65 years and over	10,810	11,323	9,857	9,604	9,969
Total	84,082	85,015	78,115	76,246	76,098

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

1.2. Employment

Jobs (annual average)					
	2009	2010	2011	2012	2013
Jobs	46,968	45,869	44,405	42,648	41,837

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

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

New CASS registrations (social security - annual total)					
	2009	2010	2011	2012	2013
New registrations	3,596	3,821	3,583	3,421	3,703

Note: 2013 data are provisional.

Number of employees by major sectors (average)					
	2009	2010	2011	2012	2013
Primary	148	152	159	162	166
Industry	1,923	1,851	1,731	1,617	1,555
Construction	5,410	4,657	3,932	3,269	2,847
Services	33,538	32,733	32,210	31,405	31,106
Total	41,019	39,393	38,031	36,452	35,674

Number of employees by sectors (average)					
	2009	2010	2011	2012	2013
Agriculture, livestock, hunting and forestry	148	152	159	162	166
Extraction industries	4	3	2	2	2
Manufacturing industries	1,765	1,687	1,561	1,450	1,383
Production and distribution of electricity, gas and water	154	161	168	166	170
Construction	5,410	4,657	3,932	3,269	2,847
Commerce and motor vehicle repairs (etc.)	10,362	9,977	9,574	9,235	8,917
Hotels & catering	5,136	4,956	4,877	4,684	4,593
Transport, storage and communications	1,220	1,185	1,156	1,107	1,071
Financial system	1,696	1,671	1,695	1,724	1,762
Real estate and rental activities; business services	4,115	4,132	4,076	3,952	4,001
Public administration, defence & compulsory social security (*)	4,698	4,487	4,452	4,405	4,414
Education	594	584	571	543	528
Health & veterinary activities, social services (*)	1,695	1,762	1,800	1,777	1,774
Other social activities & community services; personal services	2,445	2,419	2,456	2,419	2,529
Households employing domestic staff	1,354	1,326	1,324	1,294	1,222
Extraterritorial bodies	23	26	26	22	19
Special regimes (**)	-	-	-	41	76
Domestic work for the community (communities of owners)	200	206	203	202	200
Voluntary declaration, no activity (volunteers)	2	1	-	-	-
Total	41,019	39,393	38,031	36,452	35,674

(*) 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)

Registrations with the Job Service by motive (average)					
	2009	2010	2011	2012	2013
Applicants looking for a better job	212	152	163	188	184
Job seekers	444	510	639	950	983
Total	656	662	802	1,138	1,167

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

Registrations with the Job Service by nationalities (average)					
	2009	2010	2011	2012	2013
Total applicants	656	662	802	1,138	1,167
Andorran	159	170	221	328	364
Spanish	219	218	268	377	382
French	23	21	22	30	31
Portuguese	162	152	174	251	237
Others	94	102	117	152	154
Job seekers	444	510	639	950	983
Andorran	108	131	176	269	307
Spanish	143	165	213	316	310
French	15	17	15	23	25
Portuguese	118	122	147	222	215
Others	60	76	88	120	126

Registrations with the Job Service by age brackets (average)					
	2009	2010	2011	2012	2013
Total applicants	656	662	802	1,138	1,167
Up to 17	28	21	17	18	16
18 - 25	126	109	129	182	179
26 - 39	211	213	252	359	353
40 - 59	261	283	354	505	539
60 and over	30	36	50	74	80
Job seekers	444	510	639	950	983
Up to 17	26	21	17	17	16
18 - 25	96	84	106	160	160
26 - 39	132	155	187	280	278
40 - 59	166	217	285	426	454
60 and over	23	32	45	68	75

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

1.3 Education

Population in education by education level					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
School	10,796	10,837	10,802	10,773	10,730
University (*)	1,444	1,419	1,496	1,609	1,567
Non-university abroad	265	269	295	299	266
Total	12,505	12,525	12,593	12,681	12,563

(*) The university population data relating to the school years 2011-2012 have been revised and updated by the Institute of Andorran Studies.

Note 1: 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 2: The university population also includes students in higher vocational education.

Population in education by country of study					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Andorra	11,327	11,316	11,236	11,268	11,207
Spain	998	1,030	1,133	1,159	1,087
France	156	150	178	216	240
Others	24	29	46	38	29
Total	12,505	12,525	12,593	12,681	12,563

Note: The data for the university population relating to the 2011-2012 academic year have been revised and updated by the Institute of Andorran Studies.

School population by levels					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Kindergarten	2,408	2,411	2,380	2,435	2,423
Primary	4,474	4,367	4,263	4,130	4,068
Secondary	2,776	2,838	2,900	3,026	3,079
Baccalaureate	826	854	889	857	842
Vocational education	312	367	370	325	318
Total	10,796	10,837	10,802	10,773	10,730

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

School population by type of schooling					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
French educational system	3,468	3,430	3,402	3,351	3,350
French schools	3,468	3,430	3,402	3,351	3,350
Spanish educational system	3,326	3,285	3,243	3,217	3,146
Spanish schools	1,030	997	930	905	824
Congregational schools	2,071	2,075	2,102	2,088	2,108
Private schools	225	213	211	224	214
Andorran educational system	4,002	4,122	4,157	4,205	4,234
Andorran schools	3,888	3,977	4,031	4,082	4,104
Vocational schools	114	145	126	123	130
Total	10,796	10,837	10,802	10,773	10,730

University population by country of study					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Andorra	531	479	434	495	477
Spain	799	822	912	941	893
France	96	98	118	148	178
Others	18	20	32	25	19
Total	1,444	1,419	1,496	1,609	1,567

Note 1: The data for university students include those in higher vocational education.

Note 2: The data for university students for the 2011-2012 academic year 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

Net creation of establishments, registrations/deregistrations					
	2009	2010	2011	2012	2013
Registrations	634	613	542	550	717
Deregistrations	605	626	602	652	510
Net creation of establishments	29	-13	-60	-102	207

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

Number of establishments by sectors					
	2009	2010	2011	2012	2013
Primary (*)	24	28	32	37	39
Extraction industries	-	-	1	1	1
Manufacturing industries	345	340	331	321	340
Production and distribution of electricity, gas and water	4	4	5	5	5
Construction	848	837	817	791	789
Commerce and motor vehicle repairs (etc.)	2,732	2,682	2,627	2,556	2,573
Hotels & catering	955	967	963	950	982
Transport, storage and communications	410	404	414	411	402
Financial system	177	167	164	163	159
Real estate and rental activities; business services	1,208	1,236	1,242	1,253	1,376
Public administration, defence & compulsory social security	-	-	-	-	-
Education	67	65	66	66	76
Health & veterinary activities, social services	125	139	148	156	161
Other social activities & community services; personal services	458	471	470	468	482
Others	-	-	-	-	-
Total	7,353	7,340	7,280	7,178	7,385

(*) Includes 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

Electricity consumption (MWh)					
	2009	2010	2011	2012	2013
Domestic use	91,476	95,267	90,475	92,253	94,742
Construction and construction related activities	5,715	5,136	4,826	4,361	3,678
Industries	5,048	4,751	4,258	4,294	5,848
Distribution	75,886	76,384	74,799	73,634	70,860
Hotels and catering	68,029	68,381	66,263	64,687	62,398
Financial services	25,743	24,289	23,320	23,179	22,407
Other services	69,771	71,599	68,883	66,706	65,821
Street lighting	7,698	7,480	7,789	7,988	8,602
Ski resorts	15,272	17,221	15,125	17,052	14,010
Government	22,866	23,900	24,997	25,645	25,483
Other distributors	182,157	185,771	179,272	182,011	179,970
Total	569,662	580,179	560,007	561,809	553,820

Source: FEDA (Andorran Electricity Company)

Vehicle registration (units)					
	2009	2010	2011	2012	2013
Cars	1,945	2,118	1,884	1,573	1,682
Motorbikes	462	437	407	421	426
Vans	139	128	96	108	149
Lorries ⁽¹⁾	29	47	34	30	31
Special vehicles	80	27	28	35	28
Mopeds	26	26	14	13	17
Snowbikes	11	21	11	5	67
Others ⁽²⁾	96	89	54	74	87
Total	2,788	2,893	2,528	2,259	2,487

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

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

Source: Department of Industry, Government of Andorra

Number of businesses by number of employees (average)					
	2009	2010	2011	2012	2013
From 1 to 5	7,371	7,361	7,272	7,217	7,165
From 6 to 10	730	672	635	605	597
From 11 to 25	521	487	471	435	413
From 26 to 100	227	208	201	180	175
Over 100	53	52	51	51	49
Total	8,902	8,781	8,630	8,488	8,399

Number of businesses by sectors of activity (average)					
	2009	2010	2011	2012	2013
Primary ^(*)	89	99	94	97	110
Extraction industries	1	1	1	1	1
Manufacturing industries	218	217	200	192	182
Production and distribution of electricity, gas and water	5	6	6	6	6
Construction	594	539	506	475	470
Commerce and motor vehicle repairs (etc.)	1,411	1,369	1,339	1,298	1,279
Hotels & catering	720	691	690	687	678
Transport, storage and communications	175	155	149	149	137
Financial system	83	77	76	73	73
Real estate and rental activities; business services	785	775	791	800	831
Public administration, defence & compulsory social security	43	42	42	45	40
Education	51	53	47	46	48
Health & veterinary activities, social services	194	196	202	207	217
Other social activities & community services; personal services	373	377	386	377	361
Households employing domestic staff	3,574	3,593	3,526	3,460	3,397
Extraterritorial bodies	8	9	8	8	7
Special regimes ^(**)	-	-	-	1	1
Domestic work for the community (communities of owners)	566	577	569	567	561
Voluntary declaration, no activity (volunteers)	12	4	-	-	-
Total	8,902	8,781	8,630	8,488	8,399

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

(**) From March 2012, includes the declarant within the framework of the Programme of temporary work of 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)

3. PRICES AND COSTS

Consumer price index (interannual variation rate in December) (%) - Base 2001					
	2009	2010	2011	2012	2013
CPI - GROUPS					
Group 1. Food, beverages and tobacco	-0.3	0.7	2.6	2.2	1.7
Group 2. Clothing and footwear	3.6	-4.7	-5.3	-0.7	-0.4
Group 3. Housing, water, gas, electricity and other fuels	-0.8	2.9	3.8	-1.4	-1.8
Group 4. Furniture, domestic appliances and household services	1.6	-1.1	0.6	0.7	0.5
Group 5. Health (unsubsidised expenses)	1.1	4.3	0.9	-2.6	0.9
Group 6. Transport	0.6	5.2	5.6	1.6	-0.7
Group 7. Leisure, entertainment and culture	-3.2	-2.4	0.3	4.0	-1.8
Group 8. Education	0.8	3.3	2.7	3.2	2.6
Group 9. Hotels, cafes and restaurants	0.4	1.2	0.9	0.9	1.1
Group 10. Miscellaneous goods and services	-0.2	0.1	0.4	-0.9	-0.1
Total	0.0	1.6	2.5	1.1	0.0
CPI - SPECIAL GROUPS					
Underlying inflation	0.3	-0.1	0.1	1.4	0.4
Food	-1.0	0.1	2.1	1.8	1.1
General index less tobacco	-0.1	1.4	2.1	1.4	-0.1
Energy	-3.0	13.4	14.9	2.8	-3.5
Services	0.1	0.8	0.3	0.5	0.5
Petroleum based products	-5.0	15.2	16.6	4.2	-3.5
Fresh produce	-1.0	2.3	1.2	2.1	2.1
Food - durables	-0.9	-3.0	3.6	1.3	-0.6
Rent, water and waste disposal	0.3	0.4	0.2	-0.7	-0.7
Health services	1.0	-0.1	-1.6	-7.0	-0.5
Petroleum based and fresh products	-1.6	8.9	10.2	2.5	-1.3
CPI without energy	0.1	0.2	0.3	1.4	0.6
CPI without Group 1 (food, beverages and tobacco)	0.2	1.9	2.2	1.2	-0.2

Source: Department of Statistics. Government of Andorra

Average monthly salaries (euros)					
	2009	2010	2011	2012	2013
Agriculture, livestock, hunting and forestry	1,431.76	1,461.48	1,452.10	1,360.44	1,452.93
Extraction industries	2,371.92	3,036.48	1,404.41	2,312.87	1,770.68
Manufacturing industries	1,996.77	1,985.78	2,038.43	2,002.55	2,012.72
Production and distribution of electricity, gas and water	3,222.45	3,260.46	3,161.40	3,043.73	3,049.26
Construction	1,931.91	1,919.58	1,952.70	1,923.22	1,860.21
Commerce and motor vehicle repairs (etc.)	1,671.50	1,687.64	1,697.23	1,687.50	1,674.93
Hotels & catering	1,467.63	1,472.57	1,476.32	1,448.76	1,446.45
Transport, storage and communications	2,142.85	2,181.08	2,223.76	2,193.16	2,165.20
Financial system	4,215.38	4,380.86	4,535.97	4,539.02	4,697.29
Real estate and rental activities; business services	1,846.60	1,838.15	1,851.16	1,832.42	1,826.62
Public administration, defence & compulsory social security ^(*)	2,318.68	2,417.51	2,449.42	2,433.21	2,413.70
Education	2,033.69	2,070.55	2,083.17	2,149.44	2,203.99
Health & veterinary activities, social services ^(*)	2,301.08	2,306.96	2,318.05	2,290.48	2,196.36
Other social activities & community services; personal services	1,661.55	1,683.36	1,622.66	1,649.98	1,630.46
Households employing domestic staff	1,172.94	1,217.26	1,236.93	1,201.38	1,194.01
Extraterritorial bodies	2,521.89	2,407.69	2,411.81	2,628.89	2,447.52
Special regimes ^(**)	-	-	-	1,003.15	850.67
Domestic work for the community (communities of owners)	1,126.05	1,142.74	1,149.60	1,201.97	1,159.11
Voluntary declaration, no activity (volunteers)	1,537.75	1,182.19	-	-	-
Average	1,922.25	1,949.35	1,973.69	1,964.89	1,961.19

(*) 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

Budgeted income for central Government (thousand euros)					
	2009	2010^(*)	2011^(*)	2012	2013
Direct taxation	6,266.73	-	-	25,851.27	72,231.39
Indirect taxation	312,366.66	-	-	276,920.96	262,213.74
Other taxes and revenues	24,838.87	-	-	20,346.40	20,464.89
Current transfers	78.77	-	-	22.04	0.00
Investment income	14,234.80	-	-	10,774.23	8,915.91
Total non-financial revenues	357,785.83	-	-	333,914.90	363,825.93
Financial assets	149.37	-	-	60.81	53.21
Financial liabilities	260,023.94	-	-	313,060.41	608,784.57
TOTAL REVENUE	617,959.14	-	-	647,036.12	972,663.71

Budgeted central Government expenditure (thousand euros)					
	2009	2010^(*)	2011^(*)	2012	2013
Current expenditure	242,742.22	-	-	310,390.40	301,144.11
Personnel costs	92,650.69	-	-	96,639.61	97,320.17
Consumption of goods and services	45,565.78	-	-	45,958.93	48,188.27
Financial expenditure	29,188.46	-	-	33,931.15	27,215.25
Current transfers	75,337.28	-	-	133,860.71	128,420.42
Capital expenditure	114,872.49	-	-	82,230.73	102,039.43
Real investments	50,171.48	-	-	35,917.10	46,930.14
Capital transfers	64,701.01	-	-	46,313.63	55,109.29
Total non-financial expenditure	357,614.71	-	-	392,621.13	403,183.54
Financial operations	260,275.44	-	-	254,414.98	569,480.17
Financial assets	165.00	-	-	214.68	146.25
Financial liabilities	260,110.44	-	-	254,200.30	569,333.92
TOTAL EXPENDITURE	617,890.14	-	-	647,036.12	972,663.71

Non-financial cash surplus or deficit (thousand euros)					
	2009	2010^(*)	2011^(*)	2012	2013
Non-financial cash surplus or deficit	171.13	-	-	-58,706.23	-39,357.60

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

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

Settlement of central Government income (thousand euros)					
	2009	2010	2011	2012	2013
Direct taxation	1,736.73	1,699.73	5,636.57	29,895.43	32,908.42
Indirect taxation	232,109.31	248,266.30	265,758.61	301,538.70	275,997.68
Other taxes and revenues	24,276.61	43,119.76	27,470.86	23,622.70	31,668.54
Current transfers	66.80	21.73	44.22	0.27	750.63
Investment income	13,055.45	10,885.34	9,320.40	12,957.51	50,806.64
Sale of real investment	1.12	1.02	-	1.00	6.32
Total non-financial revenues	271,246.02	303,993.87	308,230.66	368,015.60	392,138.22
Financial assets	133.86	48.35	82.81	184.48	967.03
Financial liabilities	379,287.96	338,210.52	320,723.13	377,026.68	669,276.62
TOTAL REVENUE	650,667.84	642,252.75	629,036.60	745,226.75	1,062,381.87

Source: Ministry of Finance and Public Administration

Settlement of central Government expenditure (thousand euros)					
	2009	2010	2011	2012	2013
Current expenditure	225,754.42	233,599.11	271,561.33	274,374.57	285,438.92
Personnel costs	89,328.99	93,373.97	95,227.09	94,443.68	94,505.59
Consumption of goods and services	42,832.60	41,558.90	40,904.90	41,934.12	44,056.90
Financial expenditure	15,262.29	10,685.73	18,804.67	29,320.18	23,848.99
Current transfers	78,330.55	87,980.51	116,624.67	108,676.60	123,027.44
Capital expenditure	162,052.75	123,336.35	87,571.23	180,548.19	90,991.19
Real investments	99,301.45	57,718.36	34,137.62	135,125.05	36,675.97
Capital transfers	62,751.29	65,617.99	53,433.61	45,423.14	54,315.22
Total non-financial expenditure	387,807.17	356,935.46	359,132.56	454,922.76	376,430.11
Financial operations	260,269.64	246,590.12	256,016.14	299,230.77	648,142.67
Financial assets	269.64	46.42	93.21	4,673.20	1,994.00
Financial liabilities	260,000.00	246,543.70	255,922.93	294,557.57	646,148.67
TOTAL EXPENDITURE	648,076.80	603,525.58	615,148.70	754,153.53	1,024,572.78
Operating costs (*)	132,161.59	134,932.87	136,131.99	136,377.80	138,562.49

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

Non-financial cash surplus or deficit (thousand euros)					
	2009	2010	2011	2012	2013
Non-financial cash surplus or deficit	-116,561.14	-52,941.58	-50,901.91	-86,907.17	15,708.11

Central Government debt (thousand euros)					
	2009	2010	2011	2012	2013
Long-term debt	260,000.00	260,000.00	380,000.00	114,887.81	693,988.65
Public debt (Loans)	260,000.00	260,000.00	260,000.00	-	260,000.00
Public debt (Bonds)	-	-	-	-	150,000.00
Public debt (Treasury bills) l-t	-	-	120,000.00	-	100,000.00
Loan l-t	-	-	-	114,887.81	106,509.12
Credit policies	-	-	-	-	77,479.53
Short-term debt	361,602.19	456,722.15	387,880.85	737,099.65	174,379.00
Public debt (Loans)	-	-	-	260,000.00	-
Public debt (Treasury bills) s-t	-	100,000.00	100,000.00	320,000.00	170,000.00
Credit policies	361,602.19	206,722.15	187,880.85	157,099.65	-22.39
Loan s-t	-	150,000.00	100,000.00	-	4,401.39
TOTAL DEBT	621,602.19	716,722.15	767,880.85	851,987.46	868,367.65

Note: The settlements of revenue and expenditure for 2013 are provisional.

Source: Ministry of Finance and Public Administration

4.2 Commune authorities

Budgeted income for Commune authorities (thousand euros)					
	2009	2010	2011	2012	2013
Canillo	16,416.15	14,163.38	11,956.83	10,565.08	11,451.18
Encamp	30,334.67	31,813.63	29,376.21	25,408.02	24,750.04
Ordino	12,616.74	11,279.95	9,818.81	9,400.88	11,578.32
La Massana	14,560.92	14,194.59	11,608.97	11,057.23	11,973.32
Andorra la Vella	39,366.46	38,898.41	34,908.80	32,079.67	34,044.04
Sant Julià de Lòria	15,791.04	12,875.20	12,600.54	11,278.32	12,203.29
Escaldes-Engordany	26,921.77	27,522.04	22,072.44	20,696.74	20,153.09
Total	156,007.73	150,747.20	132,342.60	120,485.95	126,153.28

Budgeted expenditure for Commune authorities (thousand euros)					
	2009	2010	2011	2012	2013
Canillo	16,416.15	14,163.38	11,956.83	10,565.08	11,451.18
Encamp	30,334.67	31,813.63	29,376.21	25,408.02	24,750.04
Ordino	12,616.74	11,279.95	9,818.81	8,409.41	11,578.32
La Massana	14,560.92	14,194.59	10,446.37	10,928.17	11,740.73
Andorra la Vella	39,366.46	38,898.41	34,908.80	32,079.67	34,044.04
Sant Julià de Lòria	15,791.04	12,875.20	12,242.01	11,278.32	12,019.57
Escaldes-Engordany	26,921.77	27,522.04	22,072.44	20,696.74	20,153.09
Total	156,007.73	150,747.20	130,821.47	119,365.42	125,736.97

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

Budgeted balance for Commune authorities (thousand euros)					
	2009	2010	2011	2012	2013
Canillo	0.00	0.00	0.00	0.00	0.00
Encamp	0.00	0.00	0.00	0.00	0.00
Ordino	0.00	0.00	0.00	991.47	0.00
La Massana	0.00	0.00	1,162.60	129.06	232.59
Andorra la Vella	0.00	0.00	0.00	0.00	0.00
Sant Julià de Lòria	0.00	0.00	358.53	0.00	183.72
Escaldes-Engordany	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	1,521.12	1,120.53	416.31

Settlements of Commune authorities' revenue (thousand euros)					
	2009	2010	2011	2012	2013
Canillo	12,399.10	11,830.92	11,052.54	10,790.89	13,362.77
Encamp	28,021.50	26,863.35	25,032.66	21,754.77	27,159.63
Ordino	13,098.30	10,760.63	10,262.63	10,170.13	14,227.50
La Massana	13,846.94	12,678.67	11,992.33	11,108.28	12,427.83
Andorra la Vella	41,382.11	33,061.22	33,989.41	35,944.10	32,679.02
Sant Julià de Lòria	15,263.55	12,638.29	15,678.77	11,013.87	11,668.17
Escaldes-Engordany	58,769.32	25,960.05	20,871.10	18,868.24	20,080.11
Total	182,780.82	133,793.13	128,879.44	119,650.28	131,605.03

Settlements of Commune authorities' expenditure (thousand euros)					
	2009	2010	2011	2012	2013
Canillo	14,575.02	11,534.21	10,983.56	11,043.79	9,997.28
Encamp	30,897.39	26,722.23	26,714.16	23,988.28	22,867.92
Ordino	10,955.09	10,146.88	8,844.20	8,704.50	11,683.01
La Massana	14,537.80	11,907.73	10,455.66	10,401.90	10,131.57
Andorra la Vella	36,011.84	31,657.80	32,615.19	30,210.97	32,156.64
Sant Julià de Lòria	12,958.23	12,477.57	14,196.88	10,877.97	12,209.83
Escaldes-Engordany	52,172.93	24,901.25	21,280.53	18,592.76	18,374.39
Total	172,108.31	129,347.68	125,090.17	113,820.15	117,420.65

Commune authorities' surplus/deficit (thousand euros)					
	2009	2010	2011	2012	2013
Canillo	-2,175.92	296.71	68.98	-252.90	3,365.49
Encamp	-2,875.89	141.11	-1,681.49	-2,233.51	4,291.71
Ordino	2,143.20	613.75	1,418.43	1,465.63	2,544.48
La Massana	-690.85	770.94	1,536.68	706.39	2,296.26
Andorra la Vella	5,370.27	1,403.42	1,374.22	5,733.14	522.38
Sant Julià de Lòria	2,305.31	160.72	1,481.89	135.90	-541.66
Escaldes-Engordany	6,596.39	1,058.81	-409.43	275.49	1,705.72
Total	10,672.50	4,445.45	3,789.27	5,830.13	14,184.38

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

Consolidated Commune debt (thousand euros) - (With investees)					
	2009	2010	2011	2012	2013
Canillo	28,835.60	25,642.09	23,871.90	23,366.41	18,104.98
Encamp	41,907.89	39,125.32	39,295.28	38,928.78	35,283.99
Ordino	24,771.35	24,669.72	23,924.99	22,555.12	20,583.08
La Massana	48,965.50	45,686.18	42,405.17	43,552.67	19,332.11
Andorra la Vella	61,867.39	61,081.10	58,348.78	55,124.44	51,887.11
Sant Julià de Lòria	20,819.13	20,584.41	18,474.88	20,378.98	20,749.45
Escaldes-Engordany	39,823.33	37,210.58	35,093.32	32,356.59	29,394.43
Total	266,990.20	253,999.39	241,414.32	236,262.98	195,335.15

Note: 2009-2012 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. 2013 data relating to the debt status presented by the Communes.

Source: Court of Accounts / Commune authorities

THE ANDORRAN ECONOMY: SECTORAL STATISTICS

5. PRIMARY SECTOR

Number of establishments					
	2009	2010	2011	2012	2013
Agriculture, livestock, hunting and auxiliary service activities	23	27	31	37	39
Forestry, forest management and auxiliary service activities	1	1	1	0	0
Total	24	28	32	37	39

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

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

Number of companies by number of employees (average)					
	2009	2010	2011	2012	2013
From 1 to 5	81	93	87	90	105
From 6 to 10	8	5	4	4	4
From 11 to 25	1	2	2	3	2
Total	89	99	94	97	110

Number of employees (average)					
	2009	2010	2011	2012	2013
Agriculture, livestock, hunting and auxiliary service activities	136	139	145	154	163
Forestry, forest management and auxiliary service activities	11	13	14	8	4
Total	148	152	159	162	166

Average monthly salaries (euro)					
	2009	2010	2011	2012	2013
Agriculture, livestock, hunting and auxiliary service activities	1,414.61	1,448.04	1,447.75	1,349.75	1,445.67
Forestry, forest management and auxiliary service activities	1,636.59	1,600.41	1,498.27	1,577.68	1,790.08
Average	1,431.76	1,461.48	1,452.10	1,360.44	1,452.93

Source: CASS (Andorran Social Security)

Tobacco crop by parish (kg)					
	2009	2010	2011	2012	2013
Canillo	15,818	16,023	16,013	8,716	15,721
Encamp	27,666	27,336	27,407	27,397	26,811
Ordino	32,461	34,517	33,730	33,666	34,114
La Massana	43,752	44,269	45,205	43,864	45,120
Andorra la Vella	29,085	29,156	30,120	30,126	24,423
Sant Julià de Lòria	83,840	74,577	80,680	80,736	77,091
Escaldes-Engordany	11,545	11,607	11,522	11,287	10,897
Total production	244,168	237,485	244,676	235,792	234,176

Source: Department of Agriculture. Government of Andorra / Association of Andorran Manufacturers of Tobacco Products (AFPTA)

Livestock census (adult animals)

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Bulls	77	69	62	72	63
Cows	1,483	1,496	1,497	1,480	1,449
Working animals	-	-	-	-	-
Stud animals	204	196	198	165	170
Mares	700	700	711	688	687
Rams	80	73	75	83	98
Ewes	2,126	2,291	2,446	2,573	2,559
Billy goats	37	32	29	20	27
Nanny goats	525	521	349	344	347
Total	5,232	5,378	5,367	5,425	5,400

Number of farms per parish

	2009	2010	2011	2012	2013
Canillo	48	48	48	52	49
Encamp	51	55	55	54	47
Ordino	45	46	46	48	40
La Massana	66	67	67	69	57
Andorra la Vella	48	49	49	48	37
Sant Julià de Lòria	64	64	64	63	62
Escaldes-Engordany	29	30	30	32	30
Total	351	359	359	366	322

Total farms by type (surface area in m²)

	2009	2010	2011	2012	2013
Hay	5,395,818	5,205,044	5,161,003	5,210,147	5,163,754
Tobacco	1,592,175	1,592,491	1,516,629	1,503,335	1,490,809
Pasture	12,213,949	12,407,330	12,606,943	12,605,792	12,773,491
Potatoes	174,129	152,935	234,019	243,456	200,703
Market garden	126,356	127,839	112,590	124,471	117,218
PAM ⁽¹⁾	-	-	47,566	40,683	35,047
Vines	-	-	96,571	109,875	90,305
Forage ⁽²⁾	40,889	28,570	32,750	26,965	29,634
Misc. ⁽³⁾	94,537	114,753	13,591	9,514	8,674
Fallow	250,272	489,475	473,913	501,455	528,074
Others	537,303	415,595	408,391	418,154	415,051
Total	20,425,428	20,534,032	20,703,966	20,793,847	20,852,760
Useful agricultural area	19,637,853	19,628,963	19,821,663	19,874,237	19,909,635

(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)**

	2009	2010	2011	2012	2013
Extraction industries	1	1	1	1	1
Manufacturing industries	218	217	200	192	182
Production and distribution of electricity, gas and water	5	6	6	6	6
Total	224	225	207	199	190

Source: CASS (Andorran Social Security)

Number of companies by number of employees (average)

	2009	2010	2011	2012	2013
From 1 to 5	128	134	125	121	111
From 6 to 10	35	37	35	37	38
From 11 to 25	42	37	33	26	28
From 26 to 100	17	15	13	12	9
Over 100	1	2	2	3	3
Total	224	225	207	199	190

Source: CASS (Andorran Social Security)

Number of establishments

	2009	2010	2011	2012	2013
Extraction industries	-	-	1	1	1
Activities of services related to oil & gas production, except prospecting	-	-	1	1	1
Manufacturing industries	345	340	331	321	340
Food and beverage processing industries	44	42	41	42	44
Tobacco industries	7	7	7	7	7
Textile industries	9	10	9	9	6
Dressmaking and fur industries	9	9	9	7	7
Wood and cork industries, except furniture; basketware and wickerwork	49	49	48	48	46
Paper industries	-	-	1	1	1
Publishing, graphic arts and reproduction of recorded media	93	90	92	83	88
Chemical industries	3	4	4	4	4
Manufacture of products of rubber and plastic materials	1	1	1	1	2
Manufactures of other non-metallic mineral products	5	5	5	6	6
Metallurgy	1	1	-	-	1
Manufacture of metallic products, except machinery and equipment	35	34	35	33	32
Industries for the construction of mechanical machinery and equipment	30	31	26	27	31
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	27	26	25	25	29
Manufacture of other transport materials	1	1	1	-	-
Furniture manufacturing; other manufacturing industries	28	27	24	25	31
Recycling	1	1	1	1	1
Production and distribution of electricity, gas and water	4	4	5	5	5
Production and distribution of electricity, gas, steam and hot water	2	2	3	3	3
Collection, purification and distribution of water	2	2	2	2	2
Total	349	344	337	327	346

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

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

Electricity consumption by industry (MWh)

	2009	2010	2011	2012	2013
Electricity consumption	5,048	4,751	4,258	4,294	5,848

Source: FEDA (Andorran Electricity Co.)

Number of employees (average)

	2009	2010	2011	2012	2013
Extraction industries	4	3	2	2	2
Extraction and agglomeration of antracite, coal, lignite and peat	-	-	-	-	1
Extraction of non-metallic or non-energy minerals	4	3	2	2	1
Manufacturing industries	1,765	1,687	1,561	1,450	1,383
Food and beverage processing industries	244	233	222	214	220
Tobacco industries	276	274	280	287	283
Textile industries	57	48	27	32	32
Dressmaking and fur industries	2	-	-	1	-
Wood and cork industries, except furniture; basketware and wickerwork	221	188	161	139	123
Publishing, graphic arts and reproduction of recorded media	270	263	240	220	198
Chemical industries	88	92	99	104	110
Manufacture of products of rubber and plastic materials	3	3	1	1	-
Manufactures of other non-metallic mineral products	58	53	44	38	16
Metallurgy	-	-	-	-	-
Manufacture of metallic products, except machinery and equipment	155	157	140	104	105
Industries for the construction of mechanical machinery and equipment	162	162	152	120	117
Manufacture of electrical machinery and material	17	13	8	8	7
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	-	-	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	142	137	130	133	130
Manufacture of motor vehicles, trailers and semi-trailers	2	2	2	2	1
Manufacture of other transport materials	-	-	1	1	-
Furniture manufacturing; other manufacturing industries	54	48	38	32	28
Recycling	14	15	16	15	14
Production and distribution of electricity, gas and water	154	161	168	166	170
Production and distribution of electricity, gas, steam and hot water	125	126	128	126	126
Collection, purification and distribution of water	29	35	40	39	43
Total	1,923	1,851	1,731	1,617	1,555

Average monthly salaries (euro)

	2009	2010	2011	2012	2013
Extraction industries	2,371.92	3,036.48	1,404.41	2,312.87	1,770.68
Extraction and agglomeration of antracite, coal, lignite and peat	-	-	-	-	2,038.57
Extraction of non-metallic or non-energy minerals	2,371.92	3,036.48	1,404.41	2,312.87	1,547.44
Manufacturing industries	1,996.77	1,985.78	2,038.43	2,002.55	2,012.72
Food and beverage processing industries	1,605.54	1,606.26	1,677.53	1,629.34	1,589.78
Tobacco industries	2,150.07	2,082.83	2,169.53	2,076.77	2,204.72
Textile industries	1,291.08	1,423.51	1,454.51	1,746.15	1,683.77
Dressmaking and fur industries	1,097.17	-	-	482.24	-
Wood and cork industries, except furniture; basketware and wickerwork	2,063.74	1,989.72	1,881.31	1,912.49	1,829.14
Publishing, graphic arts and reproduction of recorded media	1,850.26	1,877.39	1,817.99	1,834.91	1,758.51
Chemical industries	1,625.23	1,755.07	1,792.26	1,814.24	1,901.67
Manufacture of products of rubber and plastic materials	1,660.29	1,697.50	1,877.65	1,630.00	-
Manufactures of other non-metallic mineral products	2,850.24	3,036.82	3,257.32	2,726.99	2,229.71
Metallurgy	-	-	-	-	-
Manufacture of metallic products, except machinery and equipment	2,117.57	2,008.90	2,070.15	2,023.96	2,070.02
Industries for the construction of mechanical machinery and equipment	2,310.96	2,335.78	2,437.31	2,551.51	2,712.01
Manufacture of electrical machinery and material	1,726.16	1,481.88	1,492.09	1,408.32	1,362.13
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	-	-	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	2,281.82	2,200.97	2,477.52	2,418.49	2,430.52
Manufacture of motor vehicles, trailers and semi-trailers	1,935.43	2,126.85	2,115.13	2,186.47	2,253.87
Manufacture of other transport materials	-	-	1,565.00	1,200.00	-
Furniture manufacturing; other manufacturing industries	1,818.22	1,968.58	1,786.48	1,766.04	1,847.21
Recycling	2,635.10	1,957.37	2,029.15	2,002.61	1,839.90
Production and distribution of electricity, gas and water	3,222.45	3,260.46	3,161.40	3,043.73	3,049.26
Production and distribution of electricity, gas, steam and hot water	3,495.85	3,601.73	3,532.31	3,406.80	3,451.96
Collection, purification and distribution of water	2,029.79	2,036.91	1,983.24	1,882.38	1,878.25
Average	2,095.82	2,098.47	2,146.53	2,109.45	2,125.55

Source: CASS (Andorran Social Security)

7. ENERGY

Electricity					
	2009	2010	2011	2012	2013
Exports (MWh)	9	7	1	9	3
Production (MWh)	101,011	112,700	91,238	87,858	114,683
Urban waste thermal production	15,163	12,666	12,323	11,676	12,904
Hydro-electric production	85,848	100,034	78,915	76,182	101,779
Imports (MWh)	497,732	497,948	495,796	505,456	467,102
Total consumption	598,735	610,641	587,033	593,306	581,782

Real electricity consumption by charge band (kWh)					
	2009	2010	2011	2012	2013
Domestic rate - blue	91,496,232	95,267,139	90,455,256	92,213,569	94,742,266
Business rate - blue (up to 20 kW on contract)	53,265,461	53,850,180	50,663,371	48,736,694	48,170,291
Street lighting	-	-	178,966	299,382	649,502
Business rate - red (from 25 to 250 kW on contract)	114,748,571	116,429,505	113,183,475	112,336,860	111,378,372
Business rate - green (more than 250 kW on contract)	127,835,680	129,069,468	126,254,384	126,211,494	118,909,680
Total consumption by low-voltage (BT) customers	387,345,944	394,616,292	380,735,452	379,797,999	373,850,111
Charge to other distributors	182,157,180	185,771,007	179,271,641	182,011,144	179,969,996
Total	569,503,124	580,387,299	560,007,093	561,809,143	553,820,107

Electricity consumption by sector (MWh)					
	2009	2010	2011	2012	2013
Domestic use	91,476	95,267	90,475	92,253	94,742
Construction and construction related activities	5,715	5,136	4,826	4,361	3,678
Industries	5,048	4,751	4,258	4,294	5,848
Distribution	75,886	76,384	74,799	73,634	70,860
Hotels and catering	68,029	68,381	66,263	64,687	62,398
Financial services	25,743	24,289	23,320	23,179	22,407
Other services	69,771	71,599	68,883	66,706	65,821
Street lighting	7,698	7,480	7,789	7,988	8,602
Ski resorts	15,272	17,221	15,125	17,052	14,010
Government	22,866	23,900	24,997	25,645	25,483
Other distributors	182,157	185,771	179,272	182,011	179,970
Total	569,662	580,179	560,007	561,809	553,820

Source: FEDA (Andorran Electricity Co.)

Fuel imports (litres)					
	2009	2010	2011	2012	2013
Unleaded petrol	29,960,088	28,563,574	28,080,840	27,191,927	25,478,296
Diesel for vehicles	100,287,482	99,399,880	102,216,532	101,249,226	97,007,606
Domestic fuel oil	64,467,574	66,778,762	54,298,678	55,834,708	57,507,520
Carbureactors	93,427	127,936	131,958	93,560	143,075
Total	194,808,571	194,870,152	184,728,008	184,369,421	180,136,497

Source: Department of Tax and Frontiers. Government of Andorra

Evolution in various forms of energy consumption (TOE)					
	2009	2010	2011	2012	2013
Electricity	132,919	135,538	130,321	131,714	129,156
Petrol	23,279	22,194	21,819	21,128	19,797
Diesel	145,314	146,570	138,046	138,548	136,282
Propane	2,244	2,399	2,353	2,116	1,987
Butane	595	541	461	422	360
Total	304,350	307,242	293,001	293,928	287,582

Source: Department of Industry. Government of Andorra

8.CONSTRUCTION

Number of establishments					
	2009	2010	2011	2012	2013
Construction	848	837	817	791	789

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

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

Number of companies by number of employees (average)					
	2009	2010	2011	2012	2013
From 1 to 5	322	294	292	286	302
From 6 to 10	118	109	99	96	89
From 11 to 25	102	91	75	64	55
From 26 to 100	51	45	39	28	24
Over 100	2	0	1	1	0
Total	594	539	506	475	470

Number of employees (average)					
	2009	2010	2011	2012	2013
Construction	5,410	4,657	3,932	3,269	2,847

Average monthly salaries (euros)					
	2009	2010	2011	2012	2013
Construction	1,931.91	1,919.58	1,952.70	1,923.22	1,860.21

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2009	2010	2011	2012	2013
Construction and related activities	5,715	5,136	4,826	4,361	3,678

Source: FEDA (Andorran Electricity Co.)

Number of authorised projects					
	2009	2010	2011	2012	2013
Total authorised works	-	-	483	399	460

Total authorised m² by category					
	2009	2010	2011	2012	2013
New build	-	-	109,860.33	127,520.47	75,726.95
Refurbishment	-	-	75,385.00	37,022.86	69,295.21
Extension	-	-	10,154.66	6,387.98	5,450.89
Demolition	-	-	7,862.87	3,504.10	5,153.16
Total	-	-	203,262.86	174,435.41	155,626.21

Source: Official Architects' Association of Andorra

Surface area authorised for building (square metres)					
	2009	2010	2011	2012	2013
Apartments	75,639	13,770	21,475	46,043	26,495
Houses	12,261	13,735	10,265	4,176	5,149
Other buildings (including offices, stores and hotels)	20,341	29,105	41,113	3,263	20,769
Total	108,241	56,610	72,853	53,482	52,413

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

Surface area authorised for building per parish (square metres)

	2009	2010	2011	2012	2013
Canillo	2,656	6,317	5,040	1,250	1,842
Encamp	11,017	18,566	18,816	1,134	4,219
Ordino	19,075	2,363	3,054	29,232	2,517
La Massana	8,512	5,021	6,570	7,121	3,592
Andorra la Vella	15,893	2,244	2,324	2,293	21,163
Sant Julià de Lòria	22,990	3,112	34,866	11,692	4,270
Escaldes-Engordany	28,098	18,987	2,183	760	14,810
Total	108,241	56,610	72,853	53,482	52,413

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

Imports of building materials (thousand euros)

	2009	2010	2011	2012	2013
Salt, sulphur, earth, stone, plaster, lime, cement (25)	10,880.02	8,481.48	8,003.17	4,594.52	3,904.37
Stone, plaster and mica products (68)	6,615.78	6,429.07	4,739.94	3,927.48	3,542.88
Castings, iron and steel (72)	5,064.32	5,090.63	5,219.65	2,485.25	2,432.71
Cast-iron, iron and steel products (73)	23,973.31	19,160.50	15,213.25	14,304.15	15,049.37
Total	46,533.43	39,161.68	33,176.01	25,311.40	24,929.33

Note: Data revised by the Department of Statistics on implementing the methodology of the general international trade system, recommended by Eurostat and the World Trade Organisation.

Source: Department of Tax and Frontiers. Government of Andorra

9. SERVICES**Number of establishments**

	2009	2010	2011	2012	2013
Commerce and motor vehicle repairs (etc.)	2,732	2,682	2,627	2,556	2,573
Sales, maintenance and repair of motor vehicles (etc.)	347	357	348	340	345
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	933	904	873	846	863
Retail, except sales of motor vehicles (etc.)	1,452	1,421	1,406	1,370	1,365
Hotels & catering	955	967	963	950	982
Transport, storage and communications	410	404	414	411	402
Overland transport; pipeline transport	227	220	221	214	206
Air and space transport	4	4	4	3	3
Transport related activities; travel agency activities	167	167	175	182	184
Post and telecommunications	12	13	14	12	9
Financial system	177	167	164	163	159
Financial activities, except insurance activities	74	72	69	66	63
Insurance activities, except compulsory social security	92	84	85	87	87
Activities related to finance	11	11	10	10	9
Real estate and rental activities; business services	1,208	1,236	1,242	1,253	1,376
Real estate activities	328	323	309	292	305
Hire of machinery & equipment without operator, personal effects, domestic appliances	116	118	116	113	108
Computer activities	91	92	95	95	127
Research and development	-	-	3	5	7
Other business activities	673	703	719	748	829
Public administration, defence and compulsory social security	-	-	-	-	-
Education	67	65	66	66	76
Health and veterinary activities, social services	125	139	148	156	161
Other social activities and community services; personal services	458	471	470	468	482
Public sanitation activities	21	27	27	27	25
Leisure, culture and sports activities	173	178	180	176	187
Miscellaneous personal services activities	264	266	263	265	270
Others	-	-	-	-	-
Total	6,132	6,131	6,094	6,023	6,211

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

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

Number of businesses (average)

	2009	2010	2011	2012	2013
Commerce and motor vehicle repairs (etc.)	1,411	1,369	1,339	1,298	1,279
Hotels & catering	720	691	690	687	678
Transport, storage & communications	175	155	149	149	137
Financial system	83	77	76	73	73
Real estate and rentals; business services	785	775	791	800	831
Public administration, defence and compulsory social security	43	42	42	45	40
Education	51	53	47	46	48
Health and veterinary activities, social services	194	196	202	207	217
Other social activities & community services; personal services	373	377	386	377	361
Households employing domestic staff	3,574	3,593	3,526	3,460	3,397
Extraterritorial bodies	8	9	8	8	7
Special regimes (*)	-	-	-	1	1
Domestic work for the community (communities of owners)	566	577	569	567	561
Voluntary declaration, no activity (volunteers)	12	4	-	-	-
Total	7,995	7,917	7,823	7,717	7,630

(*) From March 2012, includes the declarant within the framework of the temporary work programme for the unemployed registered with the Job Service, by the Government to do work helping to provide a service to the community.

Number of businesses by number of employees (average)

	2009	2010	2011	2012	2013
From 1 to 5	6,840	6,841	6,768	6,720	6,648
From 6 to 10	569	521	498	467	466
From 11 to 25	376	358	361	342	328
From 26 to 100	159	148	149	140	142
Over 100	50	50	48	48	46
Total	7,995	7,917	7,823	7,717	7,630

Number of employees (average)

	2009	2010	2011	2012	2013
Commerce and motor vehicle repairs (etc.)	10,362	9,977	9,574	9,235	8,917
Sales, maintenance and repair of motor vehicles (etc.)	1,235	1,219	1,176	1,118	1,069
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,815	2,687	2,549	2,336	2,183
Retail, except sales of motor vehicles (etc.)	6,313	6,071	5,849	5,781	5,665
Hotels & catering	5,136	4,956	4,877	4,684	4,593
Transport, storage and communications	1,220	1,185	1,156	1,107	1,071
Overland transport; pipeline transport	555	532	503	472	461
Air and space transport	9	9	9	7	8
Transport related activities; travel agency activities	380	370	376	362	339
Post and telecommunications	277	273	268	266	262
Financial system	1,696	1,671	1,695	1,724	1,762
Financial activities, except insurance activities	1,447	1,432	1,461	1,491	1,525
Insurance activities, except compulsory social security	245	235	229	229	234
Activities related to finance	4	4	4	4	3
Real estate and rental activities; business services	4,115	4,132	4,076	3,952	4,001
Real estate activities	639	609	615	574	554
Hire of machinery & equipment without operator, personal effects, domestic appliances	170	169	177	156	140
Computer activities	305	325	334	324	332
Research and development	1	7	10	6	6
Other business activities	2,999	3,023	2,940	2,891	2,969
Public administration, defence and compulsory social security (*)	4,698	4,487	4,452	4,405	4,414
Education	594	584	571	543	528
Health and veterinary activities, social services (**)	1,695	1,762	1,800	1,777	1,774
Other social activities and community services; personal services	2,445	2,419	2,456	2,419	2,529
Public sanitation activities	56	70	83	104	142
Associational activities	165	177	196	212	225
Leisure, culture and sports activities	1,721	1,685	1,694	1,648	1,719
Miscellaneous personal services activities	503	487	483	455	443
Households employing domestic staff	1,354	1,326	1,324	1,294	1,222
Extraterritorial bodies	23	26	26	22	19
Special regimes (**)	-	-	-	41	76
Domestic work for the community (communities of owners)	200	206	203	202	200
Voluntary declaration no activity (volunteers)	2	1	-	-	-
Total	33,538	32,733	32,210	31,405	31,106

(*) 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)

Average monthly salaries (euros)					
	2009	2010	2011	2012	2013
Commerce and motor vehicle repairs (etc.)	1,671.50	1,687.64	1,697.23	1,687.50	1,674.93
Sales, maintenance and repair of motor vehicles (etc.)	1,789.70	1,806.81	1,866.87	1,866.49	1,832.43
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,856.29	1,856.97	1,874.47	1,887.74	1,909.33
Retail, except sales of motor vehicles (etc.)	1,565.99	1,588.78	1,585.89	1,571.95	1,554.85
Hotels & catering	1,467.63	1,472.57	1,476.32	1,448.76	1,446.45
Transport, storage and communications	2,142.85	2,181.08	2,223.76	2,193.16	2,165.20
Overland transport; pipeline transport	1,927.23	1,900.39	1,935.49	1,861.03	1,832.96
Air and space transport	3,491.27	3,250.98	3,809.29	4,982.66	4,690.21
Transport related activities; travel agency activities	1,833.73	1,845.46	1,848.24	1,817.87	1,813.79
Post and telecommunications	2,957.12	3,147.29	3,237.62	3,215.27	3,128.98
Financial system	4,215.38	4,380.86	4,535.97	4,539.02	4,697.29
Financial activities, except insurance activities	4,525.88	4,690.79	4,855.41	4,857.91	5,018.74
Insurance activities, except compulsory social security	2,408.55	2,523.18	2,536.91	2,502.11	2,637.15
Activities related to finance	2,731.41	2,469.31	2,402.88	2,146.18	1,881.15
Real estate and rental activities; business services	1,846.60	1,838.15	1,851.16	1,832.42	1,826.62
Real estate activities	2,007.37	2,149.18	2,184.73	2,137.91	2,126.64
Hire of machinery & equipment without operator, personal effects, domestic appliances	1,701.97	1,738.88	1,841.43	1,936.07	1,872.14
Computer activities	2,500.24	2,545.08	2,469.91	2,347.51	2,352.23
Research and development	700.99	1,707.03	1,707.75	2,542.44	2,931.35
Other business activities	1,754.52	1,705.39	1,712.13	1,706.88	1,707.51
Public administration, defence and compulsory social security (*)	2,318.68	2,417.51	2,449.42	2,433.21	2,413.70
Education	2,033.69	2,070.55	2,083.17	2,149.44	2,203.99
Health and veterinary activities, social services (*)	2,301.08	2,306.96	2,318.05	2,290.48	2,196.36
Other social activities and community services; personal services	1,661.55	1,683.36	1,622.66	1,649.98	1,630.46
Public sanitation activities	1,869.80	1,792.09	1,706.92	1,571.26	1,569.74
Associational activities	1,450.18	1,506.36	1,370.98	1,351.79	1,333.69
Leisure, culture and sports activities	1,715.99	1,751.95	1,686.60	1,741.61	1,702.48
Miscellaneous personal services activities	1,521.50	1,495.04	1,486.19	1,474.90	1,521.22
Households employing domestic staff	1,172.94	1,217.26	1,236.93	1,201.38	1,194.01
Extraterritorial bodies	2,521.89	2,407.69	2,411.81	2,628.89	2,447.52
Special regimes (**)	-	-	-	1,003.15	850.67
Domestic work for the community (communities of owners)	1,126.05	1,142.74	1,149.60	1,201.97	1,159.11
Voluntary declaration no activity (volunteers)	1,537.75	1,182.19	-	-	-
Average	1,912.90	1,947.42	1,969.53	1,964.90	1,964.93

(*) 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)

Electricity consumption (MWh)					
	2009	2010	2011	2012	2013
Distribution	75,886	76,384	74,799	73,634	70,860
Hotels and catering	68,029	68,381	66,263	64,687	62,398
Financial services	25,743	24,289	23,320	23,179	22,407
Other services	69,771	71,599	68,883	66,706	65,821
Street lighting	7,698	7,480	7,789	7,988	8,602
Ski resorts	15,272	17,221	15,125	17,052	14,010
Government	22,866	23,900	24,997	25,645	25,483
Other distributors	182,157	185,771	179,272	182,011	179,970
Total	467,422	475,025	460,447	460,902	449,552

Source: FEDA (Andorran Electricity Co.)

9.1 Commerce

Number of establishments					
	2009	2010	2011	2012	2013
Sales, maintenance and repairs of motor vehicles (etc.)	347	357	348	340	345
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	933	904	873	846	863
Retail, except sales of motor vehicles (etc.)	1,452	1,421	1,406	1,370	1,365
Total	2,732	2,682	2,627	2,556	2,573

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

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

Number of businesses (average)					
	2009	2010	2011	2012	2013
Commerce and motor vehicle repairs (etc.)	1,411	1,369	1,339	1,298	1,279

Number of businesses by number of employees (average)					
	2009	2010	2011	2012	2013
From 1 to 5	1,018	997	985	975	964
From 6 to 10	209	197	186	166	167
From 11 to 25	119	116	111	105	99
From 26 to 100	50	44	40	37	34
Over 100	14	15	16	16	15
Total	1,411	1,369	1,339	1,298	1,279

Number of employees (average)					
	2009	2010	2011	2012	2013
Sales, maintenance and repairs of motor vehicles (etc.)	1,235	1,219	1,176	1,118	1,069
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,815	2,687	2,549	2,336	2,183
Retail, except sales of motor vehicles (etc.)	6,313	6,071	5,849	5,781	5,665
Total	10,362	9,977	9,574	9,235	8,917

Average monthly salaries (euros)					
	2009	2010	2011	2012	2013
Sales, maintenance and repairs of motor vehicles (etc.)	1,789.70	1,806.81	1,866.87	1,866.49	1,832.43
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,856.29	1,856.97	1,874.47	1,887.74	1,909.33
Retail, except sales of motor vehicles (etc.)	1,565.99	1,588.78	1,585.89	1,571.95	1,554.85
Average	1,671.50	1,687.64	1,697.23	1,687.50	1,674.93

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2009	2010	2011	2012	2013
Distribution sector	75,886	76,384	74,799	73,634	70,860

Source: FEDA (Andorran Electricity Co.)

9.2 Financial sector

Number of establishments					
	2009	2010	2011	2012	2013
Financial activities, except insurance activities	74	72	69	66	63
Insurance activities, except compulsory social security	92	84	85	87	87
Activities related to finance	11	11	10	10	9
Total	177	167	164	163	159

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

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

Number of businesses (average)					
	2009	2010	2011	2012	2013
Financial system	83	77	76	73	73

Source : CASS (Andorran Social Security)

Number of businesses by number of employees (average)					
	2009	2010	2011	2012	2013
From 1 to 5	56	50	49	46	46
From 6 to 10	12	12	10	10	9
From 11 to 25	8	9	11	11	11
From 26 to 100	2	1	1	1	1
Over 100	5	5	5	5	5
Total	83	77	76	73	73

Number of employees (average)					
	2009	2010	2011	2012	2013
Financial activities, except insurance activities	1,447	1,432	1,461	1,491	1,525
Insurance activities, except compulsory social security	245	235	229	229	234
Activities related to finance	4	4	4	4	3
Total	1,696	1,671	1,695	1,724	1,762

Average monthly wages (euros)					
	2009	2010	2011	2012	2013
Financial activities, except insurance activities	4,525.88	4,690.79	4,855.41	4,857.91	5,018.74
Insurance activities, except compulsory social security	2,408.55	2,523.18	2,536.91	2,502.11	2,637.15
Activities related to finance	2,731.41	2,469.31	2,402.88	2,146.18	1,881.15
Average	4,215.38	4,380.86	4,535.97	4,539.02	4,697.29

Source : CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2009	2010	2011	2012	2013
Financial services	25,743	24,289	23,320	23,179	22,407

Source: FEDA (Andorran Electricity Co.)

Number of bank branches					
	2009	2010	2011	2012	2013
Number of bank branches	55	56	50	44	40

Number of employees in the banking sector					
	2009	2010	2011	2012	2013
Number of employees in the banking sector ^(*)	1,588	1,703	2,078	2,281	2,457

(*) Includes employees in Andorra and abroad.

Source: Association of Andorran Banks

Bank deposits (million euros)					
	2009	2010	2011	2012	2013
Andbank Group	2,439.70	2,494.88	2,603.37	2,580.51	2,690.73
Banca Privada d'Andorra	1,415.76	1,210.33	1,484.68	1,621.48	1,516.24
MoraBanc Group	2,263.85	1,867.28	1,851.03	1,682.73	1,689.06
Crèdit Andorrà Group	4,373.75	4,181.70	4,315.61	4,454.88	4,447.27
BancSabadell d'Andorra	457.87	417.66	357.44	388.81	442.06
Total	10,950.94	10,171.86	10,612.12	10,728.40	10,785.35

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

Net credit investment of the banking entities (million euros)					
	2009	2010	2011	2012	2013
Andbank Group	1,594.26	1,611.23	1,684.14	1,792.92	1,727.66
Banca Privada d'Andorra	804.84	909.50	1,077.96	1,124.66	975.37
MoraBanc Group	1,030.81	1,066.57	1,096.39	977.33	928.11
Crèdit Andorrà Group	3,002.65	3,084.62	3,090.78	3,071.82	3,006.86
BancSabadell d'Andorra	390.05	390.30	399.45	416.84	391.33
Total	6,822.61	7,062.21	7,348.72	7,383.58	7,029.33

Note: Net credit investment, i.e., less "Provisional insolvency fund", does not include credit investment balances with credit banks and entities but only customers' credit investment.

Profit per banking entity (thousand euros)					
	2009	2010	2011	2012	2013
Andbank Group	44,357	40,778	54,246	56,581	64,080
Banca Privada d'Andorra	25,125	25,154	18,528	17,596	20,541
MoraBanc Group	50,116	50,629	46,687	45,175	42,375
Crèdit Andorrà Group	76,655	77,816	70,628	70,862	71,241
BancSabadell d'Andorra	5,252	6,135	6,452	6,624	6,960
Total	201,505	200,512	196,541	196,838	205,197

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

9.3 Tourism

Number of establishments					
	2009	2010	2011	2012	2013
Hotels & catering	955	967	963	950	982

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

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

Number of businesses (average)					
	2009	2010	2011	2012	2013
Hotels & catering	720	691	690	687	678

Number of businesses by number of employees (average)					
	2009	2010	2011	2012	2013
From 1 to 5	454	455	449	444	439
From 6 to 10	110	92	92	104	105
From 11 to 25	104	93	98	93	87
From 26 to 100	50	51	49	45	46
Over 100	2	1	1	2	2
Total	720	691	690	687	678

Number of employees (average)					
	2009	2010	2011	2012	2013
Hotels & catering	5,136	4,956	4,877	4,684	4,593

Average monthly wages (euros)					
	2009	2010	2011	2012	2013
Hotels & catering	1,467.63	1,472.57	1,476.32	1,448.76	1,446.45

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2009	2010	2011	2012	2013
Hotels and catering	68,029	68,381	66,263	64,687	62,398
Ski resorts	15,272	17,221	15,125	17,052	14,010

Source: FEDA (Andorran Electricity Co.)

Total visitors (any non-resident visiting the country)						
	2009	2010	2011^(*)	2012	2013	
Total by nationalities	Spanish	5,216,607	4,951,063	3,976,718	3,863,167	3,705,029
	French	3,659,936	3,387,767	3,471,122	3,464,619	3,260,907
	Others	235,316	212,434	535,039	572,654	710,242
Sant Julià de Lòria	Spanish	5,026,236	4,769,427	3,681,354	3,591,673	3,423,551
	French	388,962	354,579	272,941	250,733	274,495
	Others	141,954	130,173	346,291	382,985	568,556
Pas de la Casa	Spanish	190,371	181,636	295,364	271,494	281,478
	French	3,270,974	3,033,188	3,198,181	3,213,886	2,986,412
	Others	93,362	82,261	188,748	189,669	141,686
Total visitors (tourists and day-trippers)	9,111,859	8,551,264	7,982,879	7,900,440	7,676,178	

Tourists (any visitor who spends more than one day, i.e. at least one night, in this country)						
	2009	2010	2011^(*)	2012	2013	
Total by nationalities	Spanish	1,409,868	1,414,298	1,588,909	1,570,604	1,643,417
	French	332,783	310,800	341,484	345,898	392,750
	Others	87,218	82,903	311,169	321,437	299,147
Sant Julià de Lòria	Spanish	1,349,729	1,351,951	1,459,230	1,448,821	1,517,874
	French	81,788	76,285	63,171	59,479	92,433
	Others	55,218	52,782	212,547	224,565	236,540
Pas de la Casa	Spanish	60,139	62,347	129,679	121,783	125,543
	French	250,995	234,515	278,313	286,419	300,317
	Others	32,000	30,121	98,622	96,872	62,607
Total tourists	1,829,869	1,808,001	2,241,562	2,237,939	2,335,314	

Day-trippers (any visitor who only spends one day in the country)						
	2009	2010	2011^(*)	2012	2013	
Total by nationalities	Spanish	3,806,739	3,536,765	2,387,809	2,292,563	2,061,612
	French	3,327,153	3,076,967	3,129,638	3,118,721	2,868,157
	Others	148,098	129,531	223,870	251,217	411,095
Sant Julià de Lòria	Spanish	3,676,507	3,417,476	2,222,124	2,142,852	1,905,677
	French	307,174	278,294	209,770	191,254	182,062
	Others	86,736	77,391	133,744	158,420	332,016
Pas de la Casa	Spanish	130,232	119,289	165,685	149,711	155,935
	French	3,019,979	2,798,673	2,919,868	2,927,467	2,686,095
	Others	61,362	52,140	90,126	92,797	79,079
Total day-trippers	7,281,990	6,743,263	5,741,317	5,662,501	5,340,864	

(*) 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 works 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 the 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 and 2013 data.

Source: Department of Statistics. Government of Andorra

Number of overnight stays per type of accommodation					
	2009	2010	2011(*)	2012	2013
Hotel	-	-	4,308,035	4,415,393	4,539,064
Aparthotel	-	-	271,390	289,389	345,016
Holiday apartment	-	-	672,008	651,581	655,780
Campsite	-	-	234,842	127,110	151,865
Friends' or family's house	-	-	527,561	723,980	815,983
Own or rental property	-	-	316,834	308,582	394,088
Other	-	-	184,189	120,244	76,965
Total	-	-	6,514,859	6,636,279	6,978,761

(*) 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 the 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 and 2013 data.

Source: Department of Statistics. Government of Andorra

9.4 Transport and communications

Number of establishments					
	2009	2010	2011	2012	2013
Overland transport; pipeline transport	227	220	221	214	206
Air and space transport	4	4	4	3	3
Transport related activities; travel agency activities	167	167	175	182	184
Post and telecommunications	12	13	14	12	9
Total	410	404	414	411	402

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

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

Number of employees (average)					
	2009	2010	2011	2012	2013
Overland transport; pipeline transport	555	532	503	472	461
Air and space transport	9	9	9	7	8
Transport related activities; travel agency activities	380	370	376	362	339
Post and telecommunications	277	273	268	266	262
Total	1,220	1,185	1,156	1,107	1,071

Average monthly salaries (euros)					
	2009	2010	2011	2012	2013
Overland transport; pipeline transport	1,927.23	1,900.39	1,935.49	1,861.03	1,832.96
Air and space transport	3,491.27	3,250.98	3,809.29	4,982.66	4,690.21
Transport related activities; travel agency activities	1,833.73	1,845.46	1,848.24	1,817.87	1,813.79
Post and telecommunications	2,957.12	3,147.29	3,237.62	3,215.27	3,128.98
Average	2,142.85	2,181.08	2,223.76	2,193.16	2,165.20

Source : CASS (Andorran Social Security)

Number of vehicles per 1,000 inhabitants					
	2009	2010	2011	2012	2013
Vehicles /1,000 inhabitants	1,037	1,098	1,103	1,098	1,092

Note: Data calculated on the base of estimated population.

Source : Department of Industry. Government of Andorra

Number of vehicles					
	2009	2010	2011	2012	2013
Vehicles with normal registration plates					
Cars	51,676	52,336	52,284	52,038	52,237
Light goods vehicles	973	982	966	950	924
Medium goods vehicles	3,348	3,343	3,288	3,273	3,108
Public transport vehicles	208	208	207	206	219
Heavy goods vehicles	970	954	896	852	809
Semitrailers	314	311	284	269	253
Industrial trailers	9	10	9	11	11
Private trailers	3,061	3,095	3,097	3,119	3,225
Motorbikes (50cc+)	10,027	10,255	10,415	10,572	10,722
Agricultural vehicles	353	358	357	354	366
Total	70,939	71,852	71,803	71,644	71,874
Vehicles with special registration plates					
Mopeds (< 50cc)	2,908	2,836	2,711	2,582	2,173
Special vehicles	1,998	2,004	1,984	1,965	1,981
Snowbikes	471	471	453	425	366
Total	5,377	5,311	5,148	4,972	4,520
TOTAL NUMBER OF VEHICLES	76,316	77,163	76,951	76,616	76,394

Source : Department of Industry. Government of Andorra

Subscriptions to telecommunications services (units)					
	2009	2010	2011	2012	2013
Land lines	49,505	49,765	49,171	48,166	47,983
Telephone lines	37,882	38,171	38,401	38,320	38,572
ISDN channels	11,623	11,594	10,770	9,846	9,411
Mobile telephones	64,549	65,495	65,044	63,865	63,931
Mobiland contract ⁽¹⁾	38,845	40,020	41,269	43,352	45,727
Mobiland Clic pre-pay ⁽²⁾	25,704	25,475	23,775	20,513	18,204
Data lines	474	409	-	-	-
Commutated lines ⁽³⁾	150	135	-	-	-
Specialised lines	324	274	-	-	-
Total contracted capacity in Kbps⁽³⁾	349,555	350,568	-	-	-
Point-to-point data access	-	-	824	734	695
Ipsilon (copper)	-	-	368	218	88
Business Intranet (FTTH)	-	-	456	516	607
Broadband Internet	22,941	24,502	25,763	26,905	27,734
ADSL	17,902	13,264	8,337	5,238	2,191
Internet via fibre optic	5,039	11,238	17,426	21,667	25,543

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

	2009	2010	2011	2012	2013
TELEPHONE TRAFFIC (minutes)					
National total	196,721,664	183,263,474	175,724,899	163,847,511	155,793,112
<i>Land line network⁽¹⁾</i>	<i>149,162,757</i>	<i>137,971,339</i>	<i>131,684,410</i>	<i>122,801,051</i>	<i>116,916,699</i>
Telephones -land lines ⁽¹⁾	135,508,359	132,359,694	-	-	-
Internet (analogue access)	13,331,673	5,320,153	-	-	-
Internet (digital access)	322,725	291,492	-	-	-
<i>Mobile network⁽¹⁾</i>	<i>47,558,907</i>	<i>45,292,135</i>	<i>44,040,489</i>	<i>41,046,460</i>	<i>38,876,414</i>
International incoming	58,084,482	54,194,186	49,913,074	46,584,158	43,540,545
International outgoing	61,065,343	60,107,157	55,404,485	51,736,346	47,478,671
TELEPHONE TRAFFIC (Gb)					
Broadband Internet -National	36,776	106,500	259,074	404,996	827,525
Via ADSL	28,738	53,222	99,590	111,145	130,960
Via fibre optic	8,038	53,278	159,484	293,851	696,565
Broadband Internet -International	3,338,559	3,834,043	4,757,016	6,081,298	7,542,793
Via ADSL	2,845,628	2,314,292	1,980,786	1,312,668	869,287
Via fibre optic	492,931	1,519,751	2,776,230	4,768,630	6,673,507

(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

Imports by products (thousand euros)					
	2009	2010	2011	2012	2013
01 Live animals	123.43	265.43	151.51	115.41	143.56
02 Meat and edible meat offal	24,955.48	24,945.34	25,262.38	25,328.68	25,106.85
03 Fish and crustaceans, molluscs and others	10,724.45	11,136.75	11,187.21	10,648.24	10,312.62
04 Dairy produce; birds eggs and natural honey	26,402.84	22,486.40	22,504.96	22,821.17	22,779.09
05 Products of animal origin	86.29	104.79	96.62	127.50	116.66
06 Live plants and floricultural products	1,588.45	1,574.34	1,471.13	1,387.10	1,329.74
07 Edible vegetables, plants and certain roots and tubers	9,850.75	10,751.06	9,514.59	9,192.92	9,400.61
08 Edible fruit and nuts; peel of citrus fruit or melons	4,133.33	4,878.50	4,892.72	5,071.74	5,209.65
09 Coffee, tea, maté and spices	4,532.75	5,565.53	5,423.05	5,264.22	5,597.05
10 Cereals	508.33	444.29	378.41	397.97	371.83
11 Products of the milling industry: malt; starches, etc.	905.92	815.18	871.80	850.88	844.75
12 Seeds and fruits; industrial or medicinal plants, etc.	494.25	482.63	474.21	549.61	524.10
13 Gums, resins and other vegetable saps and extracts	71.81	12.75	84.15	115.18	112.19
14 Vegetable plaiting materials and other vegetable products	1.39	25.83	4.45	46.01	6.45
15 Animal or vegetable fats and oils; waxes	4,705.33	4,433.04	4,774.08	4,638.52	4,721.19
16 Preparations of meat, fish or crustaceans, etc.	13,138.87	12,961.99	13,641.94	13,682.17	14,793.18
17 Sugars and sugar confectionery	9,461.02	7,943.72	8,208.04	6,449.09	6,537.53
18 Cocoa and cocoa preparations	8,101.36	8,311.59	8,765.06	8,090.37	8,655.22
19 Preparations of cereals, flour, etc.; pastry-cooks' products	17,653.09	16,873.48	17,140.29	16,912.87	16,509.64
20 Preparations of vegetables, fruit, etc.	8,708.26	8,417.46	8,384.84	7,800.92	8,192.82
21 Miscellaneous edible preparations	20,262.53	22,043.64	23,043.44	23,393.35	24,632.09
22 Beverages, spirits and vinegar	54,837.03	59,444.14	62,321.94	63,776.93	66,004.95
23 Residues and waste from the food industries, etc.	2,188.94	2,272.05	2,683.18	2,874.47	3,146.67
24 Tobacco and manufactured tobacco substitutes	27,292.45	31,416.58	30,970.58	31,075.35	32,869.19
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	10,880.02	8,481.48	8,003.17	4,594.52	3,904.37
26 Ores, slag and ash	2.46	0.20	0.55	2.99	8.52
27 Mineral fuels, oils and waxes; bituminous substances	96,777.40	117,361.45	141,742.78	156,283.29	143,502.24
28 Inorganic chemical products	617.04	640.31	669.03	620.35	653.62
29 Organic chemical products	396.47	772.14	783.49	646.58	683.81
30 Pharmaceutical products	29,409.54	27,235.70	28,920.61	28,326.08	27,785.00
31 Fertilizers	385.93	372.00	372.51	378.29	339.05
32 Paints and varnishes; putty and other mastics; inks	5,105.20	5,423.52	5,637.95	5,465.35	5,552.46
33 Perfumery, cosmetic and toilet preparations	85,913.64	85,257.67	90,267.28	72,369.37	74,863.19
34 Soap, organic products, waxes, candles	10,570.25	10,424.17	11,282.96	12,121.64	12,493.72
35 Albuminoidal substances; glues; enzymes	386.64	463.71	386.21	356.75	376.46
36 Explosives; pyrotechnic products; certain combustible preparations	802.60	978.06	336.21	312.51	268.88
37 Photographic or cinematographic goods	1,137.19	714.89	434.96	415.84	459.07
38 Miscellaneous chemical products	5,424.47	4,963.95	4,808.57	3,989.35	4,287.30
39 Plastics and articles thereof	15,359.96	14,508.06	13,639.48	14,569.62	14,558.69
40 Rubber and articles thereof	11,485.84	11,539.72	11,572.14	10,021.04	10,817.44
41 Raw hides and skins (other than furskins) and leather	10.93	9.71	2.11	5.07	15.01
42 Articles of leather; saddlery and harness, etc.	14,953.16	15,362.86	15,664.40	14,340.90	14,640.81
43 Furskins and artificial fur; manufactures thereof	782.97	686.60	956.66	606.38	496.52
44 Wood and articles of wood; wood charcoal	9,724.24	8,408.10	6,861.77	5,878.93	6,452.05
45 Cork and articles of cork	26.58	18.93	3.81	5.90	11.58
46 Articles of esparto or basketwork	226.48	250.53	127.89	79.01	62.72
47 Pulp of wood or of other fibrous cellulosic material	4.32	3.37	1.31	3.25	46.48
48 Paper and paperboard	15,406.53	16,030.10	16,658.58	15,800.38	15,803.47
49 Printed books, newspapers, pictures and other products of the printing industry	7,671.03	11,663.16	10,675.37	9,559.69	9,712.16
50 Silk	17.88	25.05	20.20	7.99	13.30
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	93.19	70.12	77.47	80.96	65.17
52 Cotton	106.65	124.22	141.56	136.02	133.56
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	12.76	15.26	11.25	12.26	9.24
54 Man-made filaments	340.77	443.40	683.29	455.98	459.19
55 Man-made staple fibres	1,037.10	891.65	1,175.51	1,135.72	1,272.40
56 Wadding, felt and nonwovens, cordage, ropes and cables	1,088.55	1,354.47	1,219.31	1,073.19	1,052.06
57 Carpets and other textile floor coverings	714.54	645.53	429.96	367.99	336.21
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	218.81	161.15	181.89	220.84	232.27

Imports by products (thousand euros) - Continuation

	2009	2010	2011	2012	2013
59 Textile articles of a kind suitable for industrial use	135.59	185.42	134.82	164.21	212.38
60 Knitted or crocheted fabrics	109.27	35.71	37.69	74.74	48.71
61 Articles of apparel and clothing accessories, knitted or crocheted	32,811.98	33,430.38	31,935.70	29,403.15	30,597.54
62 Articles of apparel and clothing accessories, not knitted or crocheted	71,109.10	72,158.72	72,324.60	65,758.76	62,049.54
63 Other made up textile articles; sets, etc.	10,882.81	9,009.64	7,517.88	5,883.02	5,816.39
64 Footwear, gaiters and the like; parts of such articles	27,964.35	30,499.75	30,414.07	25,209.02	26,502.40
65 Headgear and parts thereof	5,966.09	6,105.91	5,932.40	4,773.37	4,748.19
66 Umbrellas, sun umbrellas, walking sticks, etc.	670.06	628.13	601.20	819.30	523.99
67 Feathers, artificial flowers, articles of human hair	118.58	113.46	121.04	167.35	116.71
68 Articles of stone, plaster, cement, asbestos, mica	6,615.78	6,429.07	4,739.94	3,927.48	3,542.88
69 Ceramic products	6,463.97	5,892.26	4,773.77	4,462.12	3,675.72
70 Glass and glassware	4,965.58	4,492.23	4,457.31	4,717.70	3,524.38
71 Pearls, precious stones and metals, imitation jewellery; coin	10,910.72	10,382.63	11,478.72	8,291.36	22,368.39
72 Iron and steel	5,064.32	5,090.63	5,219.65	2,485.25	2,432.71
73 Articles of iron or steel	23,973.31	19,160.50	15,213.25	14,304.15	15,049.37
74 Copper and articles thereof	607.74	506.26	562.54	398.51	258.82
75 Nickel and articles thereof	0.42	-	1.77	0.39	-
76 Aluminium and articles thereof	7,452.20	6,971.00	6,256.31	6,145.99	4,706.71
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	8.32	10.99	2.54	20.38	3.84
79 Zinc and articles thereof	148.24	125.63	53.66	67.39	60.52
80 Tin and articles thereof	14.15	10.82	19.77	15.98	1.66
81 Other base metals; cermets	26.32	1.71	10.80	16.31	46.83
82 Tools, implements, cutlery	4,019.85	4,278.30	4,120.94	3,487.40	3,961.45
83 Miscellaneous articles of base metal	3,360.07	3,572.28	3,580.01	3,568.67	3,310.69
84 Nuclear reactors, boilers, mechanical appliances	55,211.91	53,548.14	50,280.33	55,883.49	58,716.93
85 Electrical machinery and equipment, etc.	111,672.37	93,504.43	86,289.39	81,323.12	81,829.70
86 Railway locomotives and equipment of all kinds	61.68	75.88	120.47	133.84	167.14
87 Vehicles, tractors, motorbikes, bicycles	79,461.94	85,386.08	80,593.03	67,510.32	80,337.27
88 Aircraft, spacecraft	152.66	59.60	159.35	8.99	61.03
89 Ships, boats and floating structures	901.39	277.09	2,492.11	1,621.54	990.09
90 Optical, photographic, cinematographic and measuring apparatus, etc.	22,958.82	22,496.47	21,988.47	20,177.93	20,947.17
91 Clocks and watches and parts thereof	16,275.49	19,739.15	22,074.96	24,100.14	24,736.42
92 Musical instruments	1,387.63	1,424.13	921.66	870.04	783.72
93 Arms and ammunition	1,146.51	986.01	965.35	1,065.85	923.15
94 Furniture; lamps and lighting fittings	29,515.31	26,855.90	23,325.60	19,710.87	18,917.30
95 Toys, games and sports requisites; parts and accessories thereof	27,222.23	28,721.64	24,973.86	17,971.55	18,001.25
96 Miscellaneous manufactured articles	3,848.39	3,853.85	3,534.89	5,903.44	5,996.14
97 Works of art, collectors' pieces and antiques	2,025.77	654.47	781.71	992.86	2,119.90
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	-	-	341.97	390.30	647.67
Total	1,153,060.44	1,159,582.05	1,164,354.37	1,102,681.01	1,128,020.34

Note: Data revised by the Department of Statistics on implementation of the methodology of the general international trade system, recommended by Eurostat and the World Trade Organisation.

Source: Department of Tax and Frontiers. Government of Andorra

Exports by products (thousand euros)

	2009	2010	2011	2012	2013
01 Live animals	86.76	70.82	48.91	29.45	45.38
02 Meat and edible meat offal	253.78	340.19	264.63	195.67	5.49
03 Fish and crustaceans, molluscs and others	-	-	14.24	2.34	2.65
04 Dairy produce; birds eggs and natural honey	1.23	2.81	-	0.98	2.60
05 Products of animal origin	-	1.34	5.06	4.48	6.55
06 Live plants and floricultural products	-	-	-	-	0.91
07 Edible vegetables, plants and certain roots and tubers	1.81	-	-	-	9.14
08 Edible fruit and nuts; peel of citrus fruit or melons	-	-	-	-	-
09 Coffee, tea, maté and spices	-	19.69	0.31	21.64	0.26
10 Cereals	2.11	-	-	-	-
11 Products of the milling industry: malt; starches, etc.	0.02	-	0.41	-	-
12 Seeds and fruits; industrial or medicinal plants, etc.	-	-	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	26.04	21.18	40.73	59.49	105.64
16 Preparations of meat, fish or crustaceans, etc.	17.25	-	2.44	-	0.54
17 Sugars and sugar confectionery	45.01	7.81	13.33	2.95	0.02
18 Cocoa and cocoa preparations	0.03	-	0.05	14.98	0.11
19 Preparations of cereals, flour, etc.; pastry-cooks' products	2.09	-	0.43	1.59	-
20 Preparations of vegetables, fruit, etc.	32.26	0.86	0.47	5.19	-

Exports by products (thousand euros) - Continuation

	2009	2010	2011	2012	2013
21 Miscellaneous edible preparations	6,702.29	3.00	9.42	14.95	4.23
22 Beverages, spirits and vinegar	231.06	55.84	89.55	568.50	130.51
23 Residues and waste from the food industries, etc.	-	-	0.07	1.06	0.48
24 Tobacco and manufactured tobacco substitutes	37.62	54.38	44.04	61.65	47.57
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	259.26	248.97	161.97	235.73	195.81
26 Ores, slag and ash	11.10	11.72	7.41	7.26	3.09
27 Mineral fuels, oils and waxes; bituminous substances	48.58	1.20	2.43	78.72	94.07
28 Inorganic chemical products	2.25	-	2.86	2.64	0.20
29 Organic chemical products	-	-	8.14	2.08	17.04
30 Pharmaceutical products	3.77	17.19	219.54	20.53	32.39
31 Fertilizers	-	0.02	-	-	-
32 Paints and varnishes; putty and other mastics; inks	50.37	17.31	65.06	94.52	99.70
33 Perfumery, cosmetic and toilet preparations	2,992.15	1,893.58	3,493.76	2,560.07	1,132.64
34 Soap, organic products, waxes, candles	65.02	11.26	66.26	30.40	24.22
35 Albuminoid substances; glues; enzymes	0.28	7.59	3.17	1.45	0.05
36 Explosives; pyrotechnic products; certain combustible preparations	-	0.13	0.27	9.81	6.84
37 Photographic or cinematographic goods	4.66	2.20	4.29	9.21	1.52
38 Miscellaneous chemical products	71.11	30.55	30.58	7.63	30.08
39 Plastics and articles thereof	857.46	856.20	1,002.06	1,112.42	1,294.76
40 Rubber and articles thereof	121.39	79.67	76.07	133.44	73.81
41 Raw hides and skins (other than furskins) and leather	12.86	36.66	49.38	50.10	60.07
42 Articles of leather; saddlery and harness, etc.	579.36	632.72	680.15	688.33	506.47
43 Furskins and artificial fur; manufactures thereof	18.61	21.48	7.20	35.30	13.15
44 Wood and articles of wood; wood charcoal	855.89	898.74	785.51	803.50	955.31
45 Cork and articles of cork	-	-	0.15	-	-
46 Articles of esparto or basketwork	0.01	-	2.51	-	0.69
47 Pulp of wood or of other fibrous cellulosic material	579.91	1,061.63	1,317.14	1,175.03	907.25
48 Paper and paperboard	471.51	890.89	963.39	1,137.11	1,000.33
49 Printed books, newspapers, pictures and other products of the printing industry	1,788.83	1,302.54	1,287.73	1,385.56	4,565.85
50 Silk	-	-	-	-	-
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	-	-	-	-	-
52 Cotton	0.71	2.97	-	-	0.78
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	0.03	2.77	-	-	-
54 Man-made filaments	6.53	0.87	1.75	0.78	2.75
55 Man-made staple fibres	0.80	-	0.91	0.46	-
56 Wadding, felt and nonwovens, cordage, ropes and cables	773.34	936.27	796.71	585.83	321.74
57 Carpets and other textile floor coverings	127.75	115.58	117.69	90.70	73.90
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	351.64	463.74	486.69	340.68	314.38
59 Textile articles of a kind suitable for industrial use	269.86	131.04	173.90	217.48	169.40
60 Knitted or crocheted fabrics	0.18	-	-	-	3.19
61 Articles of apparel and clothing accessories, knitted or crocheted	946.94	1,181.34	1,220.84	3,566.90	839.02
62 Articles of apparel and clothing accessories, not knitted or crocheted	2,373.12	2,110.12	2,451.59	3,469.98	2,231.71
63 Other made up textile articles; sets, etc.	5,147.60	2,573.15	2,268.06	1,373.70	269.72
64 Footwear, gaiters and the like; parts of such articles	657.17	884.03	1,767.56	1,395.59	1,502.64
65 Headgear and parts thereof	800.23	711.71	955.50	761.96	667.08
66 Umbrellas, sun umbrellas, walking sticks, etc.	0.23	0.27	1.23	1.69	1.32
67 Feathers, artificial flowers, articles of human hair	-	1.09	0.32	0.48	0.73
68 Articles of stone, plaster, cement, asbestos, mica	136.25	151.57	77.90	39.82	20.66
69 Ceramic products	69.89	48.64	46.19	27.21	30.33
70 Glass and glassware	236.38	317.07	256.95	211.52	175.82
71 Pearls, precious stones and metals, imitation jewellery; coin	1,349.95	3,302.17	5,520.98	7,354.13	5,090.22
72 Iron and steel	1,113.80	1,599.73	1,748.84	1,630.37	1,336.76
73 Articles of iron or steel	1,689.74	2,619.26	2,016.10	2,086.32	1,847.88
74 Copper and articles thereof	419.17	707.41	513.47	726.68	530.99
75 Nickel and articles thereof	-	-	-	-	-
76 Aluminium and articles thereof	493.85	516.47	547.84	501.56	467.24
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	16.43	6.24	8.83	0.09	-
79 Zinc and articles thereof	2.30	8.67	2.13	-	-
80 Tin and articles thereof	-	0.16	0.75	0.97	2.38
81 Other base metals; cermets	10.86	-	0.10	-	0.01
82 Tools, implements, cutlery	172.47	174.68	216.64	116.17	79.19
83 Miscellaneous articles of base metal	34.54	9.82	19.55	13.58	2.24
84 Nuclear reactors, boilers, mechanical appliances	3,552.99	3,216.41	5,051.43	3,829.89	2,959.02
85 Electrical machinery and equipment, etc.	13,403.61	18,777.48	17,164.00	19,399.14	17,658.66
86 Railway locomotives and equipment of all kinds	8.45	19.63	2.00	-	-
87 Vehicles, tractors, motorbikes, bicycles	9,703.55	9,955.50	15,252.57	10,656.27	12,333.96
88 Aircraft, spacecraft	25.50	31.20	77.70	104.55	355.85
89 Ships, boats and floating structures	139.36	73.36	1,242.49	58.54	42.34

Exports by products (thousand euros) - Continuation

	2009	2010	2011	2012	2013
90 Optical, photographic, cinematographic and measuring apparatus, etc.	7,985.94	7,291.41	6,837.40	6,595.58	7,082.02
91 Clocks and watches and parts thereof	1,337.69	871.19	1,514.24	3,358.49	3,601.79
92 Musical instruments	278.04	427.30	236.86	211.15	224.06
93 Arms and ammunition	148.52	102.96	109.31	64.67	80.78
94 Furniture; lamps and lighting fittings	1,147.89	1,072.28	776.30	1,113.87	729.45
95 Toys, games and sports requisites; parts and accessories thereof	846.85	304.29	448.23	568.77	820.33
96 Miscellaneous manufactured articles	27.07	42.55	138.23	867.73	613.43
97 Works of art, collectors' pieces and antiques	16.33	536.98	220.45	3.05	147.25
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	-	0.26	716.63	496.22	481.13
Total	72,057.83	69,899.84	81,781.38	82,408.35	74,489.60

Note: Data revised by the Department of Statistics on implementation of the methodology of the general international trade system, recommended by Eurostat and the World Trade Organisation.

Source: Department of Tax and Frontiers. Government of Andorra

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

	2009	2010	2011	2012	2013
AE United Arab Emirates	904.61	50.25	0.87	0.83	40.91
AF Afghanistan	-	-	-	-	6.89
AI Anguilla	-	-	-	-	42.16
AL Albania	6.60	1.04	22.76	40.23	128.73
AM Armenia	-	9.31	20.46	39.28	97.97
AN Netherlands Antilles	0.41	-	-	-	-
AR Argentina	268.70	147.60	190.81	21.45	17.28
AT Austria	3,894.01	4,778.17	4,466.79	4,263.07	4,598.31
AU Australia	74.66	118.99	217.51	292.28	215.19
AZ Azerbaijan	3.02	-	-	-	0.46
BA Bosnia and Herzegovina	35.81	41.22	87.32	21.13	22.68
BB Barbados	-	-	-	-	0.20
BD Bangladesh	700.89	1,040.39	1,746.18	2,046.23	2,002.23
BE Belgium	5,303.37	4,382.21	4,908.21	4,574.31	4,007.28
BF Burkina Faso	-	-	-	0.54	-
BG Bulgaria	334.37	615.29	493.76	469.70	593.52
BH Bahrain	-	2.40	0.80	9.78	-
BI Burundi	0.57	-	-	-	4.14
BN Brunei	1.14	0.79	0.51	0.64	3.62
BO Bolivia	8.78	0.82	3.74	8.36	4.05
BR Brazil	1,740.03	749.82	547.39	657.95	635.16
BS Bahamas	48.84	70.27	37.26	3.35	-
BY Belarus	0.56	-	2.04	-	-
CA Canada	174.97	330.90	342.34	318.04	318.75
CD Democratic Republic of Congo	-	3.79	1.93	-	-
CF Central African Republic	-	0.46	7.35	-	-
CG Congo (Republic)	2.74	-	-	-	-
CH Switzerland	12,986.13	11,506.27	13,847.46	15,877.17	18,128.54
CI Ivory Coast	4.90	-	-	-	7.45
CL Chile	49.58	21.48	15.99	5.61	14.57
CM Cameroon	-	-	0.48	-	0.66
CN China	39,491.99	47,331.14	48,820.50	40,979.16	41,936.64
CO Colombia	56.48	1.67	13.15	23.15	5.51
CR Costa Rica	1.77	3.33	3.62	5.66	5.37
CU Cuba	1,755.85	1,809.52	1,965.66	1,981.96	2,489.60
CV Cape Verde	0.16	-	-	-	-
CY Cyprus	4.92	8.67	-	-	0.86
CZ Czech Republic	1,265.70	1,192.95	1,325.19	2,262.71	1,268.48
DE Germany	49,696.77	52,251.22	50,791.71	39,390.41	35,283.54
DK Denmark	1,462.74	1,017.88	1,521.07	1,262.46	1,019.50
DM Dominica	-	-	-	22.65	0.19
DO Dominican Republic	329.93	917.47	685.76	613.65	583.47
DZ Algeria	412.75	-	2.73	3.05	34.41
EC Ecuador	-	0.16	0.10	0.69	-
EE Estonia	2.85	18.17	24.75	9.45	28.08
EG Egypt	85.75	83.89	74.64	45.27	19.32

Imports by country of origin (thousand euros) - Continuation

		2009	2010	2011	2012	2013
ER	Eritrea	-	-	-	31.93	-
ES	Spain	681,873.15	694,906.09	702,413.08	671,827.26	700,096.25
ET	Ethiopia	9.63	11.46	3.17	4.33	-
FI	Finland	446.42	595.00	454.09	555.26	575.00
FJ	Fiji	0.25	-	-	-	0.13
FK	Falkland Islands	-	-	-	-	0.05
FR	France	218,922.64	204,631.20	202,535.92	194,386.38	186,689.97
GB	United Kingdom	14,651.31	15,840.51	16,574.61	18,294.34	14,712.12
GE	Georgia	1.29	0.75	48.22	-	1.66
GH	Ghana	-	-	0.37	-	-
GI	Gibraltar	-	0.27	-	-	-
GL	Greenland	0.75	-	-	-	-
GR	Greece	116.19	150.92	196.27	295.17	258.74
GT	Guatemala	3.18	8.24	54.42	9.04	1.19
GY	Guyana	-	49.99	15.10	-	-
HK	Hong Kong	479.63	648.20	505.69	909.75	1,016.93
HN	Honduras	7.97	23.60	22.36	53.93	8.88
HR	Croatia	52.85	56.58	61.44	55.50	44.78
HU	Hungary	604.96	536.30	530.48	362.66	351.88
ID	Indonesia	2,234.82	2,065.70	1,731.30	1,307.19	1,517.23
IE	Ireland	1,808.04	1,265.20	1,659.43	1,727.56	1,757.97
IL	Israel	105.44	149.54	18.73	131.66	66.43
IN	India	3,784.92	3,846.45	4,035.19	3,944.10	3,813.51
IR	Iran	26.34	4.35	6.87	5.17	11.22
IS	Iceland	1.76	10.65	27.56	31.22	26.47
IT	Italy	36,300.12	32,633.46	29,034.01	26,198.06	30,146.75
JM	Jamaica	3.52	9.25	15.58	0.48	5.50
JO	Jordan	6.20	2.14	10.65	1.93	1.55
JP	Japan	11,293.15	10,652.46	8,723.97	7,292.70	5,166.76
KE	Kenya	0.02	0.45	-	0.10	63.59
KG	Kyrgyzstan	-	-	0.18	-	-
KH	Cambodia	49.59	161.46	120.08	164.31	488.19
KM	Comoros	-	-	-	0.01	1.39
KP	North Korea	15.98	9.65	19.22	31.56	0.27
KR	South Korea	2,025.83	4,342.64	3,883.20	3,073.19	6,005.83
KW	Kuwait	-	-	-	-	0.71
KZ	Kazakhstan	35.10	106.19	14.14	16.51	1.38
LA	Laos	4.20	2.42	0.15	6.18	10.26
LB	Lebanon	0.07	-	-	5.27	7.57
LC	Saint Lucia	0.64	-	-	-	-
LI	Liechtenstein	-	0.39	0.10	-	-
LK	Sri Lanka	198.27	210.21	268.80	173.04	235.72
LT	Lithuania	42.31	11.77	22.78	71.69	100.00
LU	Luxembourg	475.99	1,272.79	3,765.29	2,491.03	2,017.09
LV	Latvia	1.79	6.79	22.98	47.28	124.04
LY	Libya	2.25	-	-	-	-
MA	Morocco	1,058.76	1,053.05	551.97	562.82	637.57
MD	Moldavia	105.82	85.09	107.08	66.85	18.64
MG	Madagascar	16.28	13.30	26.12	47.57	44.35
MK	Macedonia	8.66	11.39	6.20	12.37	8.98
ML	Mali	5.14	-	0.17	0.41	-
MM	Myanmar (former Burma)	7.21	13.59	19.57	17.91	18.81
MN	Mongolia	-	-	-	0.13	-
MO	Macao	86.46	28.88	3.78	2.99	0.50
MR	Mauritania	15.14	28.14	2.91	0.09	-
MT	Malta	0.86	11.36	-	6.31	5.77
MU	Mauritius	164.28	158.23	72.95	43.44	11.90
MW	Malawi	0.29	0.43	1.26	0.04	0.14
MX	Mexico	469.22	351.12	421.65	371.83	265.08
MY	Malaysia	570.39	440.51	945.45	1,188.52	528.92
NA	Namibia	0.21	-	-	0.51	4.61
NE	Niger	6.48	4.26	0.82	13.36	-
NG	Nigeria	9.73	0.06	2.50	0.59	0.17
NI	Nicaragua	15.47	41.25	13.17	23.47	65.53
NL	Netherlands	11,725.11	11,415.70	9,733.29	11,105.74	11,302.65
NO	Norway	112.36	30.06	40.34	336.83	16.18
NP	Nepal	3.24	15.22	15.51	0.51	0.97
NR	Nauru	-	-	25.77	-	-
NZ	New Zealand	142.10	31.04	10.62	0.69	0.17
OM	Oman	-	11.36	8.65	-	6.34

Imports by country of origin (thousand euros) - Continuation

	2009	2010	2011	2012	2013
PA Panama	0.52	1.75	7.78	0.04	15.95
PE Peru	166.43	111.63	148.29	37.62	8.97
PF French Polynesia	-	-	28.75	-	-
PG Papua New Guinea	-	-	22.49	-	-
PH Philippines	347.95	176.94	327.21	218.88	181.94
PK Pakistan	232.46	207.67	445.87	338.69	353.42
PL Poland	4,325.07	5,649.67	3,288.60	3,832.62	4,215.60
PT Portugal	9,333.12	10,754.76	10,492.41	12,404.21	10,529.98
QA Qatar	-	-	16.13	---	1.41
RO Romania	1,230.46	1,456.24	1,641.81	1,397.70	1,465.32
RU Russia	8.95	120.54	22.98	24.00	18.30
RW Rwanda	-	-	0.16	-	--
SA Saudi Arabia	179.90	0.70	-	-	1.27
SB Solomon Islands	-	-	-	-	21.01
SC Seychelles & dependencies	-	-	-	-	0.06
SE Sweden	1,476.73	1,950.28	2,516.54	2,495.96	1,097.04
SG Singapore	165.07	1,812.68	38.98	93.43	507.24
SI Slovenia	349.24	407.24	328.24	373.80	234.49
SK Slovakia	559.58	719.29	427.78	408.57	326.73
SL Sierra Leone	0.87	4.63	2.38	3.60	0.74
SM San Marino	17.74	0.04	0.08	0.07	-
SN Senegal	-	-	-	3.17	-
SO Somalia	-	-	-	-	1.48
SR Surinam	0.59	0.98	-	0.20	-
SV El Salvador	29.48	6.56	10.41	3.61	5.79
SY Syria	-	-	1.79	-	0.15
TC Turks and Caicos Islands	-	-	---	0.24	1.95
TH Thailand	1,478.36	1,903.01	2,606.17	1,757.57	1,267.09
TK Tokelau	4.22	7.04	44.52	-	-
TM Turkmenistan	0.76	-	-	2.49	-
TN Tunisia	1,031.52	1,026.47	1,408.49	944.85	1,002.47
TR Turkey	2,405.82	2,030.98	2,414.73	2,466.17	2,249.62
TT Trinidad & Tobago	-	-	-	-	3.19
TW Taiwan	1,380.23	1,431.23	1,625.92	1,277.65	1,603.40
TZ Tanzania	-	-	2.44	6.89	1.04
UA Ukraine	41.78	225.64	432.66	421.28	437.32
UG Uganda	19.58	35.14	0.72	-	0.02
US United States of America	7,705.38	6,733.85	8,402.66	7,035.74	5,930.04
UY Uruguay	12.62	5.91	10.77	0.19	13.86
UZ Uzbekistan	0.09	-	-	0.93	-
VA Vatican City	-	-	-	-	0.05
VE Venezuela	76.40	55.46	40.71	23.13	3.21
VI Virgin Islands (U.S.)	-	0.51	-	4.13	4.21
VN Vietnam	3,342.79	3,876.38	4,341.28	3,609.68	4,370.86
WF Wallis & Futuna Islands	-	-	-	-	4.79
WS Samoa	0.09	1.13	1.03	22.74	-
XS Serbia	-	0.92	0.70	0.06	39.88
YE Yemen	-	-	-	-	12.56
ZA South Africa	215.69	7.93	16.81	1.29	9,879.04
Others	5,698.81	2,384.16	2,240.06	910.79	378.83
Total	1,153,060.44	1,159,582.05	1,164,354.37	1,102,681.01	1,128,020.34

Note: Data revised by the Department of Statistics on implementation of the methodology of the general international trade system, recommended by Eurostat and the World Trade Organisation.

Source: Department of Tax and Frontiers. Government of Andorra

Exports by country of destination (thousand euros)

	2009	2010	2011	2012	2013
AE United Arab Emirates	-	9.62	59.04	95.57	33.88
AF Afghanistan	-	-	0.21	-	-
AG Antigua and Barbuda	-	-	-	0.04	-
AL Albania	-	-	-	1.91	0.26
AM Armenia	21.49	26.77	17.60	10.50	-
AN Netherlands Antilles	-	-	-	-	28.44
AO Angola	28.56	10.58	3.09	47.19	-
AR Argentina	174.35	281.94	177.31	123.57	121.99
AT Austria	42.52	23.88	136.67	120.59	184.20
AU Australia	18.50	1.83	23.08	4.37	15.49
AW Aruba	-	6.07	-	0.80	-
AZ Azerbaijan	155.34	173.97	35.37	361.53	239.06
BA Bosnia and Herzegovina	-	-	-	-	2.50

Exports by country of destination (thousand euros) - Continuation

	2009	2010	2011	2012	2013
BD Bangladesh	-	-	-	-	1.50
BE Belgium	668.82	255.56	520.21	312.77	231.64
BF Burkina Faso	-	3.28	5.94	-	-
BG Bulgaria	11.20	0.79	2.32	28.76	38.48
BH Bahrain	-	21.04	-	0.59	-
BM Bermuda	-	3.64	-	-	-
BN Brunei	-	-	0.19	0.05	-
BO Bolivia	-	-	-	0.23	0.80
BR Brazil	0.95	1.15	12.76	13.12	8.81
BS Bahamas	-	-	-	-	1.04
BY Belarus	-	-	1.50	-	-
CA Canada	3.31	1.47	4.35	4.69	11.17
CH Switzerland	759.42	3,232.62	3,598.22	3,686.74	2,462.05
CI Ivory Coast	-	0.34	-	-	2.87
CL Chile	218.48	166.82	108.06	79.29	48.42
CM Cameroon	-	8.89	-	3.41	-
CN China	1.42	25.43	5.74	1.19	21.77
CO Colombia	-	0.58	207.57	33.52	56.72
CR Costa Rica	-	1.06	-	0.36	14.50
CU Cuba	0.72	0.28	0.90	-	-
CV Cape Verde	22.64	3.90	-	0.03	-
CY Cyprus	-	0.21	48.30	-	6.77
CZ Czech Republic	6.71	15.06	32.95	59.78	344.70
DE Germany	492.59	442.44	2,056.65	2,006.11	2,037.28
DJ Djibouti	-	0.06	-	-	8.50
DK Denmark	32.18	8.17	4.68	5.52	28.36
DZ Algeria	41.84	-	10.81	34.74	-
EC Ecuador	3.04	0.03	0.13	0.04	0.01
EE Estonia	-	0.19	1.55	3.07	1.16
EG Egypt	6.80	45.03	8.88	-	0.14
ER Eritrea	-	2.13	-	-	-
ES Spain	51,863.37	47,124.28	50,620.85	47,754.83	41,581.06
FI Finland	7.66	5.84	12.64	12.37	8.76
FJ Fiji	-	-	-	-	0.03
FR France	10,694.06	11,719.32	15,527.55	14,065.56	13,844.37
GA Gabon	-	0.29	0.42	9.11	-
GB United Kingdom	111.36	219.41	182.12	66.13	3,388.68
GE Georgia	61.86	8.26	84.04	16.85	79.60
GI Gibraltar	6.08	5.85	11.02	-	0.17
GN Guinea	1.05	-	-	3.60	108.81
GQ Equatorial Guinea	-	23.09	34.94	11.74	-
GR Greece	4.33	7.79	5.23	3.01	7.15
GT Guatemala	11.78	76.21	114.59	100.25	109.91
GU Guam	-	-	-	0.15	-
GY Guyana	51.27	46.17	24.54	48.17	55.36
HK Hong Kong	23.45	113.73	714.04	3,133.76	2,593.01
HN Honduras	-	17.83	17.16	-	5.24
HR Croatia	1.06	1.32	1.38	0.03	2.88
HU Hungary	-	1.75	0.19	0.35	11.30
ID Indonesia	-	-	0.90	-	8.81
IE Ireland	2.98	6.35	7.58	3.97	14.24
IL Israel	122.25	2.08	486.46	13.40	32.07
IN India	28.00	-	-	9.12	0.48
IR Iran	6.10	0.11	15.92	25.83	-
IS Iceland	-	0.03	-	-	0.05
IT Italy	1,182.52	460.57	497.38	2,121.34	1,939.73
JM Jamaica	-	-	-	-	0.02
JO Jordan	16.49	2.72	6.45	17.50	30.50
JP Japan	55.58	39.50	2.20	7.25	38.73
KE Kenya	12.83	56.83	125.27	93.90	4.98
KH Cambodia	-	-	-	-	143.24
KI Kiribati	-	-	1.88	-	-
KR South Korea	2.48	23.22	20.00	488.15	14.18
KW Kuwait	-	0.79	7.33	-	3.11
KY Cayman Islands	-	-	-	-	1.04
KZ Kazakhstan	-	-	-	-	0.61
LB Lebanon	32.01	73.00	5.80	-	24.94
LI Liechtenstein	-	-	0.10	-	3.47
LK Sri Lanka	-	-	-	0.02	-
LS Lesotho	-	-	-	0.02	-
LT Lithuania	0.65	-	-	1.43	4.53
LU Luxembourg	0.70	30.44	3.97	39.75	8.55

Exports by country of destination (thousand euros) - Continuation

	2009	2010	2011	2012	2013
LV Latvia	-	1.49	1.58	0.38	4.38
LY Libya	-	-	-	42.60	26.97
MA Morocco	6.73	3.21	10.83	10.21	76.48
MD Moldavia	-	-	-	-	7.85
MG Madagascar	3.29	-	-	-	-
MK Macedonia	-	-	-	-	0.02
ML Mali	-	-	-	7.50	10.35
MO Macau	-	-	-	1.24	1.12
MR Mauritania	0.36	0.28	0.32	-	-
MT Malta	90.11	6.94	0.99	0.38	0.80
MU Mauritius	-	-	-	0.02	-
MX Mexico	-	14.38	10.78	6.00	13.02
MY Malaysia	0.05	-	0.22	0.07	0.07
MZ Mozambique	-	-	11.72	17.92	-
NA Namibia	-	-	3.71	-	-
NC New Caledonia & dependencies	0.20	-	1.65	0.63	1.82
NE Niger	0.33	-	-	-	-
NG Nigeria	-	-	-	-	2.00
NI Nicaragua	23.21	31.49	42.64	98.28	-
NL Netherlands	540.12	691.88	1,006.48	788.68	687.92
NO Norway	2,833.29	3,026.84	4,054.28	4,846.99	1,833.53
NZ New Zealand	-	-	-	0.47	1.69
OM Oman	-	0.09	12.15	7.10	-
PA Panama	0.13	11.34	---	181.60	0.26
PE Peru	-	0.22	0.12	12.65	1.31
PF French Polynesia	-	-	-	6.02	2.85
PH Philippines	-	-	-	0.07	0.22
PK Pakistan	-	-	-	0.03	-
PL Poland	1.32	20.70	5.91	82.55	6.34
PT Portugal	407.07	434.98	300.72	338.05	121.71
PY Paraguay	-	23.49	3.25	20.04	12.07
QA Qatar	-	-	0.36	23.83	0.07
RO Romania	2.55	19.23	3.15	0.93	9.48
RU Russia	37.28	77.41	101.50	346.28	460.63
RW Rwanda	-	-	-	27.30	18.89
SA Saudi Arabia	1.15	91.02	66.20	15.36	0.99
SC Seychelles & dependencies	-	-	0.26	0.16	-
SD Sudan	1.25	-	-	-	-
SE Sweden	46.95	69.09	169.93	2.23	56.74
SG Singapore	-	13.71	-	0.11	0.62
SI Slovenia	7.82	4.65	2.34	1.10	2.50
SK Slovakia	60.99	28.93	27.30	6.70	17.46
SM San Marino	-	-	0.49	0.03	0.02
SN Senegal	-	0.89	8.46	0.04	219.14
SV El Salvador	-	1.95	-	-	0.06
SY Syria	-	19.00	-	-	-
TF French Southern Territories	-	-	-	-	0.05
TG Togo	-	-	0.17	-	-
TH Thailand	-	-	0.40	0.23	13.38
TJ Tajikistan	-	21.16	71.62	37.95	-
TN Tunisia	-	0.10	38.79	75.52	0.16
TO Tonga	-	-	3.13	-	-
TR Turkey	0.10	0.05	0.05	0.26	8.81
TW Taiwan	-	7.27	5.42	1.11	36.08
TZ Tanzania	-	2.16	1.48	-	-
UA Ukraine	4.56	-	0.53	4.25	2.15
US United States of America	928.44	35.53	45.34	194.08	350.17
UY Uruguay	11.10	0.35	37.25	66.81	8.77
UZ Uzbekistan	14.64	16.53	-	25.09	48.24
VE Venezuela	5.90	0.11	0.66	0.19	7.28
VG British Virgin Islands	-	-	0.71	-	-
VN Vietnam	0.00	4.66	-	-	0.02
WF Wallis & Futuna Islands	1.06	-	-	-	-
XM Montenegro	6.23	69.61	-	21.62	89.53
XS Serbia	6.83	305.48	111.62	0.06	224.44
YT Mayotte	-	-	-	-	63.75
ZA South Africa	4.00	0.15	0.87	-	0.08
Others	-	1.92	-	-	15.18
Total	72,057.83	69,899.84	81,781.38	82,408.35	74,489.60

Note: Data revised by the Department of Statistics on implementation of the methodology of the general international trade system, recommended by Eurostat and the World Trade Organisation.

Source: Department of Tax and Frontiers. Government of Andorra

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