

economic report

2014



CAMBRA
DE COMERÇ
INDÚSTRIA I SERVEIS
D'ANDORRA

number
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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

In 2014, the world economy was marked by a contrast: on the one hand, the dynamism of the United States and the United Kingdom, and on the other, weak growth in the other economic areas (Eurozone, Japan and emerging countries). World growth was 3.4%, exactly the same increase as seen in the two previous years, but with those differences between areas. Just as in 2013, growth in the world economy was largely the result of the dynamism in the advanced economies, in which growth accelerated with regard to the previous year: in 2013, they grew 1.4% and in 2014 by 1.8%. In contrast, the emerging economies grew 5% in 2013 and 4.6% in 2014.

The factors that made it possible for the advanced economies to grow more were the existence of lower financial tensions, the relaxation of the targets for reducing public deficit, the strengthening of the financial sector in Europe, falling oil prices and fluctuations in the market prices of the main currencies. In contrast, the results of the emerging economies were influenced by deceleration in the Chinese economy and its effects on the prices of raw materials, the prospect of changes in the direction of US monetary policy, reducing the flow of capital towards emerging countries and, in particular, falling oil prices, which altered the economic prospects of the main producing countries. The differences in the behaviour of the economies in the different areas can basically be explained by falling oil prices and fluctuations in the market prices of the main currencies.

Although the US economy suffered a downturn in the first quarter of the year due to adverse winter weather conditions, in the middle of the year it recovered momentum and then slowed down again a little in the last quarter. For the whole of the year the US economy grew 2.4% in relation to the previous year, two tenths more than in 2013. This growth was the result of the drive from private domestic demand, especially consumption and non-residential investment, as public spending was still a hindrance to growth, although its decline slowed. If in 2013 residential growth was a major driving force, in 2014 it saw very weak growth. In contrast, non-residential investment grew by over 6%. Private consumption also had significant growth, an annual 2.5%. Dollar appreciation and falling oil prices slowed exports and encouraged imports. The labour market improved: the annual average unemployment rate fell 7.4% in 2013 to 6.2% in 2014. For its part, the inflation rate fell from 1.5% in 2013 to 0.8% in 2014.

The Federal Reserve maintained the official interest rate between 0%-0.25% throughout the year and, in October, ended the monetary stimulus programme.

In Japan, GDP fell 0.1% as a result of falling consumption, the collapse in residential investment and the negative contribution from the foreign sector. The forecast from the official bodies is that in 2015 the Japanese economy will recover a little and grow about 1%.

In the Eurozone, the economy left behind the second recession in the fourth quarter of the year and continued to recover throughout 2014. GDP grew 0.9% in relation to 2013, when it had shrunk 0.5%. This positive result was due to the improvement in domestic demand, especially private and public consumption. Gross capital investment only grew 1.4% and foreign demand added 0.3 points to growth. In 2014, the ECB decided to lower the interest rate twice: the first time on 5 June, when it left it at a historic low of 0.15%, and the second time in September, when it again lowered the interest rates for refinancing transactions to 0.05%.

The emerging economies had a less favourable trend and even worse prospects for 2015, especially the oil-producing countries and producers of other raw materials. So, the Latin American countries grew only 1.3% compared with 2.9% in 2013 and it is expected that in 2015 they will only grow 0.5%. Russia has also had a similar trend, as a consequence of falling oil prices, international sanctions over the case of Ukraine and also the strong rouble depreciation. The Asian economies had strong growth, but also felt a certain slowdown. After developing Asia, Sub-Saharan Africa is the economic area that grew most, with an annual rate of 5% in 2014, which, nevertheless, decelerated two tenths. In the Middle East and North Africa growth was 2.7% as a result of falling oil prices, conflict and political uncertainty.

The Andorran economy depends to a great extent on foreign demand and therefore depends greatly on developments in the world economy. Most of its service sectors depend on foreigners but, above all, on the real evolution in the two bordering economies, France and Spain, the countries that provide most visitors to the country.

The French economy continued to grow very little and has already been in this situation for three years. In 2014, GDP grew 0.2% but, nevertheless, French per capita income is 7% above the European average income. Consumption improved slightly, >

both private and public. In contrast, gross formation of fixed capital fell again in 2014, with a decline of 1.2%. Exports continued to grow but weakly, as growth was 2.4%, a lower increase than the European, which is a further sign of its continued loss of competitiveness.

The Spanish economy continued to consolidate the recovery that began mid-2013. GDP kept growing each quarter and ended with annual growth of 1.4%, yet the Spanish economic crisis was more intense than the whole of the EU. This meant that the Spanish per capita GDP index measured in purchasing power parity in relation to the average for the EU-28 (equal to 100) was 93, lower than the 94 in 2013 and far from the 103 it reached in 2007. The growth in the Spanish economy was helped by the contribution from private consumption, which grew 2.4%, and growth in investment in capital goods. Exports of goods and services grew 4.2%, a higher figure than for the main European economies. GDP expansion brought a slight improvement in the labour market but unemployment figures are still very high: the unemployment rate closed the year at 24.4%.

The Andorran economy finally broke the falling trend it had seen for seven years, since 2007. The recovery in the world economy and also the economies of its main clients meant that the trend in 2014 was positive and the year ended with figures denoting recovery. The Department of Statistics of the Government estimated that the variation in gross domestic product was +2.3% in real terms. The estimate made by the Chamber's services also give a positive result, practically the same as the Government, and show the same trend as indicated by official data. The Andorran economy, therefore, began to recover.

In 2014, the economic situation in the various sectors of the Andorran economy was not as bad as in previous years. In general, all sectors improved a little, although activity still stands at very modest levels; some sectors have still not come out of the crisis, but the behaviour was not as negative, while other branches saw positive results.

As in recent financial years, there were no significant changes in the agricultural sector, despite the efforts made by national farmers and livestock farmers to introduce improvements, diversify production and open up new opportunities. This is the case with the wine-growers, horse-breeders, beef producers and potato farmers, and even market gardeners.

Altogether, the number of workers in the primary sector fell 6.8%. The number of livestock increased 9.8% thanks to strong growth in sheep and goats, which grew 24%. It should be noted that efforts continued to improve sales of quality beef under the Protected Geographical Indication (PGI) stamp and to favour the production of horsemeat. The tobacco harvest was very similar to 2013, as it only increased 1.7%, to a large extent due to the hail which especially affected the crop in Sant Julià de Lòria.

For the first year after the start of the crisis, the industrial sector began to see signs of improvement, especially in the second quarter of the year. The Chamber's situation surveys also point in this direction and reflect a perceptible change in businesses' opinion of the situation, especially in the final part of 2014. The number of employees only fell 1.5% but, in contrast, the number of businesses grew 5.6%. The tobacco industry did not see any significant changes. This year, the number of establishments increased by one unit; but this branch of activity saw a drop in the number of employees of 3.6%, a figure that represents the biggest loss of workers since 2007. Electricity production increased notably compared with 2013, specifically 10.6%, reaching the highest figure in the last fifteen years.

The rate of decline in the construction sector and related industries was not as strong as in 2014, after seven years of continuous falls. It should be remembered that in these crisis years, employment fell to less than half of the figure in 2006, imports of building materials fell to almost one third of the figure before the start of the crisis and electricity consumption in this sector fell even faster. In the 2014 financial year, the figures for the construction sector are not as bad; the authorised surface area for building still fell steeply (-62%) but, in contrast, the number of employees fell only 3.3%, and imports of building materials broke the negative trend of previous years and rose 2.5%. The public sector favoured a slight recovery in works, as both the Government and the communes made greater real investment than in 2013. The results of the Chamber's situation surveys also reflect that the notable deterioration seen in recent years in construction slowed, although activity is still at low levels.

The commercial sector depends greatly on purchases by visitors coming into the country. This year the total number of visitors increased an annual 1.6%, a positive figure which, although modest, had not been seen for years. The Chamber's survey for the second quarter

confirms that the rate of decline in commerce slowed, in line with still weak demand, but is beginning to show signs of improvement. Employment in the sector fell 0.7%, wages 0.2% and energy consumption 4.8%. Total imports of goods, a major indicator of Andorran commerce, grew 4.2%, but on excluding building materials, tobacco and fuel, it appears that the other articles destined for actual commerce grew 7%, compared with 4.1% in the previous year. As is usual, the behaviour of different types of goods was highly divergent. There were products that grew a lot, such as wood and articles thereof (19.1%), pearls, precious stones and metals (27.7%), motor vehicles (30.7%), optical and photographic apparatus (12.3%), furniture and lighting (20.1%) and toys, games and sports materials (13.3%). Others also grew but at a slower rate. Among these chapters are notably, for example, most food products, pharmaceuticals, perfumery and footwear and clothing. In contrast, there is a series of articles that shrank, and in some cases quite significantly; for example, the negative behaviour of coffee imports (-23.7%), products of the printing industry and graphic arts (-3.4%), boilers and mechanical apparatus (-4.5%), electrical machinery and equipment (-3.8%), clocks and watches (-0.9%) and works of art and antiques (-45.8%).

As we have said before, the behaviour of tourism sets the tone of economic activity in the country, as it strongly affects hotels, catering, commerce and skiing, among other activities. In 2014, entries of visitors were better than in the previous two years. Altogether, the total number of visitors increased 1.6%, not a huge number but interrupting the negative behaviour of previous years. The French saw more significant growth (3.3%), while the Spanish and other nationalities increased very little, only 0.3% and 0.4%, respectively. Differentiating between tourists and day-trippers, the global results were very similar, as visitors who overnight saw an increase of 1.5% and day-trippers 1.6%. Now, by nationalities, significant differences can be seen. In the specific case of tourists, those of other nationalities increased most (17.4%), compared with the Spanish, who grew 2.8%; in contrast, the French decreased strongly (-15.8%), a totally opposite trend to day-trippers – visitors who do not overnight – among whom the French grew 5.9%, the Spanish shrank 1.8% and those of other nationalities fell 11.7%.

The ski season was good as passes sold almost equalled the figure for the previous season. Specifically, the 2014-2015 season closed with

2,344,876 ski days sold, despite starting later and ending earlier.

In the transport and communications sector, activity in general reactivated. The number of employed in this sector after six years of decline remained practically stable (+0.1%) and the average wage saw a very gentle increase of 0.8%. Vehicle registrations recovered strongly, growing 23.8%, but the absolute figure is still not as high as 2008. So, the measures taken by the Administration to reactivate activity in this sector seem to be giving results. The branch of telecommunications had similar behaviour to recent years. Classic installations and their traffic continue to decrease, while the latest technology is still being adopted and, moreover, traffic is growing.

In the 2014 financial year, the Andorran financial system was once again the sector that behaved best, as happened in recent years. So, the average number of employees grew 3.8%, so linking four consecutive years of increased employment. Average wages increased 4.7%, the highest rate of growth since 2007. As for banks, the trend was positive, except for the incident which affected one of the five national banks at the beginning of 2015. The results of the other four banking groups was positive. Credit investment to clients increased 2.1% and managed funds saw strong growth of 29.2%. The consolidated result of these banks was 183.3 million euros, 0.8% less than in the 2013 financial year, but taking into account that in 2013 the overall results had grown significantly.

In 2014, there were changes in the public sector performance in Andorra as a consequence of a certain relaxation in austerity policies, leading to an increase in spending in investment and, to a lesser extent, in operating costs, in both the central government and the communes. The revenue capacity was strengthened by the new tax system introduced in recent years, including 2014. In this financial year it was also helped by the fact that some sectors of activity improved with regard to previous years. The central government ended 2014 with a deficit which, however, has been offset by the increase in the communes' surplus. The total debt of the Andorran administrations (central government plus the communes) was 1,070 million euros, equal to 42% of GDP, and per capita debt reached 15,163 euros, 2.3% less than in 2013. The Government's accounts closed with a non-financial deficit of 5.35 million euros, resuming the tendency of previous years to settle budgets with a deficit, >

only interrupted as an exception in 2013. The global debt of the central Government reached 897 million euros, a historic record. The deficit recorded in 2014 was the consequence of falling revenue (-5.3%), while expenditure remained almost stable (+0.1%). The downturn in revenue can basically be explained by the reduction in investment income (-80%) and the decline in income from taxes and other revenue (-8%). As for expenditure, a gentle increase can be seen in capital expenditure, after the major cuts of previous years, which was offset by a reduction in current expenditure, breaking with four consecutive years of increases. The commune administrations saw revenue of 133.2 million euros, including financial assets and liabilities, 1.2% more than in 2013. For the third consecutive year, the communes' budget surplus improved, as a result of growth in revenue and a reduction in total expenditure. All the communes except for Sant Julià de Lòria saw a budget surplus: three increased it (Canillo, Encamp and Andorra la Vella) and another three decreased it (Ordino, La Massana and Escaldes-Engordany), in relation to the previous year. 2014 ended with a consolidated commune debt of 172.9 million euros. The Andorran Social Security (CASS) saw total revenue of 245.8 million euros, a slightly higher figure than in the previous year. Most of this revenue came from social contributions, which reached 204 million euros, meaning an increase of 2.1% in relation to the previous year, due to the increase in employment recorded in 2014. The second most important chapter in CASS revenue relates to current transfers from the central government. Non-financial expenditure reached 212.4 million euros, meaning an increase of 4.5%. Financial expenditure, 31 million euros, fell 12.3%. Most expenditure is concentrated in current transfers, where benefits are accounted for, with a volume of 205 million euros, 4.4% more than in the previous year.

In the international field, the initiation in March of a broader programme of purchasing public and private assets by the ECB and the negotiations between the Greek government and the Eurogroup affected the trend in financial markets at the beginning of 2015. In global terms, in 2015 the world economic recovery is still favoured by the expansionary effects of monetary policy and falling oil prices. According to the OECD report, growth will be stronger in the USA (2%) than in the Eurozone (1.4%). It is expected that Japan will resume growth but not reach 1%. The IMF forecasts that world growth will decelerate one tenth, to 3.3%. This slowdown can be explained by the moderation

in growth in developing economies, expected to grow 4.2%, while growth in advanced countries could increase to 2.1% in 2015. For 2015 itself, the OECD forecasts deceleration in US growth to 2%; in contrast, the IMF forecasts an increase of 2.5%. On the other hand, in the European field the recovery seems to be regaining speed, the OECD forecasts an increase of 1.4% and the IMF 1.5%. During the first few months of the year, the recovery is confirmed. France started 2015 with greater economic momentum than at the end of 2014, thanks to the recovery in private consumption, despite the weakness in exports and investment. In 2015, the IMF, OECD and European Commission predict GDP growth of 1.1%. After three years of economic stagnation, improved household confidence will drive consumption, which will equally reinforce business confidence. Wage increases, the cut in the energy bill and low inflation are the factors helping this increase in consumption.

In Spain, the rate of economic growth accelerated in the first months of 2015, also with the fundamental support from consumption. Factors such as falling oil prices and interest rates, euro depreciation against the dollar, greater access to credit facilities, the increase in public spending and tax reductions are factors that help the recovery to accelerate. All the forecasts of the various international and national bodies predict that in 2015, GDP growth in Spain will be about 3% and might even exceed this figure. The forecasts therefore indicate that Spanish economic growth is strengthening, thanks to an international, more expansionary context, above all through the recovery in domestic demand.

So, everything indicates that the world economy will have quite positive results after some bad years and recover to a certain extent in 2013. The Andorran economy, closely linked to this world context and especially to its neighbours, may also have a positive 2015. Firstly, the 2014-2015 ski season was almost as good as the last season, which was very positive. The available data for the first half of the year confirm that, overall, the economy is improving. The number of visitors grew 1.2%, especially tourists -visitors who overnight- who increased 12%; on the other hand, day-trippers decreased. In this first half, vehicle registrations grew strongly again, by 14.1%. Imports of goods fell 0.6%, but goods without fuel grew 1.9%. Also positive are the employment data: in the first four months employees increased 2.1%. This positive figure affects all sectors: primary (9.1%), industry (4.1%), construction (0.8%), commerce (1.3%), the financial

system (9.4%), except the hotels and catering sector, which saw a negative rate (-1.8%).

To conclude, as in every year, I would like to offer my thanks personally and as president of the Chamber, to all those who make the preparation and editing of this report possible, which sums up the situation and evolution of our national economy. This year, we celebrate the twentieth edition of the report. The report is born of both the legal obligation of the Chamber and its desire to serve the national economy. Many thanks, therefore, 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. Thirdly, our thanks to the internal and external experts who gather all the information and draw up this report. Finally, many thanks to all the media for diffusing the content of this document.

Marc Pantebre Palmitjavila
President

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THE EXTERNAL ENVIRONMENT OF THE ANDORRAN ECONOMY

1. THE INTERNATIONAL ECONOMY

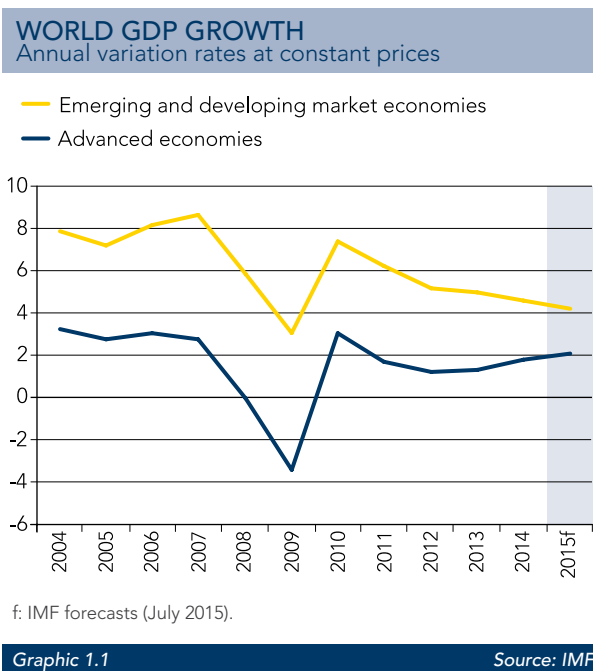
1.1. The main features of economic development in 2014

In 2014, the global economy was marked by a contrast between US and UK dynamism, on the one hand, and, on the other, the weak growth in the other economic areas (the Eurozone, Japan and emerging countries). So, world growth was 3.4% according to International Monetary Fund (IMF) estimates, exactly the same increase as recorded in the two previous years. In 2014, the world trade in goods and services also saw a fairly stable profile, with a growth rate of 3.2%.

As in the last year, world economic growth was the result, to a great extent, of the dynamism in advanced countries, where growth accelerated in relation to the previous year (from 1.4% in 2013 to 1.8% in 2014), while the dynamism of the emerging economies slowed, falling from 5% growth in 2013 to 4.6% in 2014. Nevertheless, this year these economies accounted for three quarters of world growth. The projections for their evolution were progressively revised downwards as the year advanced in a context marked by the doubts over the deceleration in the Chinese economy and its effects on prices of raw materials, the prospect of changes in orientation in US monetary policy – which reduced the flow of capital to emerging countries – and, above all, the drop in oil prices which occurred in the last few months of the year and led to a reconfiguration of economic prospects in the main producing countries.

As for the advanced countries, the factors on which the recovery are based are some of those that were already pinpointed last year (lower financial tensions, a relaxation in public deficit reduction targets and the strengthening financial sector in Europe), to which are added this year the fall in oil prices and the variation in market prices of the main currencies.

In fact, the individual situation of each country depends, to a large extent, on its position in relation to these last two factors (exchange rate and oil prices). On the one hand, the downturn in oil prices is reallocating the real income from oil-exporting countries to oil-importing countries (Eurozone, China and India, etc.) On the other hand, the Eurozone and

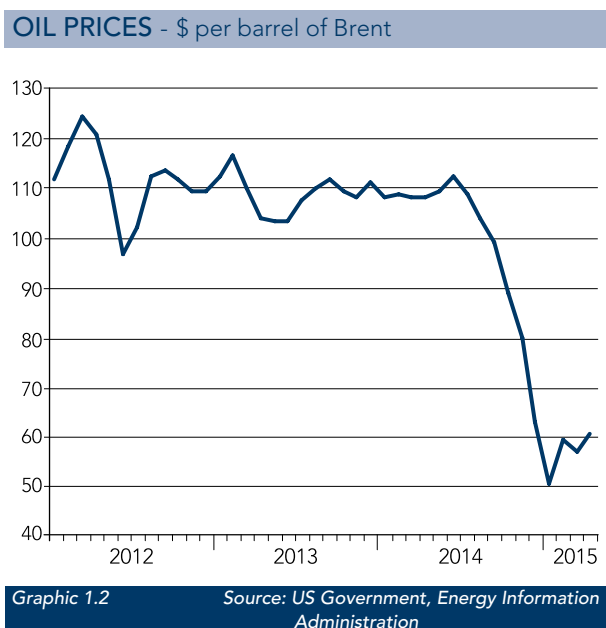


Japan benefit greatly from the depreciation in their currencies, whereas the USA has to neutralise the adverse effects of dollar depreciation.

In relation to exchange rates, the differences between the tone of monetary policy in the USA and the Eurozone (more expansionary), and more solid economic strength in the US economy have resulted in strong depreciation of the euro against the dollar. So, in December 2014, the euro reached a rate of 1.232 dollars, 10% below the value one year before (1.370 dollars).

As for oil, the average price of a barrel of Brent went from \$112 in July, when it reached its yearly high, to \$62 in December, meaning a fall of 44% (38.3% in euros). The main reasons to explain the fall in the international market prices of oil are the increased supply from non-conventional sources (shale oil in the USA), OPEC's decision to keep up production despite falling prices, and the deceleration in global oil demand.

The progressive normalisation of the financial markets and the expansionary monetary policy adopted by the main central banks of the world were also decisive factors contributing to the improvement in the advanced economies. In the Eurozone, the European



Central Bank (ECB) cut the interest rate twice in 2014 (in June and September), putting it at 0.05%, the lowest in the historical series. The low levels of inflation led the ECB to also adopt a policy of quantitative easing, i.e., buying sovereign bonds, begun throughout 2015. This operation, which was anticipated by many investors, to a great extent explains the tendency for the European currency to depreciate in 2014.

The Federal Reserve, on the other hand, kept interest rates stable at a minimum level of 0-0.25%, but an increase in the rate is expected throughout 2015, once the economic recovery is consolidated. Equally, the Federal Reserve ended the programme of quantitative easing in October, in contrast with the actions of the ECB.

As a result of the stabilisation in the financial markets, the risk premiums of sovereign debt in the peripheral countries has fallen to levels prior to the crisis, except in Greece, where the lack of agreement with European institutions to refinance the public debt caused it to shoot up again, a situation that led to a financial "corralito" (currency controls) since 29 June 2015.

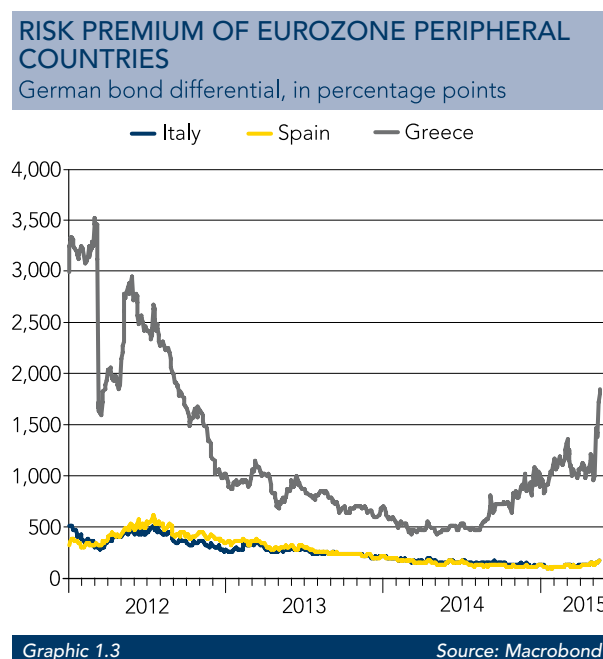
In 2014, the recovery in the climate of confidence and stability in the markets, especially in the first half of the year, helped the main world stock markets to close with gains. The Spanish market IBEX-35 saw a revaluation of 3.7%, which is added to the 21.4% gained in 2013, after three continuous years of losses. Now, the evolution was only positive in the first half of the year, when it was revalued by 10%, while in the second half it lost

6% of its value. For their part, the other main global indexes also followed a positive trend for the third consecutive year, although more moderate than in the previous year: the EURO STOXX index was revalued 1.2% (17.9% in 2013), the Nikkei index of the Japanese stock market by 7.1% (56.7% in 2013) and in the United States, the Dow Jones index gained 7.5% (26.5% in 2013), and the Nasdaq 13.4% (38.3% in 2013).

The weakness of economic growth in most developed countries, added to the falling prices of raw materials (-7.5% in dollars in 2014 compared with -0.9% in 2013), explain the stability or reduction in inflation rates which occurred in all the main economic areas in 2014 – except Japan – despite the context of expansionary monetary policies. As a result of this situation, average inflation in developed countries reached 1.4% in 2014, the same as in the previous year, and in the emerging countries fell from 5.9% in 2013 to 5.1% in 2014.

1.2. Evolution of the principal advanced countries

The advanced economies continued to see lower GDP growth than the emerging and developing economies, but the differential fell for the third consecutive year. So, the GDP of advanced economies grew 1.8%, four tenths more than the previous year, while the emerging economies also decelerated four tenths. The gradual recovery that can be seen in the advanced economies is closely related to the progressive correction of their imbalances, although >



IMF ECONOMIC PROSPECTS FOR THE WORLD ECONOMY

	2013	2014	2015f	2016f
World GDP	3.4	3.4	3.3	3.8
Advanced economies	1.4	1.8	2.1	2.4
USA	2.2	2.4	2.5	3.0
Eurozone ⁽¹⁾	-0.5	0.9	1.5	1.7
Germany	0.2	1.6	1.6	1.7
France	0.3	0.4	1.2	1.5
Italy	-1.7	-0.4	0.7	1.2
Spain	-1.2	1.4	3.1	2.5
Japan	1.6	-0.1	0.8	1.2
United Kingdom	1.7	2.6	2.4	2.2
Canada	2.0	2.5	1.5	2.1
Emerging and developing countries	5.0	4.6	4.2	4.7
Sub-Saharan Africa	5.2	5.0	4.4	5.1
Emerging economies in Europe	2.9	2.8	2.9	2.9
Commonwealth of Independent States	2.2	1.0	-2.2	1.2
Russia	1.3	0.6	-3.4	0.2
Developing Asia	7.0	6.8	6.6	6.4
China	7.8	7.4	6.8	6.3
India	6.9	7.2	7.5	7.5
Middle East & North Africa	2.4	2.7	2.6	3.8
Latin America & Caribbean	2.9	1.3	0.5	1.7
World trade (goods and services)	3.3	3.2	4.1	4.4

f: forecasts.

(1) Lithuania is not included, as it joined the Eurozone on 1 January 2015.

Chart 1.1

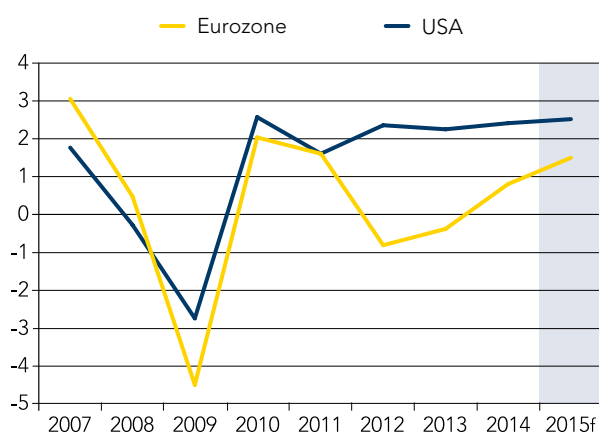
Source: IMF, July 2015

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 reduction in unemployment rates and the recovery in the property and construction sector.

In general, the economic improvement in the developed countries was driven by the reactivation in internal demand, but at different intensities according to the area. For example, in the United States the advance in GDP was 2.4%, two tenths more than the previous year, while in the Eurozone the acceleration was 1.4 points, but it is still seeing very weak growth, of 0.9%. In the USA, demand was progressively stronger once the credit and property markets were reactivated. On the other hand, in the Eurozone the economy improved very slowly and with major imbalances between countries. Outside the Eurozone, the good rate of economic growth in the United Kingdom stands out (2.6% in 2014 compared with 1.7% in the previous year). For

GDP GROWTH

Annual variation rates as %



f: IMF forecasts (July 2015).

Graphic 1.4

Source: IMF

its part, in 2014, Japan slipped back into recession, seeing GDP fall 0.1%, contrasting with the growth seen in the previous year (1.6%).

1.2.1. The USA

In the first quarter of 2014, the US economy suffered a setback due to the adverse winter weather conditions; then in the middle of the year it recovered momentum, and in the third quarter slowed down again. Now, for the whole of the year, US GDP grew 2.4% in relation to the previous year, two tenths higher than in 2013.

The factors driving growth were private domestic demand, especially consumption and non-residential investment, since public spending continued to be an impediment to growth for the fourth consecutive year despite a slower decline (-0.2% in 2014). In contrast with the previous year, residential investment saw weak growth, less than 2%, while non-residential investment grew over 6%. Private consumption also saw significant annual growth, at 2.5%, one tenth more than the previous year.

The contribution of foreign demand to growth was negative, as growth was 3.2% in exports of goods and services and 4% in imports, although in both cases the variation rates accelerated compared with the previous year, in line with the recovery in global markets. Dollar appreciation and the increase in oil imports due to falling prices, substituting domestic energy production, drove imports above exports and, consequently, in 2014, the correction of the current account balance deficit slowed and reached 2.4% of GDP, the same level as the previous year.

The recovery in the US economy resulted in a continuous improvement in the labour market results. The annual rate of growth in employment was 1.8%, four tenths more than the previous year, allowing a reduction in the

annual average unemployment rate from 7.4% in 2013 to 6.2% in 2014.

For their part, consumer prices displayed a downward trend throughout the year. The rate of inflation reached 0.8% in December 2014, compared with 1.5% seen in the same month of the previous year. The leisure capacity of the economy and falling oil prices helped to slow inflation.

The absence of background inflationary pressures allowed the Federal Reserve to maintain the official interest rate within a band between 0% and 0.25% throughout the year. Moreover, the consolidation of the economic recovery led the Federal Reserve to end the monetary stimulus programme in October 2014.

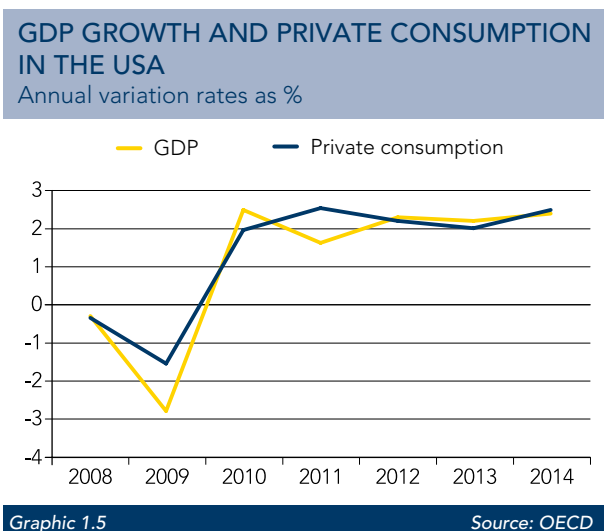
Finally, the US economy moderated the fiscal adjustment in relation to the previous year. In 2014, the public deficit was 5% of GDP, 0.7 percentage points below the 2013 level, but far from the very intense adjustment also seen in 2013, when it dropped from 9% in 2012 to 5.7%. This moderation of the effort to reduce the deficit was also seen in the ratio of public debt to GDP, which rose one percentage point in 2014 to 110%.

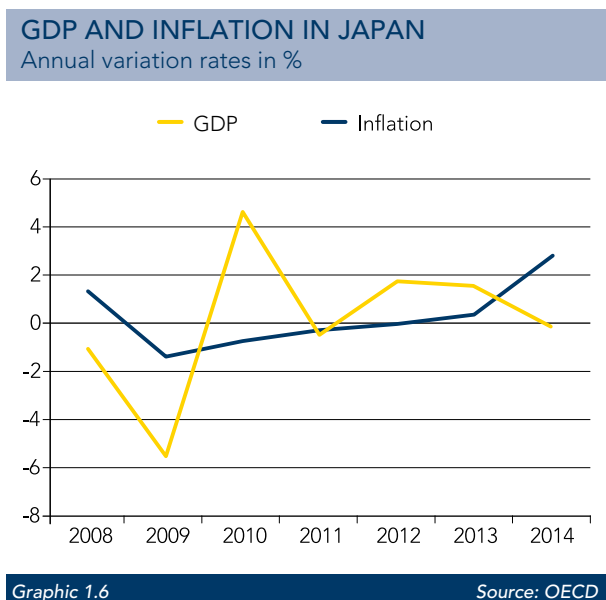
1.2.2. Japan

The Japanese economy again saw negative interannual growth rates from the second quarter of 2014 until the end of the year, as a result of falling consumption from April, related to the increase in consumption tax and the collapse in residential investment.

In 2014 as a whole, Japanese GDP saw a fall of 0.1%, but the forecast by official bodies is for the Japanese economy to recover a little and grow close to 1% in 2015. Some factors, such as the additional monetary expansion measures and the delay in the second increase in the consumption tax, will help to reactivate the economy. Moreover, the depreciation of the yen and falling oil prices should favour growth in foreign demand.

By components, it should be highlighted that although public consumption and investment in capital goods saw significant growth, GDP slowed due to sluggish private consumption and the negative contribution from the foreign sector, despite yen depreciation which occurred in the second half of the year. The yen/dollar exchange rate went from 103 yen/\$ in December 2013 to 119 yen/\$ in December 2014, so it has lost 15% in value. >





As for the labour force, employment grew 0.3% annual and the unemployment rate fell from 3.7% in January to 3.4% in December, the lowest value since 1997.

The expansionary monetary policy managed to definitively overcome deflation and saw the greatest increase in consumer prices since 1991. In 2014, inflation reached an annual average of 2.7% (0.4% in 2013), above the 2% target set by the national Central Bank. Despite the upturn in prices, the Japanese Central Bank kept interest rates between 0.0% and 0.1% throughout the year to stimulate the economy.

In the fiscal field, the ending of the economic stimulus programmes and the tax increase helped to improve the state of Japan's public finances, for the second consecutive year, so that in 2014 the public deficit fell eight tenths to 7.7% of GDP, although it is still the developed country with the highest public deficit ratio. At the same time, the public debt to GDP ratio continued to rocket to reach 226%, more than twice the average of OECD countries.

1.2.3. Eurozone

The Eurozone economy left the second recession behind in the last quarter of 2013, and continued a phase of gentle recovery throughout 2014. For the year as a whole, GDP grew 0.9% compared with the previous year, given the contrast with the fall of 0.5% in 2013. This more positive behaviour is linked very directly to falling uncertainties, the improvement in the labour market and the stabilisation of the financial markets.

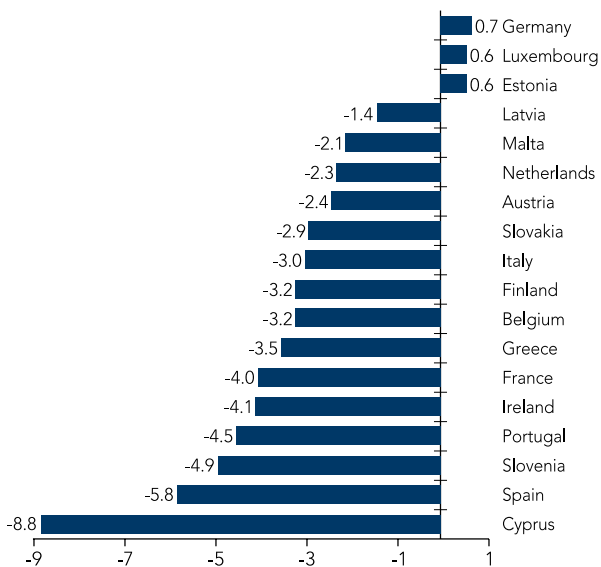
By components, the recovery in the Eurozone was the result of the progressive improvement in domestic demand, especially private and public consumption which, at the end of the year, already saw interannual growth rates of 1.7% and 0.8%, respectively. In contrast, gross capital investment did not take off, as it only saw an annual increase of 1.4%. On the other hand, foreign demand started the year with a neutral contribution and ended by adding 0.3 points to growth. This situation is the result of accelerated growth in exports, fundamentally in the second half of the year, driven by euro depreciation, which exceeded the increase in imports, although imports also recovered momentum through the improvement in domestic demand. As a consequence, the current account balance surplus for the whole of the Eurozone increased from 2.8% in 2013 to 3.4% of GDP in 2014.

In 2014, the change in economic cycle made employment rise at an annual rate of 0.6%, after two continuous years of falling 0.8%. This allowed the unemployment rate to also fall half a point throughout the year and reach 11.4% in December according to Eurostat, the first fall that has occurred since the start of the crisis. For its part, unit labour costs grew 1% as a result of a 1.3% increase in wages per worker and an increase in productivity of 0.3%. Now, the real labour costs, once the GDP deflator is discounted, remained stable, meaning that the EMU has not lost competitiveness this year.

Inflation fell considerably throughout 2014, going from 0.8% in January to -0.2% in December, as a result of falling prices of oil and raw materials and also the weak growth. On annual average, inflation was 0.4%, compared with 1.4% in the previous year. All the Eurozone economies saw inflation rates that were negative or below 1%, except Finland (1.2%) and Austria (1.5%). The greatest drop in prices was seen in Greece (-1.4%). In Spain, Cyprus, Portugal and Slovakia, the falls were only by one or two tenths.

Monetary policy was influenced by the said context of weak economic recovery and falling prices. For this reason, with the aim of averting the risk of deflation and giving momentum to the economy, the ECB decided on 5 June 2014 to bring down the official interest rate to the historic low of 0.15% and, moreover, collect 0.1% from banks for their deposits with the ECB in order to stimulate bank credit. Two new long-term liquidity operations were also announced for the value of 400,000 million euros on the condition that banks gave

**PUBLIC DEFICIT OF EMU-18.
ESTIMATES FOR 2014 - As % of GDP**



Graphic 1.7

Source: European Commission

loans to businesses. Again, in September, the ECB lowered the interest rates on refinancing operations to 0.05% and on deposit facilities to -0.20%. Moreover, it started up the third programme for purchasing mortgage-backed securities and loans.

Finally, fiscal policy continued to be restrictive for the fifth consecutive year and in the whole of the Eurozone the deficit reached 2.4% of GDP. This year, the reduction in the deficit can be explained more by a gentle adjustment in spending than an increase in income, which in the Eurozone as a whole has maintained its percentage of GDP (46.6%). In some countries the negative balance increased, such as Cyprus, Austria or Finland. On the other hand, the countries that made a greater effort to reduce the deficit were those that suffered most pressure from markets in the past, specifically Greece, Ireland, Spain and Slovenia. In contrast, the only three EMU countries with a public accounts surplus are Germany, Luxembourg and Estonia (at about 0.6%-0.7% of GDP in each case). In a context of moderate growth in nominal GDP, the public debt continued to increase to reach 94.2% of GDP, the highest level in the historical series.

1.3. Evolution of the principal emerging and developing countries

As occurs in developed economies, economic divergence is also seen in the evolution of the large

emerging economies, in a context of falling prices of raw materials.

In 2014, the emerging economies that showed a more unfavourable evolution and also those that have worse prospects for 2015 are the oil-exporting countries and those exporting raw materials. The weakness in prices of raw materials negatively affected the Latin American economy, where growth slowed from 2.9% in 2013 to 1.3% in 2014, and according to the IMF will only grow 0.5% in 2015. This area also faces more restrictive financing conditions, accentuated by the depreciation that some of their currencies have seen. So, the weakness of Brazil's economy stands out, which practically stagnated in 2014 and which will fall 1.5% in 2015, according to the latest forecasts. The confidence of businessmen and consumers there is at a low, at a time when severe drought is leading to electricity rationing. The economy has performed better in the case of Mexico, where GDP accelerated seven tenths to 2.1%. On the other hand, Russia is another country much affected by falling oil prices, to which should be added international sanctions and sinking confidence (the rouble has depreciated significantly). The Russian economy saw very low growth in 2014, of 0.6%, and it is forecast that it could fall 3.4% in 2015.

In contrast with the above, the developing Asian economies continued to lead world growth (6.8% in 2014). However, despite this strong growth, the activity of the main Asian countries lost momentum from the change in direction of the Federal Reserve's monetary policy. China's economy is immersed in a process of gentle economic deceleration since the current economic policy is aimed at moderating excessive growth in credit and investment and, at the same time, wants to focus on innovation. In 2014, China's economy saw growth of 7.4%, four tenths less than the previous year, and it is expected to slow to 6.8% in 2015. The other emerging Asian countries have benefited from the drop in oil prices, as most are importing countries. However, this region appears vulnerable to dollar appreciation, as a large part of its debt is in that currency, so if these countries continue to link the exchange rate to the dollar, they maintain financial stability but may lose competitiveness with other regions.

Sub-Saharan Africa is the developing economic area which grew most after Asia, with an annual rate of 5% in 2014 which, nevertheless, slowed two tenths compared with the previous year. This region was less >

affected by the world crisis and financial tensions in Europe. The solid economic dynamism was based on good agricultural production and an increase in investment in natural resources and infrastructure.

Finally, growth continued to be weak in the Middle East and North Africa, with an advance of 2.7% in 2014, in a context marked by falling oil prices, persistent conflicts in the region and continued political uncertainty.

1.4. Prospects

The evolution of the financial markets during the first few months of the year was mainly determined by the implementation of an extended programme of purchasing public and private sector assets by the ECB, and also by negotiations between the Greek government and the Eurogroup. On the other side of the Atlantic, the slowdown in GDP growth in the USA made the Federal Reserve delay putting up interest rates anticipated for the first few months of the year, stopping the falling market price of the euro against the dollar.

As for economic activity, in 2015 the global recovery is still favoured by the expansionary effects of accommodating monetary policies and by cheaper oil, but at a slightly lower rate than forecast months back, as the two driving forces behind the world economy, the USA and China, suffered slowdowns in growth in the first quarter of 2015.

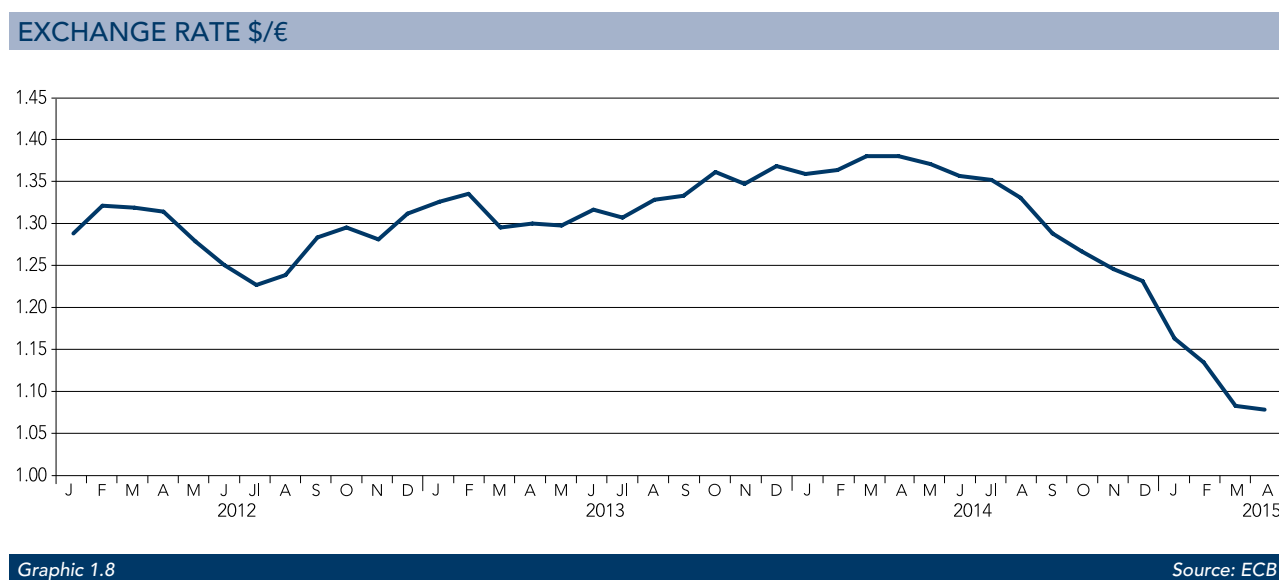
According to the latest OECD report forecasts, among the main advanced economies growth will be stronger

in the USA (2%) than in the Eurozone (1.4%), although it is the latter area that will see the most significant improvement in relation to 2014. It is expected that Japan, for its part, will resume growth, although it will not reach 1%, far then from the levels in the United States and the Eurozone.

According to the International Monetary Fund's report (IMF) in July, world growth will slow down one tenth in 2015, to 3.3%. This slowdown can only be explained by the slowdown in growth in developing countries, which could grow 4.2% in 2015, four tenths less than the previous year, as a result of the economic slowdown in oil-exporting countries and geopolitical conflicts. In contrast, in 2015, the global growth of advanced countries could increase by three tenths to bring it to 2.1%.

In the United States, in the first quarter of 2015, falling GDP growth occurred in relation to the last quarter of the previous year, as a result of the unfavourable weather conditions and also due to dollar appreciation. However, official bodies forecast that, once the overall winter effect passes, the economy will recover momentum in the second quarter of 2015. For 2015 as a whole, the OECD forecasts that the economy will slow down to 2%, due to slowing investment (in the energy sector) and dollar appreciation. In contrast, the most recent forecasts from the IMF point to a slight acceleration in GDP growth from 2.4% in 2014 to 2.5% in 2015, thanks to consumption (sustained by the good performance of the labour market), investment and fiscal policy.

In effect, the US labour market is showing a high level of dynamism. In the first four months of 2015, employment grew 2.3% (775,000 new jobs) and the



Graphic 1.8

Source: ECB

unemployment rate fell to 5.4% (in April 2014 it was 6.2%), the lowest rate since May 2008. This trend favoured an improvement in consumer confidence to high levels. Inflation, on the other hand, fell, driven by the fall in oil prices and in imported goods through dollar appreciation, to reach -0.2% in April, the lowest rate since 2009. In this context, it is expected that the Federal Reserve will begin to raise interest rates in the second half of 2015.

In Europe, the economic recovery seems to have picked up somewhat in the first few months of 2015, driven by the continual improvement in financial conditions and confidence. Falling oil prices, depreciation in the euro exchange rate, the neutral tone of fiscal policy and the monetary expansion measures adopted by the ECB, form a favourable scenario for the Eurozone economy to strengthen growth in the next few months. For this reason, the international bodies upgraded their forecasts for growth for the EMU, to a rate of 1.5% for 2015 (according to the IMF and the European Commission), and 1.4% (according to the OECD), although some risks still persist associated with the complex negotiations between Greece and the Eurogroup and other geopolitical tensions. Domestic demand will be the main component of GDP growth in the area, as an acceleration in private consumption is expected for this year. As for the public deficit, the Commission forecasts that it will continue to fall to represent 2% of GDP in 2015 and 1.7% in 2016.

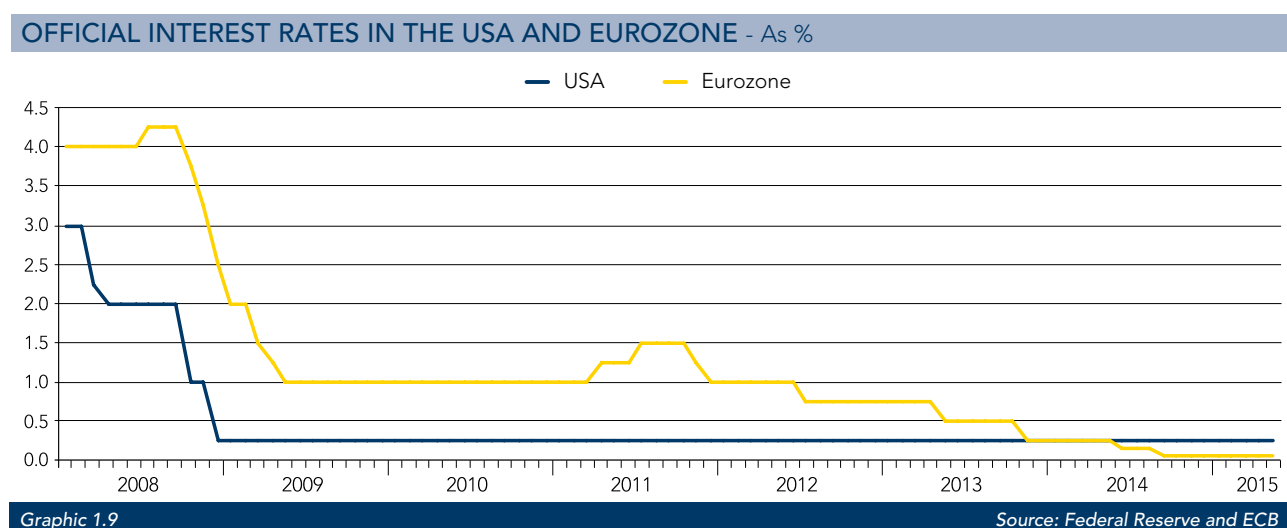
By country, the Commission forecasts an increase in GDP in Germany of 1.9%, and in France of 1.1%. For their part, in 2015 the peripheral countries (Spain, Italy, Portugal, Greece, Ireland), which are those that suffered the recession and the financial market pressures most, will see positive growth rates ranging from 2.8% in

Spain to 0.6% in Italy and 0.5% in Greece. Now, the latest events in Greece would lead us to believe that the Greek economy will slip back into recession in 2015. Portugal would be in an intermediate position, with a growth forecast of 1.6%. The only member country that will continue in recession will be Cyprus (-0.5%). In most of these countries domestic demand is starting to gain momentum and complements the positive/negative 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 will continue to recover and the unemployment rate will fall to 11% in 2015, according to the European Commission.

As for the first quarter of 2015, the economy is recovering but at different rates depending on the country. According to the insight published by Eurostat, GDP growth in the Eurozone was 0.4%, one tenth more than in the previous quarter, enabling the interannual rate to reach 1% (0.9% in the last quarter of 2014). This growth was led especially by Spain, which saw an interannual GDP increase of 2.7%, and by the Netherlands, with 2.4%. The German economy grew only 1% interannual, France 0.7%, while Italy stagnated after several quarters of falls. It should be remembered that Lithuania joined the Eurozone on 1 January 2015, which increased the number of member countries to 19.

Inflation in the Eurozone remained negative during the first few months of the year but the trend was for the fall to slow, until prices stabilised in April. The forecast for the whole of 2015 is that prices will remain stable on annual average.

With the additional measure of buying sovereign bonds (called quantitative easing), which the ECB took >



in March, it is aimed to strengthen the transmission mechanism of the monetary policy in order to fulfil its price stability mandate (2% target), in order to combat the risks carried by a too-long period of low inflation. Although in recent months EMU inflation was less negative, according to the IMF the main risk in this area is still the possibility of entering a period of economic stagnation combined with persistently-low inflation.

Finally, in the first quarter of 2015 the Japanese economy saw a quarterly fall in GDP of 1%, putting the interannual variation rate at -1.4%. This is the fourth consecutive quarter of economic downturn, a fall that is due above all to the slowdown in private consumption, which represents 60% of GDP and made a negative contribution to growth of 2.9 percentage points. However, exports made a positive contribution to growth, favoured by yen depreciation in relation to the main international currencies. In this context, the Bank of Japan decided to maintain the official interest rate between 0% and 0.1% (range established on 5 October 2010) and the monetary stimulus measures through purchasing debt and other assets, adopted in the meeting of 31 October, increasing the monetary base at an annual rate of 80 billion yens.

In summary, the global economic context tended to improve without managing to equal yet the levels prior to the crisis, and the risks diminished although they have not disappeared. According to the IMF report, in the next few years the global economy will see a phase of less potential growth, among other reasons due to the slowdown in total productivity of the factors and the aging population. This stagnation will affect both the advanced and the emerging economies (which in the last four years grew less than expected).

The acceleration in the world economy is based on very lax monetary conditions, on a lower rate of fiscal consolidation, on the recovery of financial stability and on lower oil prices. Investment, a crucial component for the prospects, still needs to take off. According to the OECD, the main risks are geopolitical upheaval and the financial instability that a disorderly exit from the zero interest rate policy in the US could provoke, the lack of agreement between Greece and its creditors, which could result in its exit from the Euro, or a forced landing occurring in China. To avoid these risks and get the economy on a higher, stable growth path it would be necessary to mutually strengthen monetary policies, fiscal policies and structural reforms.

OECD ECONOMIC PROSPECTS FOR THE MAIN DEVELOPED COUNTRIES

	GDP % annual variation			INFLATION ⁽¹⁾ % annual variation			UNEMPLOYMENT RATE % active population			CURRENT ACC. BALANCE % of GDP			PUBLIC DEFICIT % of GDP		
	2014	2015f	2016f	2014	2015f	2016f	2014	2015f	2016f	2014	2015f	2016f	2014	2015f	2016f
USA	2.4	2.0	2.8	1.3	0.3	1.6	6.2	5.5	5.2	-2.4	-2.6	-3.0	-5.0	-4.0	-3.6
Japan	-0.1	0.7	1.4	2.7	0.7	1.1	3.6	3.5	3.3	0.5	2.8	3.0	-7.7	-6.8	-5.8
Eurozone	0.9	1.4	2.1	0.4	0.0	1.3	11.5	11.1	10.5	3.4	3.9	4.1	-2.4	-2.1	-1.4
Germany	1.6	1.6	2.3	0.8	0.2	1.8	5.0	4.7	4.5	7.8	8.5	8.3	0.6	0.5	1.1
France	0.2	1.1	1.7	0.6	0.1	1.1	10.3	10.5	10.4	-1.0	-0.5	-0.3	-4.0	-3.8	-3.2
Spain	1.4	2.9	2.8	-0.2	-0.6	0.7	24.4	22.3	20.3	0.8	1.3	1.3	-5.8	-4.4	-3.0
OECD	1.8	1.9	2.5	1.5	0.7	1.7	7.3	6.9	6.6	0.0	0.1	0.1	-3.7	-3.1	-2.5

(1) For the OECD, the private consumption deflator was used.
f: forecasts.

Chart 1.2

Source: OECD, June 2015

2. THE FRENCH ECONOMY

2.1. The main features of economic development in 2014

French GDP continued to see very weak growth in 2014, for the third consecutive year. As in the previous

year, this stagnation in the French economy, the second in the Eurozone and fifth in the world, was a result of the recession experienced in Europe during the first half of the year, its deficit of competitiveness and low investment confidence.

The French economy contracted during the first two quarters of the year and grew feebly in the last two. According to INSEE, for the whole of 2014, GDP grew a modest 0.2%, after two years of very weak growth (0.2% in 2012 and 0.7% in 2013). So France remains behind in relation to other large European economies which recovered more strongly in 2014, such as Germany (1.6%) and Spain (1.4%). In contrast, the level of GDP per capita in relation to the European average (EU=100) remains stable at 107 in 2014, for the third consecutive year. This means that per capita income in France is 7% higher than the European average and has not been affected by the crisis, since in 2007 it was already at that level.

As for demand, consumption accelerated slightly, while the decrease in investment was accentuated. Specifically, household consumer spending continued its progressive improvement (with growth of 0.6%, two tenths more than the previous year), equal to government consumption expenditure (1.9%, three tenths more than the previous year), above all due to growth in health expenditure. Household consumption benefited from the increase in disposable income thanks to the increase in social benefits, the increase in wages and the deceleration in taxes. As a result, the purchasing power of French families recovered after three years of downturn.

In contrast, in 2014 the gross fixed capital formation of all the economic agents fell again (-1.2% after -0.6% in 2013) and remains 6.7% below the level it had in 2007. This deterioration can be attributed to household investment and above all the steep drop in public investment (-6.9%), especially in transport and construction equipment (civil works and buildings). Nevertheless, the growth in investment by non-financial enterprises accelerated from 0.5% in 2013 to 2% in 2014, thanks to the strong recovery in investment in transport material and TIC.

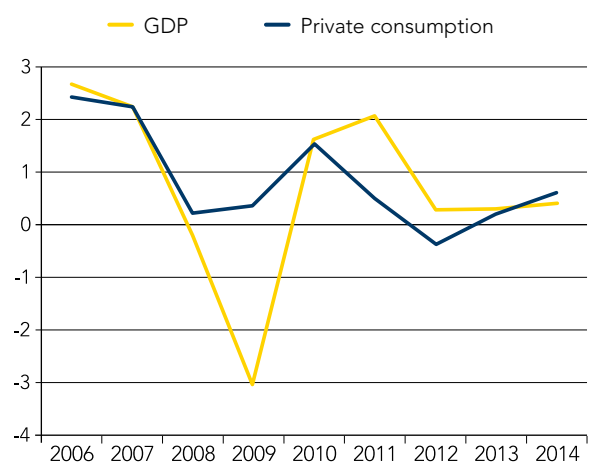
For their part, foreign trade flows of goods and services saw a more positive evolution than in the previous year, especially during the second half of the year. Specifically, growth in exports went from 1.7% in 2013 to 2.4% in 2014, in line with the recovery in the European economy, the destination of 60% of French exports. Now, in comparison with other European countries, France had a weaker performance in exports, which is a clear sign of its continual loss of competitiveness. For example, in Spain they increased 4.2%; in Germany 3.9%, and for the whole of the

Eurozone 3.8%. The volume of imports also accelerated (from 1.7% in 2013 to 3.8% in 2014) as a result of a slight improvement in domestic demand. This higher growth in imports than in exports meant that in 2014 the foreign sector contribution to the growth of the French economy was negative (-0.5 points) whereas in 2013 it was zero. In contrast, in terms of value, the contribution is zero because the import prices are significantly lower than those of exports, to a large extent from falling oil prices. The increase in volumes of imports is mainly due to capital goods and other manufactured products, especially pharmaceutical products. For their part, the dynamism in exports is mainly due to other manufactured products and office services. Equally, the current account deficit fell from -1.4% of GDP in 2013 to -1.0% in 2014, according to the OECD.

As for supply, a disparate evolution in GVA can be seen in the various economic sectors. Activity shrank 1% in the industrial sector, while production in services saw a positive variation, especially in the non-market services sectors, TIC activities, real estate services and business services, with growth of around 1% in all cases. In contrast, activity in hotels and catering services fell (-2.4%) as did financial activities (-0.8%). The decline in construction, on the other hand, worsened, while agriculture saw an important increase after the downturn of the last two years.

Despite the economic weakness, measures to encourage employment allowed the French economy to begin to create net employment in 2014 (72.8 million jobs equivalent to full-time), after two years of >

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



Graphic 2.1

Source: European Commission

job destruction. In annual variation rates, an increase in employment of 0.2% occurred in 2014 compared with the fall of 0.2% in the previous year. By economic sectors, employment increased above all in the public sector (1.4% interannual), for the second consecutive year, and in the non-profit organisations, while the non-financial enterprise sector – concentrating 55% of the jobs – remained stable.

Despite the increase in employment, the unemployment rate continued its rising trend throughout 2014. In January it was 10.1% and in December 10.5%, the highest rate since 1999. Now, on annual average the unemployment rate reached 10.3%, identical to the previous year. Moreover, in 2014 the youth unemployment rate remained more or less stable at around 24%, with the risk of being unemployed almost twice as high for less-qualified youths.

In this context of weakness in the labour market, nominal wage increases were more moderate than those of the previous year (1.2% in 2014 compared with 1.6% in 2013). Work productivity, on the other hand, increased 0.2% and, consequently, unit labour costs (ULC) grew 1% in nominal terms, but remained stable in real terms (after discounting prices), as in Spain or Germany.

It should be remembered that France is one of the member states where the cost of the workforce is higher due, to a great extent, to the high fiscal pressure on labour, which results in a loss of competitiveness in French enterprises. France controls 3.2% of world trade, but has lost three points since 2000. Therefore, in January 2014, the French Government announced a second cut in the cost of the workforce for a value of 10,000 million euros (it passed the first cut in social contributions in December 2012). In total, the two cuts represent savings of 30,000 million for enterprises (1.5% of GDP), with which it attempted to bridge the gap between social security contributions by enterprises in France and the average for Eurozone countries.

Prices saw a downward trend throughout the year, following the mood in other countries, to reach the lowest rate in December (0.1%). Harmonised inflation on annual average decelerated from 1% in 2013 to 0.6% in 2014. This trend is the result of slowing energy prices and weak growth in activity, factors which offset the impact on prices of the VAT increase introduced in January 2014 (the intermediate rate increased

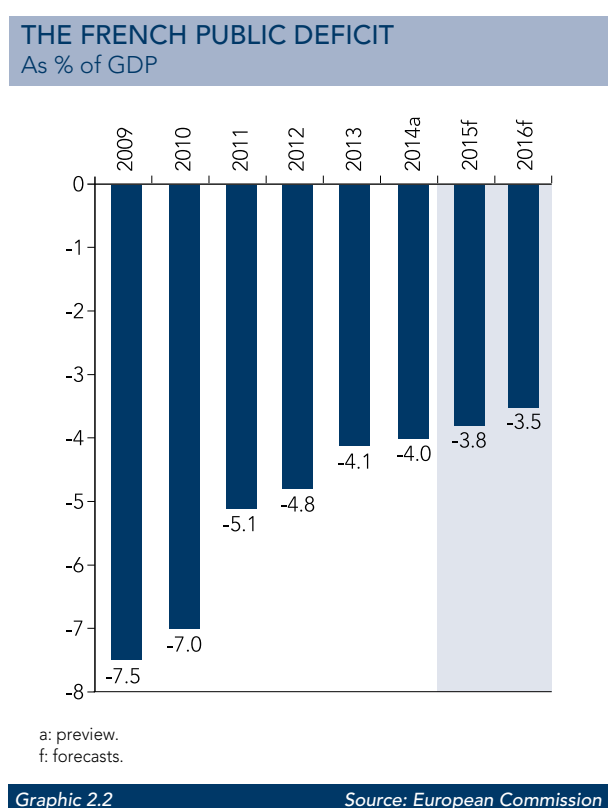
from 7% to 10%). The trend in underlying inflation, which more faithfully reflects the trend in the nucleus of prices because it excludes volatile components (unprocessed food and energy) was more moderate than the general index due to the low levels of production capacity utilisation and the unemployment rate's resistance to fall.

The public sector continued its policy of fiscal consolidation for the fifth consecutive year. In 2014, the deficit was 4.0% of GDP, 0.1 points lower than the previous year, so exceeding the target of 3% set by the European Commission. On the one hand, current public revenue grew 2.0% in 2014, compared with 3.3% in 2013. In percentage of GDP, the French public sector revenue rose to 53.2% of GDP, the second highest level in the whole of Europe, only behind Finland and Denmark. On the other hand, growth in public spending moderated to 1.6%, the lowest rate seen since 1998, after the 1.8% in 2013. It was possible to slow growth in public spending despite the increase in costs related to acceleration in the Competitiveness and Employment Tax Credit (CICE). In particular, investment in local government fell due to the combined effect of the electoral cycle and cuts in transfers from central Government. However, the low nominal growth in GDP meant that in 2014 the public spending percentage of GDP also increased to 57.2% and therefore stands above the record level achieved in 2009 and exceeds the Eurozone average by more than seven GDP points (49%). In 2014, financing of the deficit caused a new increase in the public debt of 2.7 GDP points to 95%, rising above the average for the 18 Eurozone member states (94.2% GDP), according to the European Commission. The State pays 45,000 million in annual interest on this debt but benefits from investor confidence, which allows it to finance itself at very low interest rates.

With the Responsibility Pact passed by the French Government it is expected to cut public spending by 50,000 million between 1 January 2015 and 2017 (21,000 million in 2015 and 14,500 in each of the financial years 2016 and 2017). The budget proposal for 2015 already includes a reduction in spending of 21,000 million, of which 9,600 relates to social spending. Of these 50,000 million, 20,000 will be social cuts (health, pensions, family benefits, etc.), 19,000 on central government administration and 11,000 on town halls, departments and regions. One of the most notable measures within the Responsibility

Pact is the reduction in the number of regions which was passed in July 2014, as a result of which the number of metropolitan regions went from 22 to 13, with the purpose of saving 12,000 million euros. Other measures included in the Pact are to continue lowering social contributions paid by enterprises (a reduction of 14% in 2014 and another 6% in 2015), modernise corporate taxation and reduce the number of taxes and simplify the administrative process of formation of companies. In total, a 41,000 million cut in tax and social contributions for enterprises is planned over three years, with the aim of improving competitiveness and creating jobs. At the same time, households will benefit from 5,000 million in tax cuts to taxpayers on the lowest incomes (an estimated 9 million beneficiaries).

To these measures should be added the Growth and Economic Activity Bill, which the French Government passed at the end of 2014, which revolves on three axes: freedom, investment and employment. This legislative initiative has the aim of streamlining the French economy by enabling the formation of new businesses, opening shops on Sundays and opening up the regulated professions, especially in the legal sector. Regulated professions such as notaries, officers of the court, experts, assessors and court administrators will be affected by the free establishment of professionals and the reduction in fees.



2.2. Prospects

France started 2015 with greater economic momentum than it ended 2014, thanks to the recovery in private consumption, despite the weakness in exports and investment. GDP increased 0.6% compared with the previous quarter, after remaining stable in the fourth quarter of the previous year. In interannual terms, the economy saw growth of 0.7%, contrasting with the zero growth in the fourth quarter of 2014. By components, household consumer spending accelerated from 0.1% to 0.8% in the first quarter, while gross fixed capital formation fell again (-0.2%). In general, total domestic demand contributed 0.5 points to GDP growth, whereas it only brought 0.1 points in the previous quarter. In contrast, the foreign trade balance contributed negatively to activity (-0.5% after +0.2 points in the previous quarter). This is the result of a lower increase in exports (0.9%) and an acceleration in the growth of imports (2.3%). Finally, the changes in the inventories contributed positively by 0.5 points.

In this context, in the first quarter of the year the harmonised unemployment rate rose again to 10.6% (10.5% in the fourth quarter of 2014) and the harmonised inflation rate went from negative in the first two months of the year to zero in March and a positive tenth in April. For the year as a whole, forecasts predict that inflation will stand at around zero since the effect of falling oil prices will be offset by the inflationary import pressure resulting from euro depreciation.

As for the labour market, the reform passed in 2013 and the reductions in social contributions passed in 2014 and 2015 may represent a stimulus for employment, which according to the European Commission could grow 0.5% in 2015 and 1% in 2016. Nevertheless, the unemployment rate will resist falling from 10.3% in 2015, the same level as in the previous year.

The forecasts for economic growth made by the official bodies (IMF, OECD and European Commission) point to an increase in French GDP for 2015 of around 1.1%. After three years of economic stagnation, the improvement in household confidence will drive consumption which, in turn, will strengthen business confidence.

In 2015, GDP growth will be mainly driven by private consumption, which will benefit from wage rises, >

the reduction in the energy bill and low inflation. In contrast, the improvement in investment will continue to be slow and the contribution from the foreign sector will be zero because the improvement in exports deriving from euro depreciation will be limited, and in any case lower than the growth in imports. As for investment, it is expected that falling oil prices and the continuous economic measures adopted to reduce labour costs will gradually strengthen corporate profit margins and their investment capacity, while the already-favourable credit conditions could be even more accessible through the ECB's accommodative monetary policy. It should be noted that the French Government passed a new plan in April 2015 for 2,500 million to promote business investment, which includes an additional special tax deduction of 40% on investment carried out between 15 April 2015 and 15 April 2016 for all enterprises irrespective of their activity sector. Nevertheless, since business confidence is still weak and capacity utilisation low, the acceleration in aggregate demand could be delayed in reaching investment in capital goods. For its part, residential investment will continue to contract in 2015, despite falling house prices and regulatory uncertainty, while public investment will remain low, due to lower transfers from the central government to local authorities. Globally, it is expected that investment could start to recover from 2016, driven both by the European Investment Plan and the French Government's Investment Plan.

In 2015 the improvement in the macroeconomic prospects will favour the reduction of the public deficit to 3.8% of GDP through the increase in the tax bases. The slower growth in public spending will also contribute to this, through the planned cuts for 2015, including the additional measures announced in the stability programme and the recent trend in interest rates. In 2015 the high level of deficit and low growth will cause an increase in the public debt to GDP ratio, to 96.4%.

Ultimately, the French economy will face three main 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, maintaining growth. Moreover, the gradual reduction in social contributions passed by the French Government aims to improve the competitiveness of exports, which are especially sensitive to price competitiveness.

FRANCE. MAIN MACROECONOMIC AGGREGATES Interannual variation rates

	2012	2013	2014
Components of demand			
Private consumption	-0.3	0.4	0.6
Public consumption	1.7	1.6	1.9
Gross fixed capital formation	0.2	-0.6	-1.2
Stock variation (a)	-0.6	0.2	0.2
Exports of goods & services	2.5	1.7	2.4
Imports of goods & services	0.7	1.7	3.8
Components of supply			
Agriculture	-8.6	-1.9	8.5
Industry	0.6	0.9	-1.0
Construction	-5.3	0.1	-3.6
Commerce	0.0	2.0	0.5
Transport	1.7	-0.5	1.0
Hotels & catering	-0.5	-0.6	-2.4
Information & communications	4.5	1.3	1.1
Financial activities	2.1	-0.3	-0.8
Property activities	1.5	1.3	1.0
Business services	-0.4	0.4	0.7
Other services	-1.7	2.1	0.0
Non-market services	1.4	1.2	1.0
GDP at market prices	0.2	0.7	0.2

(a) Contribution to GDP growth at market prices.

Chart 2.1

Source: INSEE

3. THE SPANISH ECONOMY

3.1. The main features of economic development in 2014

In 2014, the Spanish economy consolidated the recovery it began in mid-2013, driven by strengthening domestic demand, to which financial stability also contributed. This year, moreover, stabilisation of the property market occurred and the first increase

in employment since the start of the crisis. Equally, the flow of new credit to households and small and medium-sized enterprises began to grow, although within a general context of debt reduction.

In this context, GDP saw ever more positive inter-quarterly rates, and this made the interannual rate, which began the year at 0.6%, end at 2%. For the year

as a whole, GDP saw an increase of 1.4%, compared with the fall of 1.2% in 2013, and exceeded growth for the whole of the Eurozone (0.9%).

However, despite all this, the economic crisis was deeper in Spain than in the whole of the EU and, consequently, a setback in the process of real convergence with the European economies occurred. According to Eurostat estimates, the Spanish per capita GDP index measured as purchasing power parity in relation to the EU-28 average (equal to 100) is 93, lower than the 94 of the previous year and far from the 103 achieved in 2007, just before the crisis.

In 2014 a change occurred in the growth composition. The contribution from domestic demand was positive, at 2.2 percentage points, while the foreign sector took 0.8 points off growth. The rise in domestic demand was driven fundamentally by household consumption and investment in capital goods.

Private consumption grew 2.4%, the first increase since the start of the crisis except for 2010, when it increased 0.2, and was mainly concentrated on the purchase of durable goods, especially automobiles. The determining factors in this improvement were job creation and the increase in financial wealth. In parallel, public consumption grew a timid 0.1% which, despite all, is the first increase after three years of falls, indicating a relaxation of the budget adjustment effort in a pre-election year.

As for investment, the growth in capital goods is notable, which increased 12.2% on annual average, while the fall in investment in construction slowed to -1.5% and moreover, started to see positive rates from

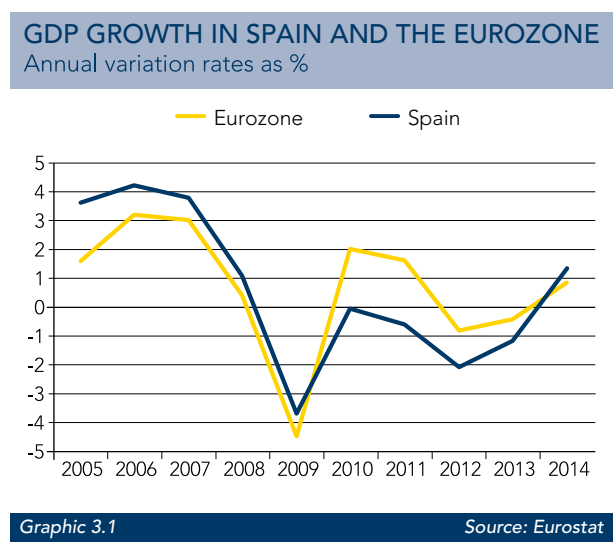
the third quarter. The start of the recovery in investment in construction is the reflection of stabilisation in the property sector which, this year, already saw an increase in sales and also in housing prices, as well as an increase in public works. Altogether, investment saw growth of 3.4% compared with the fall of 3.8% in the previous year.

Exports of goods and services increased 4.2%, a similar variation to the previous year, which can be considered positive in a rather anaemic European context. In fact, the performance of Spanish exports was more positive than the main European economies: in the UK they grew 0.6%, in France and Italy 2.7%, and in Germany 3.9%. Imports, however, grew at a faster rate, 7.6%, driven by growth in domestic demand, especially consumption of durable goods and investment in equipment, which encourage imports. This higher growth in imports than in exports meant that the foreign sector had a negative effect on growth for the first time in the last seven years.

It should be highlighted that in 2014 the trend to reorient Spanish exports of goods towards the rest of the world, which had been occurring for years, was broken. Specifically, exports to EU-28 countries –50% of the total – increased 3.9%, while exports outside the EU only grew 1.1%. The destinations that contributed most to the growth in Spanish exports were Germany, Italy and the United Kingdom.

According to balance of payments data, in 2014 the Spanish economy generated a foreign financing capacity for the third consecutive year. Current and capital operations between residents and non-residents generated a joint surplus equivalent to a financing capacity of the economy of 0.5% of GDP, in contrast with the financing capacity of 2.1% of GDP in the previous year. This deterioration in the foreign balance comes mainly from the moderation of the surplus in goods and services and, to a lesser extent, the increase in the deficit in revenue and the reduction in the capital surplus. The current account balance accumulated a positive balance (the second consecutive since 1987) of 1,201 million euros, although lower than the one achieved in 2013 (15,082 million euros). As a percentage, GDP went from 1.4% in 2013 to 0.8% in 2014.

From the perspective of supply, all the main branches of activity saw an increase in GVA in annual terms except for construction, although, as has been said, >



it already shows positive growth in the last quarter of the year. Of note is the growth in the manufacturing industry, which increased 2.3%, compared with the drop of 1.1% in the previous year. Within services, activity only fell in the sector of financial activities and insurance, due to the process of bank restructuring. In contrast, there was notable advance in leisure and artistic activities (2.9%), commerce, transport and catering (2.8%), and professional activities (2.6%). In part, this positive trend is the consequence of the good results obtained by the tourism sector this year, with significant growth both in the number of foreign tourists and tourism spending.

GDP expansion was reflected in the labour market. In 2014, employment measured as the numbers of jobs equivalent to full-time increased 1.2%, although in the fourth quarter growth was already 2.4%. As a result of a slightly less intense increase in employment than in GDP, productivity only grew 0.2% compared with 2.3% in the previous year, whereas employment fell much heavier than GDP. This growth in productivity and the slight fall in wages per employee (-0.2%) led to another fall in unit labour costs (ULC), of -0.4%. Since 2009, unit labour costs have fallen 6.4%, allowing for the recovery of about 80% in cost competitiveness lost in the previous decade against the EU, meaning a gain in competitiveness and one of the reasons for the good performance of Spanish exports.

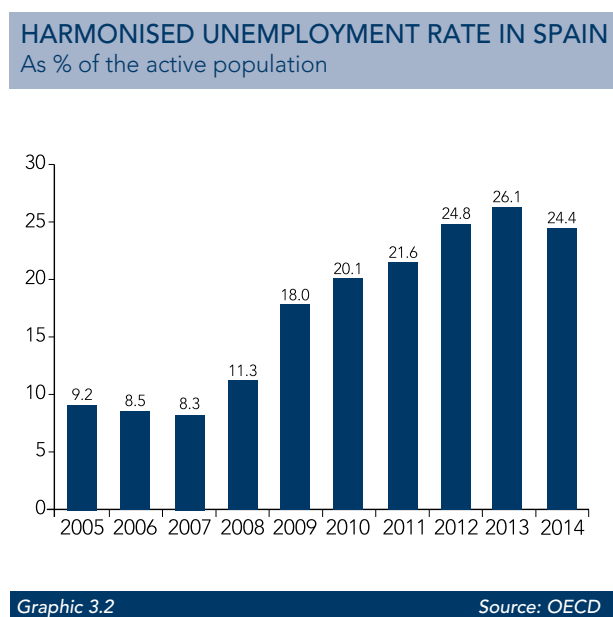
For the first time since the start of the crisis, the level of unemployment fell in Spain. Specifically, in the fourth quarter of 2014 it fell 8.1% compared with the same period in the previous year, so the total number

of unemployed fell by 477,900 in one year. In 2014, there was also the first drop in the unemployment rate, which reached 24.4% on annual average (26.1% in 2013). By ages, the reduction in unemployment affected all groups, except for ages 55 and above. But the group that suffers most from unemployment is still that of youth (aged under 25), which reached an unemployment rate of 51.8% in the fourth quarter of 2014. Another growing problem is the strong growth in long-term unemployment (those out of work for more than a year), which has already reached 62% of the total unemployed (3.46 million).

In 2014, the falling trend in the active population as a result of the net negative migratory flows continued. In fact, the reduction in the number of unemployed can be explained to a large extent by the fall in the active population rather than an increase in employment. On the other hand, employment created since the start of the recovery has changed from temporary and part-time work towards permanent and full-time contracts. This meant that the temporary contract rate fell towards the end of the year, but is still at around 24%, higher than most of the EU countries. Finally, the fall in the number of employees in the public sector seen in recent years slowed and only shrank 0.4% on annual average, although it began to increase in the fourth quarter.

Inflation also slowed notably throughout the year and reached negative rates from July. The interannual rate in December was -1.0% and the annual average -0.2%. This downward trend in prices is the result of the reduction in costs, the high unused production capacity and falling oil and unprocessed food prices – the latter corrected the steep rise seen in the previous year. The slowdown in underlying inflation, which was gentler because it excludes the deflationary effects of energy and unprocessed food, reached 0% in December and also on annual average. Therefore, we need not talk of a risk of deflation because this risk is not compatible with the growth in consumption and investment occurring in parallel in the Spanish economy.

The process of fiscal consolidation of the Spanish economy continued in 2014, although the intensity of the fiscal adjustment slowed compared with the previous year in order not to impede the exit from the crisis. In 2014 the deficit for the whole of the Spanish public sector reached 5.8% of GDP (5.69% if the cost of the financial bailout is excluded), so that the positive deviation from the target agreed with the European

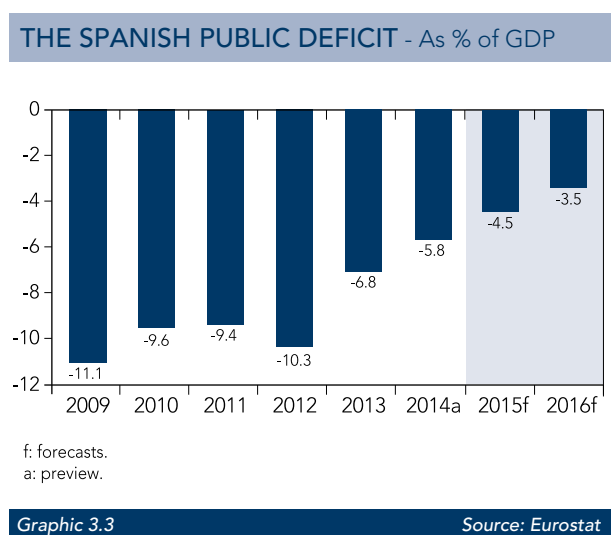


Commission was only one tenth. In comparison with the deficit in 2013 (6.8%), the fall was one GDP point and was achieved thanks to the fiscal consolidation effort made by the State, since the autonomous governments increased their deficit ratios and the local corporations slightly reduced the surplus. Spain is still the EU country with the highest level of deficit, only behind Cyprus.

The 2014 budgets continued to be austere but special spending cut measures were not passed as in previous years. In fact, public investment grew again in a pre-election year. One of the measures with the greatest budget impact is the reform of the public administration, which since 2012 allowed for a saving of more than 20,000 million euros. With regard to revenue, net revenue climbed 3.6% in equal terms to the previous year. Unlike previous years in which the protagonist was revenue from legislative changes, in 2014 the main cause of growth in revenue was the increase in the tax bases, after six consecutive years of falls.

The Spanish government also passed a series of measures to favour refinancing and restructuring the debt of viable enterprises with difficulties finding credit. Equally, a Royal decree passed a law on emergency measures for promoting employment and permanent contracts, regulating the new “flat rate” of one hundred euros for employing new permanent workers during the first twenty months, whenever this contract involves the net creation of stable employment.

As a result of the new deficit recorded in 2014, Spanish public debt continued to rise to reach 97.7% of GDP, slightly above the average Eurozone level, which is 94.2%.



3.2. Prospects

The rate of growth in the Spanish economy continued to accelerate during the first few months of 2015, with the fundamental support of consumption. Various domestic and foreign factors are driving growth, such as falling oil prices and interest rates, euro depreciation against the dollar, greater access to credit facilities, an increase in public spending in the face of various elections coming up throughout 2015 and tax cuts. In January, a fiscal reform came in, to be applied in two phases (2014 and 2015), which cuts income and corporate taxes, to stimulate consumption and private investment. To this is added the expansionary monetary policy put in place by the ECB in March 2015, which involves an injection of 60,000 million euros per month until September 2016.

In the first quarter of 2015 the Spanish economy saw growth of 0.9% compared with the previous quarter, which allowed the interannual rate of GDP to reach 2.7%, the highest since the first quarter of 2008, just before the start of the crisis. The contribution to growth from domestic demand increased to 3 points, and foreign demand also improves its contribution to GDP by four tenths, as it went from -0.7 to -0.3 points. Of note is the growth seen in household consumption (3.5%) as a result of the improvement in the labour market and economic expectations. Growth in investment also accelerated to 6.0% interannual, above all thanks to the extraordinary increase in investment in capital goods (9.4%). As for foreign demand, growth in exports of goods and services accelerated one point to 5.7% as a result of the European recovery and euro depreciation. For its part, the rate of growth in imports slowed, dropping from 7.7% to 7.4%. In terms of employment, the economy generated 458 thousand jobs in one year, representing an interannual variation of 2.8%, four tenths more than in the fourth quarter of the previous year. On the other hand, unit labour costs grew 1%, five tenths above the implicit GDP deflator, so stopping the process of domestic devaluation experienced by the Spanish economy since the start of the crisis. This increase is the result of growth in wages per employee (0.9%) and falling productivity (-0.1%).

Inflation picked up in the first few months of the year after reaching the minimum of the historic series in January 2015 (-1.3%), although it continued in negative territory until May (-0.2%). The gentle increase in >

oil prices and rising electricity prices were the main factors to explain the rising trend.

In the first few months of 2015, the process of fiscal consolidation continued. The European Commission forecasts a reduction in the Spanish public deficit to 4.5% of GDP in 2015. 2016 could be the year it reaches 3%, the limit set by the European Commission. The planned fiscal adjustment rests on public spending, which would reduce its ratio to GDP to 42.4%, while public revenue would remain constant as a percentage of GDP (37.9%) despite the fiscal reform which came into force at the beginning of the year. From the perspective of public debt, a new increase is expected in 2015, to slightly exceed 100% of GDP.

In this context, the European Commission makes a series of recommendations to the Spanish Government based on the Stability Programme presented to Brussels, which basically centres on the three interdependent pillars: investment stimulus, the implementation of structural reforms and the impetus of budget responsibility, especially among autonomous communities.

As a result of stronger-than-expected growth in consumption and construction, the official bodies upgraded the growth forecasts for the Spanish economy to put them at about 3%. The European Commission forecasts that Spanish GDP will grow 2.8% in 2015 and the OECD 2.9%, while the IMF raises it to 3.1%, with a positive contribution from domestic demand and a negative one from the foreign sector.

Employment will continue to grow in a context of economic reactivation. The Commission also forecasts an increase in employment of 2.7% while the Spanish unemployment rate will fall slowly to 22.4%, although it will continue to be the highest in Europe after Greece. Domestic demand will continue to lead growth, especially private consumption, which will benefit from job creation, the increase in disposable income and the low inflation rate. In fact, it is expected that inflation will remain very low, at an average of -0.6% in 2015, due to the high unused production capacity and low energy prices.

In summary, forecasts point to economic growth of the Spanish economy strengthening, thanks to a more expansionary international context and, above all, thanks to the recovery in domestic demand. Altogether, it is the result of the adjustments carried

out by the Spanish economy since the start of the crisis: reduction in private debt, recovery of cost competitiveness, resizing of the construction sector and restructuring of the financial sector. To all that must be added the improvement in financial conditions and the special monetary policy measures taken by the ECB, which were reflected in a reduction in the risk premium from 200 base points in January to 114 base points in December. However, despite the improvement in the economic cycle, there are still major persistent structural problems in the Spanish economy, such as the high public debt and the reabsorption of employment destroyed since the start of the crisis.

SPAIN. MAIN MACROECONOMIC AGGREGATES

Interannual variation rates

	2012	2013	2014
Components of demand			
Private consumption	-3.0	-2.3	2.4
Public consumption	-3.7	-2.9	0.1
Gross fixed capital formation	-8.1	-3.8	3.4
Domestic demand (a)	-4.3	-2.7	2.2
Exports of goods and services	1.2	4.3	4.2
Imports of goods and services	-6.3	-0.5	7.6
Components of supply			
Agriculture, livestock and fishing	-12.8	-15.6	3.3
Industry	-3.8	-1.8	1.5
Construction	-14.3	-8.1	-1.2
Commerce, transport & hospitality	0.4	-0.7	2.8
Information and communications	2.6	-2.8	1.6
Financial activities and insurance	-3.4	-7.8	-5.5
Real estate activities	2.4	1.1	2.0
Professional activities	-0.5	-1.1	2.6
Public administration, health and education	-0.6	-1.3	0.5
Artistic, leisure and other activities	-0.3	1.5	2.9
GDP at market prices	-2.1	-1.2	1.4

(a) Contribution to GDP growth at market prices.

Chart 3.1

Source: National Institute of Statistics (INE)

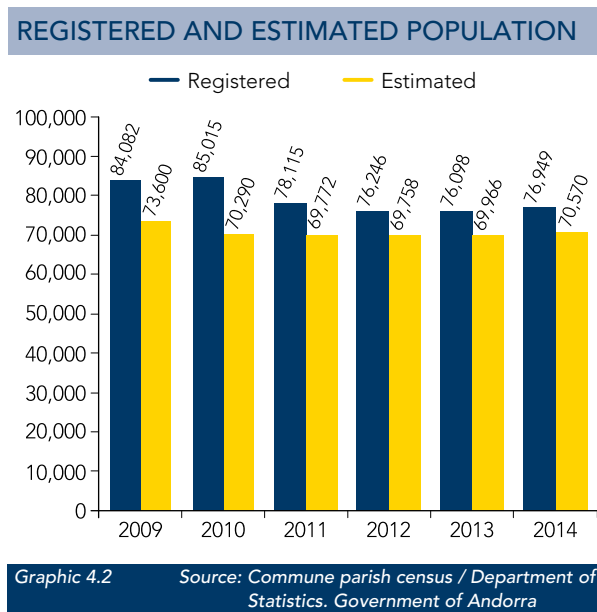
THE ANDORRAN ECONOMY: OVERALL TRENDS

4. POPULATION, EMPLOYMENT AND EDUCATION

4.1. Population and migratory flows

Andorra ended 2014 with a registered population of 76,949, 1.1% more than in the previous year (851 more). This increase contrasts with the reductions in population seen in the last three years, to a large extent due to the census check carried out by the Communes (local authorities) of each parish. It should be remembered that clearing of the administrative registers began at the beginning of 2011, but in reality, this reflects a population adjustment that started in 2008, when the crisis blew up. This caused many foreigners who lost their jobs to leave the country, a trend which reversed in 2014 with the improvement in economic conditions.

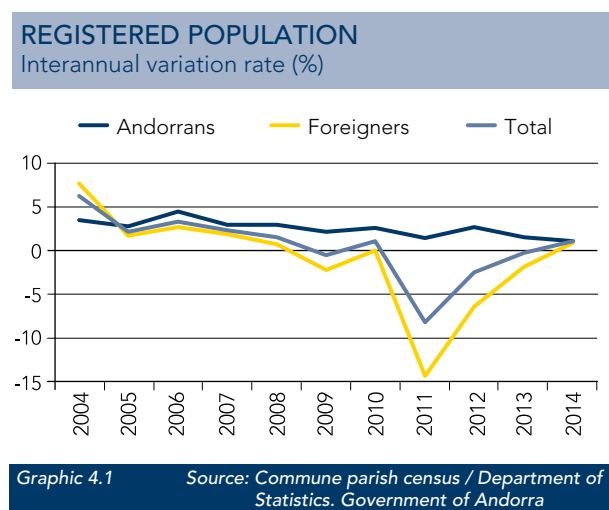
In this context and with the aim of achieving a more reliable population series, the Department of Statistics, following the resolution of the National Population Census Council, also publishes a population estimate, which puts the Andorran population in 2014 at 70,570, 9% less than the registered population. This estimated population figure is prepared monthly since 2009 thanks to the communication and exchange of census data between official bodies and the Communes, and is the benchmark used in this report for calculating the population indicators. According to this series, the Andorran population increased 0.9% compared with the estimated population in 2013, equivalent to 604 more persons and putting the population at the highest level since 2010. Nevertheless, the difference



with the registered population increased to 6,379. Equally, this estimate is not wholly precise as the number of residents of Andorran nationality has not yet been validated.

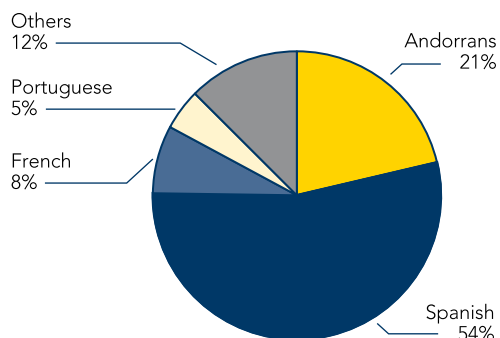
By nationality, the increase in the registered population of Andorra can be explained by the increase both in Andorrans and the foreign population, breaking the pattern of the last three years, in which foreigners decreased while Andorrans continued a path of growth. Specifically, the number of Andorrans increased 1.2%, although this rate is half a point lower than in 2013 and is the lowest rate in the historical series (available since 1992). Notwithstanding, ten consecutive years have accumulated in which the number of Andorrans evolved more favourably than the foreign population. So, the foreign population increased 1%, a change that breaks with three years of falls and is the most significant advance recorded since 2007, probably indicating that the population adjustment motivated by the economic crisis has stopped and Andorra is starting to recover its status as a market for foreign workers.

The increase in foreigners was spread across the nationalities. In relation to the Spanish, who are the most numerous group, the rise was 1.2%, so their percentage of the total population remained >

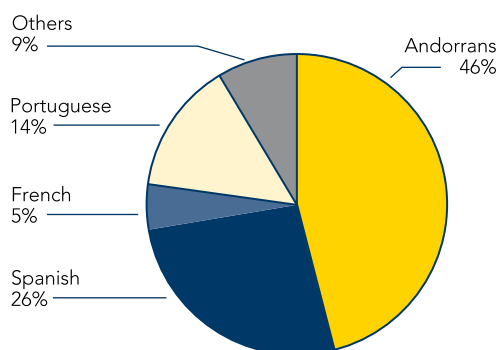


REGISTERED POPULATION OF ANDORRA BY NATIONALITIES

1987



2014



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

at 26.4%. The increase in French was slightly higher (1.6%); in contrast, the Portuguese are the only collective with a relevant presence in the country which fell, at a rate of 1%, linking six consecutive years of falls. To complete the analysis, it should be noted that foreigners of other nationalities grew most (3.8%) and so accumulate seven years with a better trend than the other three foreign collectives,

raising its percentage of the total population to 8.8%, the highest level in the available historical series. Altogether, it appears to indicate that the crisis had an unequal effect according to the nationality of origin and equally, that Andorra is progressively diversifying its markets for capturing the workforce.

On the whole, the proportion of foreigners in the total registered population fell for the tenth consecutive year, to 54%, a figure that contrasts with the maximum level achieved in 1987 (78.7%). In parallel, the percentage of the group of Andorrans increased to 46% and so continues the rising trend observed since 1988, only interrupted by the process of regularisation of foreigners in 2003 and 2004. The current situation is therefore much more balanced between Andorrans and foreigners.

As for the natural population movement, the data show that natural growth in 2014 was 363 persons, a figure that means a decrease for the fourth consecutive year of 8.8%, and a calculated rate of the estimated population of 5.1 per thousand, the lowest in recent years. This trend in the natural population growth can be explained by the combination of near stagnation in the number of births (0.3%), after five consecutive years of declines, with a strong increase in the number of deaths (15.5%). In effect, the birth rate fell a little more to 9.1 per thousand and mortality rose to 3.9 per thousand. To these data should be added the positive balance in the migratory movement, of 241 persons, calculated on the basis of the estimated population, which saw a total net increase of 604 persons, as already mentioned.

The population distribution by parish, according to the new more reliable data on estimated population, shows

NATURAL MOVEMENT OF THE ESTIMATED POPULATION

	2013	2014
Births	637	639
Deaths	239	276
Natural growth	398	363
Birth rate (per thousand)	9.104	9.055
Death rate (per thousand)	3.416	3.911
Rate of natural growth (per thousand)	5.688	5.144
Increase from migration or census regularisation	-190	241
Total increase in population*	208	604
Marriages	291	271

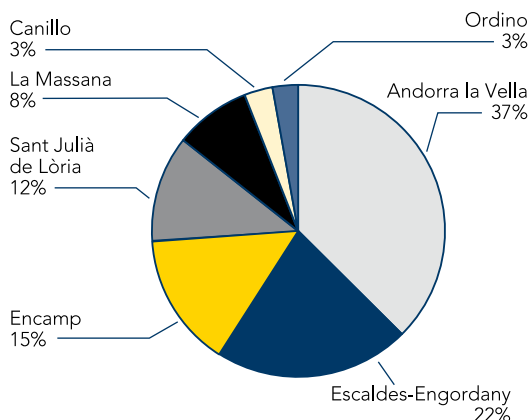
*Natural growth plus increase from migration.

Chart 4.1

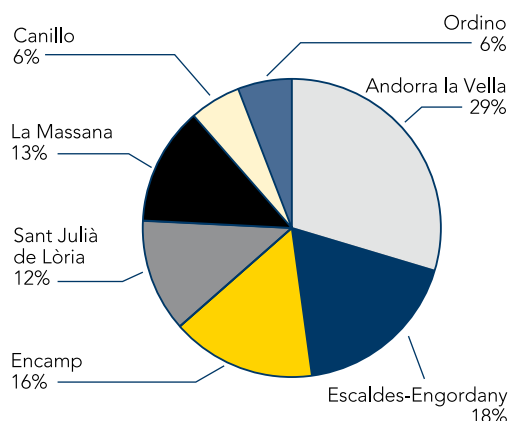
Source: Department of Statistics. Government of Andorra

REGISTERED POPULATION OF ANDORRA BY PARISHES

1991



2014



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

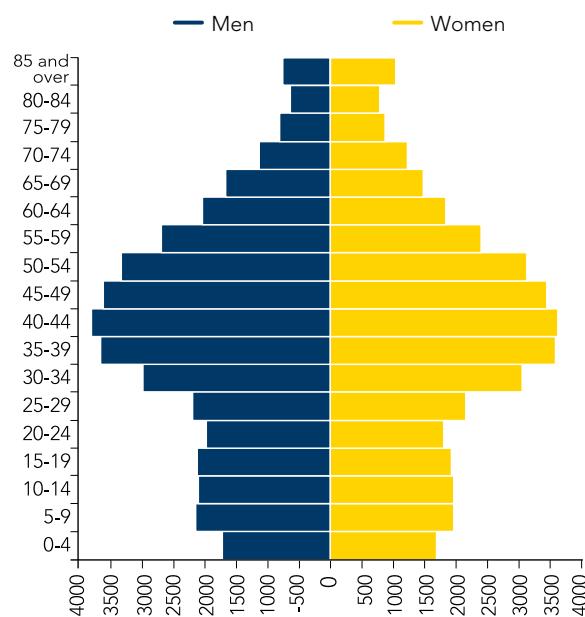
(1.2%) and Escaldes-Engordany (0.9%) also grew above average, the latter very slightly. Only Encamp (0.4%) and Andorra la Vella (0.1%) remained below average. Nevertheless, Andorra la Vella remains by far the most populated parish, with 29.9% of the total Andorran estimated population (29.4% if we take into account the registered population data) and Canillo is still the least populated parish (4.6% of the total estimated population and 5.5% of the registered population).

As for the population structure by gender, the census check revealed that the predominance of the male population is tending to become less relevant. However, men still outnumber women in all working age brackets, except for the 30-34 age bracket. The male population is also lower in the over-70 age bracket. As a result, the difference between the percentages of the male and female populations is 1.8 percentage points, one tenth more than in 2013. It should be remembered that the larger male population can be explained by the high percentage of foreign workers, which have traditionally been mostly male. So, foreigners clearly outnumber Andorrans in all age brackets from the age of 25. In contrast, the proportion of Andorrans is much more predominant in the age brackets: 0-9 (83.9%), 10-19 (75.1%) and 20-24 (69.3%); in contrast, the presence of Andorrans is limited to 32.5% in the group of individuals over the age of 65, although this increased from the previous year.

a stabilisation in the spread of the population between the high, less populated parishes and the low parishes. This situation contrasts with the tendency of the former to gain ground shown by the registered population data since the start of the nineties and until 2011. So, in the last five years (2010-2014) the percentage of estimated population in the high parishes hovers between around 38.5% - 38.7%, lower than the 40.4% obtained from the registered population data, but well above the 29.1% they represented at the start of the nineties; on the other hand, the low parishes concentrate 61.3% of the estimated population, a percentage that drops to 59.6% in the registered population data. In any case, the commune census check made it clear that the process of redistribution of the population in Andorra was not as intense as data showed at first and that, in fact, it has stopped in recent years.

By parish, the increase in estimated population was generalised, with notable increases in Canillo (3.1%) and Ordino (2.5%). Sant Julià de Lòria (1.4%), la Massana

STRUCTURE OF THE REGISTERED POPULATION BY AGE AND GENDER. 2014



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

Finally, the distribution by ages shows that the increase in the registered population was only notable from the age of 15. So, the population up to the age of 14 fell 1.1%, lowering its percentage of the total by three tenths, to 15%. In contrast, the group aged 65 and over increased by 3.6%, raising its share of the total by three tenths to 13.4%. In between, the working age population (ages 15-64) increased 1.2%, stabilising its percentage of the total at 71.6%. As a result of this situation, in 2014 the average age of the Andorran population rose from 39.9 to 40.2 and reached the highest level in the historical series.

4.2. Employment and unemployment

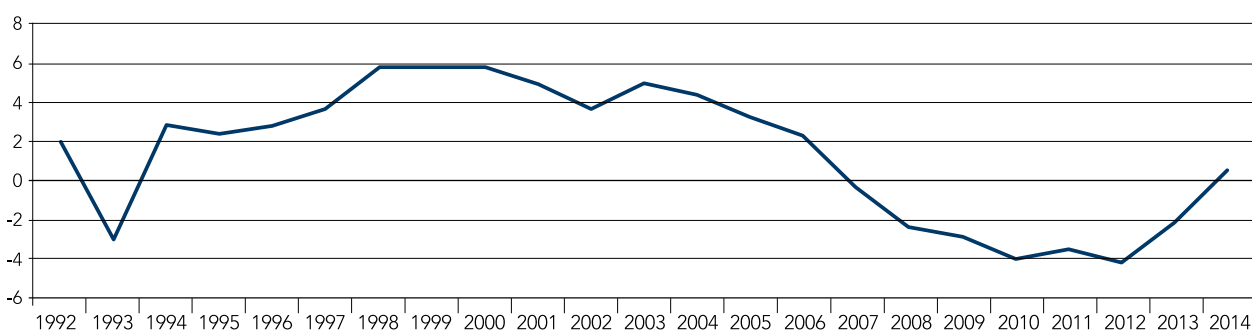
After seven consecutive years of falls, the Andorran labour market showed the first signs of improvement in 2014, in line with other indicators that show a change in trend in the economy. In this context, the Government continued to apply the employment stimulus measures which were started in 2012 with a new edition of the programmes promoting temporary work for the benefit of society, and of the two programmes aimed at the private sector: the Programme to promote open-ended contracts for unemployed workers, which gives grants of 150 euros per month to businesses to employ workers who can demonstrate training or have acquired professional experience in specific jobs, with the aim that they remain active without the need for training; and the Programme to promote employment and training within the company, which offers unemployed workers a training process within a company and is subsidised in a first phase with 550 euros per month (plus a maximum of 300 euros if there is theoretical training) and, in a second phase, in the case of an open-ended contract, with a grant of 150 euros per month, for six months at most. Moreover, in 2014, a new programme was started to promote

employment in geographical areas outside the main population nuclei, offering a grant of 150 euros per month, for 12 months, to businesses that employ a worker on an open-ended contract (either through an initial open-ended contract or else a preliminary, fixed-term six-month contract followed by an open-ended contract) and also an individual financial aid to the worker, varying according to the distance between home and the workplace.

According to data from the CASS (Andorran Social Security), the annual average number of employed in 2014 was 35,866 workers, 0.5% more than in the previous financial year, when the lowest figure since 2000 was seen. This progress, despite being modest, is significant because it implies a change in tendency with regards to the seven previous years of falls. It should be remembered that in the said seven years the accumulated downturn in employment with regard to the maximum value achieved in 2006 was 17.8%, representing more than 7,700 employees who lost their job and the destruction of 44% of the jobs created in the expansive stage from 1993 to 2006. Along the same line, the average number of jobs in Andorra increased, for the first time in seven years, to 42,260, 1% more than in 2013.

Nevertheless, the employment rate – measured as the number of employees in relation to the registered population aged between 15 and 64 – reached 65.1%, four tenths less than in 2013. It should, however, be pointed out that the data in recent years are slightly altered by the reduction in the registered population caused by the census check, meaning that a completely standardised comparison cannot be made between the historical data. However, it can be stated that, in comparable terms, the Andorran employment rate remains slightly above average for the European Union (64.9%).

EMPLOYED POPULATION - Interannual variation rate (%)



Graphic 4.6

Source: CASS (Andorran Social Security)

It should also be added that, in parallel to the increase in employment, a drop in the number of enterprises was registered (-0.7%) for the sixth consecutive financial year, so in 2014 the average number of workers per enterprise increased to 4.3, compared with the historical low of 4.2 reached in 2013. In contrast, the average number of employees per establishment fell one tenth, to 4.7, the lowest figure since 1995, which can be explained by a 3.8% increase in the number of establishments.

The sectoral breakdown shows that employment only increased in services, while it fell in the other major activity sectors, including agriculture, which had been the only major sector to be saved from the declines of recent years. Construction was, for yet another year, the sector where the strongest downturn in workers occurred (-3.3%), to reach a new historic low, with only 2,752 workers, compared with almost 7,000 in 2006. Equally, the rate of fall decelerated in 2014, for the second consecutive year, and is the lowest in the last seven years. The decline in employment in industry also slowed – from -3.8% in 2013 to -1.5% in 2014 – mainly due to the smaller fall in the manufacturing industries (-1.3%) and despite the downturn in employment in the production and distribution of energy, gas and water (-1.9%). Finally, the average number of employees in the extraction industries fell from 2 to 1. Along the same line, employment in the primary sector fell (-6.8%) for the first time in six years. In any case, the performance of this sector has a much lower impact on the economy, since it is an activity with a very small percentage of the Andorran labour force, with only 155 workers.

In the case of services – the sector in Andorra with the highest concentration of employment – the number of employees rose 1%, after six years of decline. As a result, the percentage of services in total employment rose four tenths, to 87.6%, a level which sets a new record in the available historical series. In contrast, construction lost three tenths more to reach 7.7%, another historic low, while industry and agriculture also fell a little to represent 4.3% and 0.4%, respectively.

In more detail, the distribution of employment among the tertiary activities shows that commerce and vehicle repairs remains the most important service sub-sector, with a percentage of the total employees in Andorra of 24.7%, although they continue to lose ground compared with the previous year and reduce their participation to the lowest level registered in recent years. In second place stands hotels and catering, which concentrates 12.7% of employees, two tenths less than in 2013. Then there is public administration, defence and compulsory social security, which maintains its percentage at the historic high achieved last year, of 12.4%, thanks to a 0.5% increase in employment, which contrasts with the cuts in most sectors. Following this are real estate activities, rental activities and business services (11.8%) and then, the section “other social activities and services provided to the community; personal services” – those that are not encompassed by health and education – (7.4%). Next lies the financial sector (5.1%) – which is among those that most increase employment (3.8%) – health and veterinary services (5.1%), households employing domestic staff (3.2%) and transport, storage and >

NUMBER OF EMPLOYEES			
	2014	Var. 14/13	% total 2014
Agriculture, livestock and forestry	155	-6.8	0.4
Industry	1,532	-1.5	4.3
Extraction industries	1	-36.4	0.0
Manufacturing industries	1,365	-1.3	3.8
Production and distribution of electricity, gas and water	166	-1.9	0.5
Construction	2,752	-3.3	7.7
Services	31,426	1.0	87.6
Commerce and motor vehicle repairs (etc.)	8,857	-0.7	24.7
Hotels and catering	4,556	-0.8	12.7
Financial system	1,828	3.8	5.1
Public admin., defence and compulsory social security	4,437	0.5	12.4
Others	11,748	2.9	32.8
Total	35,866	0.5	100.0

Chart 4.2

Source: CASS (Andorran Social Security)

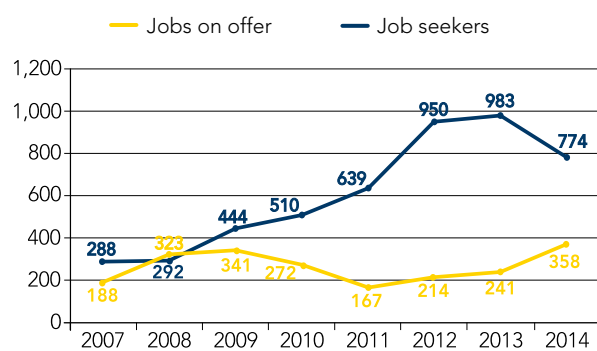
communications (3%). The other tertiary activities have a percentage below 3%.

By gender, the increase in employment in 2014 was quite balanced, with an increase in men (0.6%) slightly higher than in women (0.4%), which left the division in employees at 50.1% and 49.9%, respectively. Nevertheless, this balance is lost when the disaggregated data are analysed by sector. So, the sectors with the largest presence of male workers are construction (9 of every 10 workers are men), and energy and transport (7 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 of every 10, in both cases) and education (7 of every 10). This pattern of employment distribution by gender in Andorra resembles that of developed countries.

The creation of employment registered in 2014 was accompanied by a strong reduction in the number of job seekers (-21.2%), after six consecutive years of increases, to reach a figure of 774, the lowest in the last three years. As a result, the percentage of job seekers among the total number of job applicants fell 4.2 points, to 80.1%. In contrast, the number of applicants looking for a better job increased 4.8%, to 193, indicating an improvement in the population's work expectations.

In parallel, the jobs on offer at the Job Service continued their rising trend, with an increase of 48.5%, to 358, the highest figure in the historical series (available since 2007), a trend that may reflect an improvement in businesses' employment provisions. According to these data, the number of

NUMBERS OF JOB SEEKERS AND JOBS ON OFFER



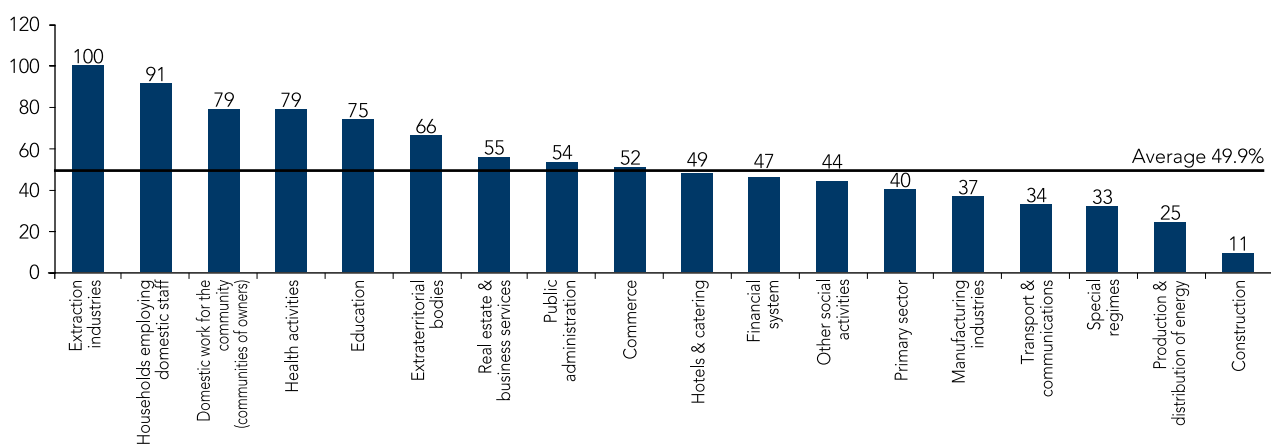
Graphic 4.8 Source: Department of Labour, Government of Andorra; Department of Statistics, Government of Andorra

applicants per offer ratio fell from 4.8 to 2.7, implying an improvement in the employment options of the unemployed, as long as the imbalances between the profiles of the unemployed and the businesses' demands do not increase.

In this context, the number of beneficiaries of unemployment benefit fell 21.3% and did so for the second consecutive year, so that the coverage rate in relation to job seekers remained stable at 12.6%, quite a low level in comparison with the European neighbours.

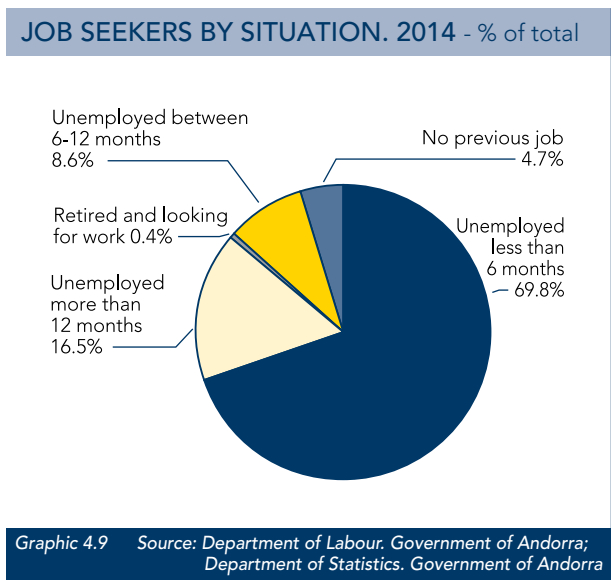
By ages, the drop in unemployment favoured all the groups except the youngest (up to age 17) which saw an increase of 15.3% in the number of applicants. In contrast, the greatest reduction in job seekers was in the 26-39 age bracket (-28.6%), followed by the 18-25 age bracket (-22.4%) and the 40-59 age bracket (-20.8%). The slowest fall was among the ages 60 and

PERCENTAGE OF FEMALE EMPLOYEES BY SECTORS. 2014 - % women over total employees



Graphic 4.7

Source: CASS (Andorran Social Security)



over (-1.8%), a trend that is added to a five year trend in which it is the bracket with the highest increase in applicants, demonstrating the greater difficulties for older people to find work compared with the rest. Consequently, this age bracket's percentage of all job seekers has tripled in six years, to represent 9.5% of the total. Nevertheless, the majority of job applicants are concentrated among people aged 40-59 (46.4% of the total), followed by those between the ages of 26-39 (25.7% of the total) and, at a distance, the 18-25 age bracket (16.1%), while applicants up to the age of 17 only represent 2.3% of the total.

Another notable feature of job seekers in Andorra is that the majority, 69.8%, have been unemployed for less than 6 months. For its part, the percentage of structural unemployment (unemployed for more than a year) stands at relatively low levels (16.5%), compared with the European neighbours – despite increasing in relation to 2013 (13.4%) – which can be explained to a large extent by the high level of flexibility in the Andorran labour market.

Finally, the analysis of job seekers by nationality shows that foreigners have fallen more than Andorrans. The collective of Portuguese job seekers shrank especially (-36.4%), related not only to the improvement in the work situation but also the declining population of this nationality registered in 2014. Also falling below average were the applicants encompassed by the other nationalities collective (-22.3%) to represent 12.6% of the total. In the case of the Spanish, the decline was significant but lower than the average (-18.2%), so they remain the most numerous group of foreign

applicants (254 persons), while that of the French was more modest (-3.3%) although they are still the smallest collective (3.1% of the total). So, the percentage of foreigners as a whole among total job seekers fell to 66.2%, although it is still a higher percentage than what they represent in the total working age population (58.8%). In contrast, Andorran job applicants fell 14.8% to represent 33.8% of the total, a still much lower percentage than in the total working age population as a whole (41.2%). In conclusion, unemployment in Andorra affects proportionally more foreigners than Andorrans, although the former tend to leave the country when they reach this situation, as evident in the census check carried out since 2011.

4.3. Education

During the 2013-2014 academic year, the student population in Andorra, including the school, university and non-university population abroad, was 12,574, 0.4% less than the figure for the previous academic year – revised from the initially published figures. This downturn can be explained, firstly, by the decline in the university population (-9.3%) – which includes students in higher vocational education – after three years of increases, and secondly, by the decline in the non-university population abroad (-3.8%), which falls for the second consecutive year. However, the weighting of the non-university population abroad over the global population of school age increased one tenth to 1.9%.

By countries of study, it can be seen that the number of students studying in Andorra increased 0.6%, compared with the 0.5% reduction recorded in the previous academic year, to reach 11,274 students. So, their share of the total student population rose nine tenths to 89.7%, as the total student population fell, reinforcing the high level of concentration of the student population in Andorra. In contrast, the population that studies abroad suffered a downturn of 8.3%, breaking the rising trend observed in recent years and which can be explained, mainly, by the reduction in the number of university students abroad – being the largest collective (70.5%) of the population following any kind of studies outside Andorra.

Andorrans who study in other countries do so mostly in Spain (8.1% of the total), with a percentage that fell nine tenths in relation to the previous academic year, the result of a decline in the number of students of 10.4%. The presence of Andorran students in France >

is much lower (2%), but constant compared with the previous year, despite the 2% fall recorded in the 2013-2014 academic year, which broke three years of two-digit increases. The distribution by countries of study is completed by 36 students spread throughout other countries (0.3% of the total), five more than in the 2012-2013 academic year.

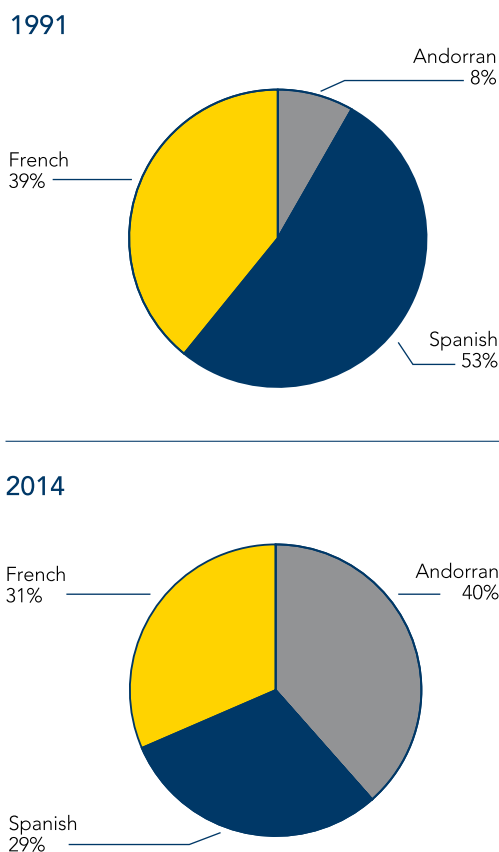
4.3.1. School population

In the 2013-2014 academic year, the number of students at school reached the figure of 10,837, 1% more than in the previous year, representing the first increase recorded in four years. This trend raised its percentage of the total student population 1.2 points to 86.2%. Equally, the schooling rate – calculated as the proportion of the school population over the global population at this stage – fell two points to 54.6%, after the previous academic year achieved the highest level in the comparable historical series (since the 2006-2007 academic year).

In more detail, the kindergarten and first and secondary school levels concentrate 88.1% of the student population, 1.1 point less than in 2013. By sub-groups, the decline in secondary students is notable (-1.6%), to which is added the slight reduction in primary school students (-0.1%). In contrast, kindergarten students increased 1.2% to reach the highest figure in the last six years.

In the following educational stage, baccalaureate, an increase in students was also seen, of 9.9%, contrasting with the falls in the last two years, so its percentage of the total student population rose seven tenths to 8.5%, the highest level in the comparable historical series. Along the same line, the group of students in vocational education increased its percentage of the total by four tenths, to 3.3% of the student population,

ANDORRAN SCHOOL POPULATION BY EDUCATIONAL SYSTEM



Graphic 4.10 Source: Ministry of Education and Higher Education

thanks to a strong increase in the number of students, of 14.2%, interrupting two years of falls.

As for the trend in the student population by type of education, it can be seen for yet another year that in the 2013-2014 academic year the Andorran educational system continued to gradually gain ground, with an increase in the number of students of 1.5%, higher than that of the total student population at this stage (1%), making its percentage rise two tenths to 39.7% of the overall student population. The data show that the

SCHOOL POPULATION BY LEVELS

	2013-2014	% variation 13-14/12-13	% in 2013-2014
Kindergarten	2,453	1.2	22.6
Primary education	4,065	-0.1	37.5
Secondary education	3,031	-1.6	28.0
Baccalaureate	925	9.9	8.5
Vocational education	363	14.2	3.3
Total	10,837	1.0	100.0

Chart 4.3

Source: Ministry of Education and Higher Education

student population in the Andorran educational system grew uninterruptedly from the start of the nineties to reach a new historic high in 2014. It should be noted that the advance in 2014 was driven by both the Andorran School (0.8%) and vocational education (23.1%).

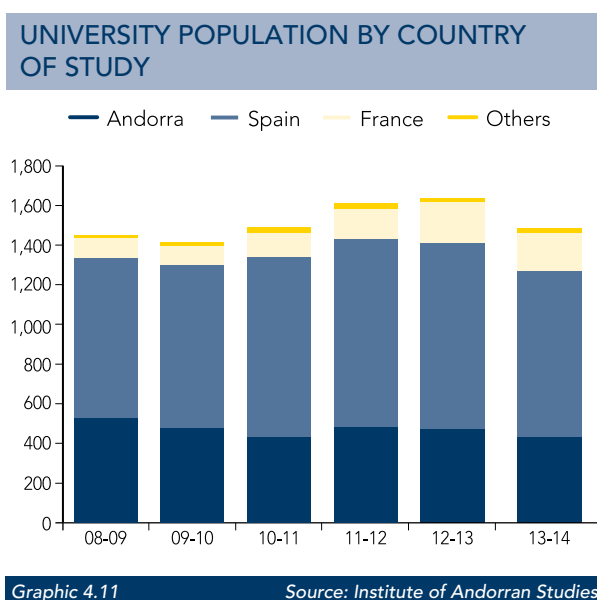
Unlike the trend seen in the Andorran educational system, the number of students in the Spanish educational system fell 1%, a downturn that links ten falls in the last eleven years. As a result, its percentage of the total fell six tenths to 28.8%, a figure that sets a new historic low. This trend can be explained, mainly, by the decrease, for the eleventh consecutive year, in students in Spanish schools (-3.4%), to which were added the congregational schools and the one private school in the system, with a reduction of one student in each case.

Consequently, the proportion of the total represented by the traditional Spanish schools fell three tenths to 7.3% of the Andorran school population, while that of the congregational schools fell two tenths to 19.4%, while the percentage of the private school remained at 2%. To complete the analysis, the French educational system increased its number of students in relation to the previous year by 2.2%, after falling eight consecutive academic years, so its percentage of the total school population rose four tenths, to 31.6%, the highest level in the last four years, and so maintains a higher percentage than the Spanish educational system.

4.3.2. University population

In the 2013-2014 academic year, the university population in Andorra fell 9.3% to 1,481 students, a trend that breaks with three consecutive years of increases. By gender, a slight downturn in the percentage of women can be seen, from 55.4% in the last academic year to 55%, although they are still the majority.

The distribution by country of study shows that the fall in students has affected all destinations, without exception. The largest downturn was seen in Spain (-10.9%), a trend that continues the falling trend recorded in the previous year. However, Spain remains by far the top destination for Andorran university students, with a percentage of 56.3% of the total. In second place comes the University of Andorra, concentrating 29.5% of the university students, after the fall of 9.1% recorded in the 2013-2014 academic year. In the case of France, the reduction was slower (-2.1%) allowing for its tendency to gain percentage as



a notable destination for Andorran university students to continue, to reach 12.8%, almost double that of five years ago. This growing attraction of Andorran students towards France was favoured by the policy of aid to education by the French Government together with the rising cost of Spanish universities. To complete the analysis, 1.4% of the remaining students – 20 individuals, 1 less than in the previous academic year – are spread across other countries (Portugal, Switzerland, United Kingdom, United States, Ireland, Brazil, Canada, Costa Rica, Denmark and the Netherlands).

To end, the distribution by types of studies reflects that the area with most Andorran university students is still that of social sciences, business studies and law, concentrating 39.3% of the total university students. Next are health sciences and social services (14.5%), engineering, industry and construction (13.1%) and humanities and the arts (11.4%). With a lower percentage are education (8.3%), science (7.1%) and services (5.6%) and agriculture comes last with only 9 students (0.6% of the total).

5. ACTIVITY AND DEMAND

5.1. The evolution in economic activity in 2014

The evolution of the Andorran economy in 2014 was more positive than in the previous year, with moderate growth in activity, reaffirming the trend started in 2013 and leaving behind the phase of seven years of crisis, job destruction and loss of purchasing power. So, the majority of the main available indicators of activity saw more favourable behaviour than in 2013, with increases in many cases that contrast with the reductions in previous years. The improvement in the international context, above all in the Eurozone and more specifically in Spain, is one of the most notable factors impelling Andorra along the road to recovery. As for demand, there are ample signs of reactivation in consumption and investment, although still moderate. In supply, the improvement in activity is led by services, especially financial activities, while construction and agriculture remain in negative territory, and industry is growing very slowly.

More specifically, the signs of recovery in 2014 became evident in the rising trend in the main indicators of activity, with a gentle acceleration in growth in imports (4.2%), and modest increases in the number of visitors to the country (1.6%), employment (0.5%) and credit from banking entities (2.1%), which contrast with the falls seen in 2013. Wages also grew slightly (0.7%) compared with the reduction of 0.2% in the previous year, as did the administrations' operating costs (0.3%). Moreover, the rate of reduction slowed in electricity consumption (-2.1%) and the number of businesses (-0.7%), and the number of establishments grew (3.8%). Other indicators that also improved are car registrations (30.4%) and imports of building materials (2.5%), further signs of the improvement in demand and building activity. The steep reduction in the number of job seekers (-21.2%) is also a positive sign, contrasting with the increase seen in 2013 (3.4%). One of the few negative notes is in the trend in imports of capital goods, falling 4.1%, and demonstrating the weakness still affecting the electronics business in Andorra.

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

	2013	2014
Activity		
Businesses	-1.1	-0.7
Establishments ⁽¹⁾	2.9	3.8
Employees	-2.1	0.5
Industry	-3.8	-1.5
Construction	-12.9	-3.3
Services	-1.0	1.0
Job-seekers	3.4	-21.2
Number of visitors	-2.8	1.6
Electricity consumption ⁽²⁾	-3.2	-2.1
Imports	2.3	4.2
Demand		
Average wage	-0.2	0.7
Car registrations	6.9	30.4
Industrial vehicle registrations	30.4	17.8
Imports of capital goods ⁽³⁾	2.4	-4.1
Imports of building materials ⁽⁴⁾	-1.5	2.5
Credit from banking entities ⁽⁵⁾	-4.8	2.1
Operating costs of the Administration	0.1	0.3

(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. The data do not include Banca Privada d'Andorra.

Chart 5.1

Source: own preparation

In summary, the Andorran economy has taken a step forward in its economic recovery, although activities are still advancing at a slow rate.

Specifically, the official GDP figures show growth in real terms of 2.3%, and 2.2% in nominal terms (as inflation in 2014 was -0.1%). This is an acceleration compared with the slight increase recorded in 2013, of 0.4% - both nominal and real – a figure that was revised upwards from the -0.1% published last year. In this way, the economy is advancing along the road of recovery and leaving behind seven years of economic crisis and economic losses that left the current real GDP figure at 2002-2003 levels. The GDP estimate prepared by the Chamber is in line with this, with gentle acceleration in the growth rate to a level very similar to the official figure. It is worth saying that last year the Chamber’s estimated trend in GDP for Andorra in 2013 was a little more optimistic than that of the Government and, in the end, the upward revision in the official figures for 2013 brought them close to the Chamber’s estimate.

So, the trend in Andorran GDP in 2014 was better than GDP in Europe (0.9%), Spain (1.4%) and France (0.4%), meaning that Andorra has begun to recover its relative position with respect to its neighbouring economies, on terms of levels of wealth, after a long period of losses. According to official figures, Andorran GDP per capita rose to 35,786 euros in nominal terms, 1.3% more than in 2013, while in real terms it was estimated at 26,719 euros.

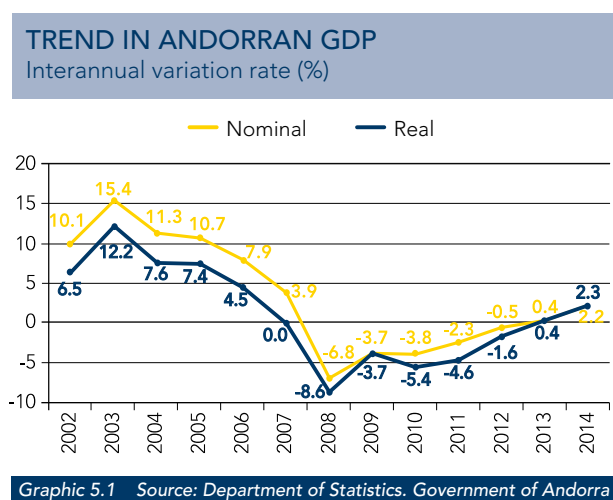
It should, however, be specified that the methodology used to obtain these GDP estimates has major limitations, as the calculation is made partly through an indirect method of estimation from variables

correlated to the trend in GDP and by applying 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 enable 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. Nevertheless and leaving aside the specific values obtained for each year, it can be seen that the profile of the Government’s and the 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.

According to Government data, the increase in nominal Andorran GDP in 2014 breaks down into a 2% increase in gross value added (a component with an 89.9% share of total GDP) and a 3.9% rise in taxes linked to products (representing the other 10.1% of nominal GDP).

The sectoral breakdown shows that Andorran nominal GDP growth in 2014 can be explained, fundamentally, by the strong progress in GVA in financial and insurance activities (10%), which contributed 1.9 points to GDP growth (88% of the total), while the trend in the other tertiary activities was, in general, more moderate or with a moderate fall. The contribution from construction was less negative than in 2013, while that of the primary sector worsened and that of industry remained at slightly positive levels.

More specifically, GVA in construction saw a 4.8% decline, much more moderate than in the previous year (-13.5%), implying that the turning point in activity is closer. In any case, the sector has already seen an eight-year series of declines, after the long expansionary cycle experienced between 1997 and 2006, so the current GVA in the sector is 59% lower than the high reached in 2006, and represents 5.8% of the total, compared with the 12.6% it represented just before the crisis. The available indicators of activity for the sector concur with this profile, with a decline in the number of employees (-3.3%) and energy consumption (-5.5%), much more moderate than the previous year. Moreover, a modest increase in imports of construction materials was recorded (2.5%) for the first time in eight years, and a significant rise in the number of approved projects >



ANDORRAN GDP

	ABSOLUTE VALUE	WEIGHT	% ANNUAL VARIATION		CONTRIBUTION TO GROWTH
			2014	2013	(weight x var.)
	M Euros	% of GDP			2014
Real GDP	1,885.5	100.0	2.3	0.4	-
Total nominal GDP	2,525.5	100.0	2.2	0.4	2.2
Gross value added	2,271.4	89.9	2.0	0.3	1.8
Taxes linked to products	254.0	10.1	3.9	0.6	0.4
Sectors	M Euros	% of GVA	2014	2013	2014
Agriculture, forestry and fishing	12.5	0.6	-12.2	-5.4	-0.1
Industry and manufacturing	117.7	5.2	3.0	3.2	0.1
Construction	132.5	5.8	-4.8	-13.5	-0.3
Commerce and motor vehicle repairs	359.4	15.8	-1.6	-1.9	-0.2
Hotels and catering	175.9	7.7	-1.7	-7.2	-0.1
Transport and storage	37.3	1.6	2.6	-2.5	0.0
Information and communications	95.8	4.2	4.5	-3.2	0.2
Financial and insurance activities	527.1	23.2	10.0	10.7	1.9
Real estate activities	223.1	9.8	-0.4	-0.5	0.0
Professional, scientific and technical activities	144.1	6.3	2.5	2.3	0.1
Public admin., defence, education, health and social work	315.2	13.9	-0.1	0.3	0.0
Other activities	130.7	5.8	2.3	1.5	0.1

Chart 5.2

Source: Department of Statistics. Government of Andorra

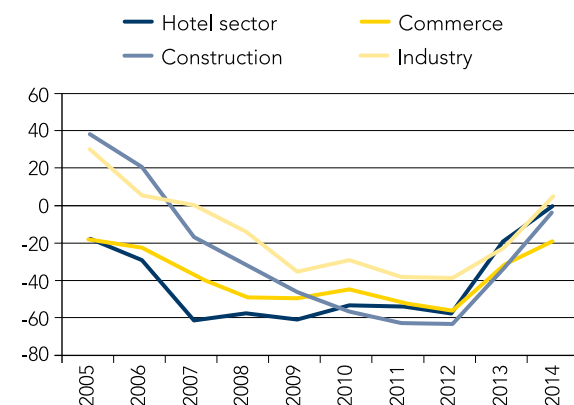
(14.3%), although in terms of total approved square metres there was a decline (-17.8%). The number of businesses in the construction sector also fell (-5.7%), more steeply than in 2013, but the number of establishments increased a little (0.8%), for the first time in seven years. The most negative figure is for the number of square metres authorised for building, with a steep drop of 62%. Along the same line, the results of the Chamber's surveys reflect that the notable deterioration seen in recent years in construction has stopped and there are the first signs of stabilisation, with a much less negative evaluation of business activity than in 2013, a limited fall in sales figures of 0.1% and a moderate increase in investment (3.6%), for the first time since 2005, while equally, the rate of reduction in contracted and completed works continued to slow.

Industry and manufacturing made a positive contribution to GDP, with a 3% nominal aggregate increase in GVA, compared with the 3.2% recorded in the previous year, raising its percentage of GVA one tenth to 5.2%. This trend is the combined result of

8.2% progress in basic industry, founded above all on energy and favoured by the positive results from FEDA (the Andorran electricity company), and rather slower growth in manufacturing (0.7%), after five accumulated falls in the last six years.

TRENDS IN BUSINESS ACTIVITY BY SECTORS

Balance between the percentage of positive and negative responses



Graphic 5.2

Source: Chamber of Commerce, Industry and Services of Andorra

This trend is confirmed by the replies from businesses in the Chamber's surveys, which show a slightly positive evaluation of business activity and production levels, an increase in the level of production capacity utilisation and a progressive recovery in the climate of confidence to levels unseen since 2005. Moreover, turnover stabilised (0%) after six years of steep falls, as did investment (0.1%). Other indicators that confirm the moderately positive trend in industrial activity are the increase in the number of businesses (5.6%) and establishments (3.2%) and the deceleration in the rate of fall in employees (-1.5%). In this context, only electricity consumption showed a clearly worse performance than in 2013, with a downturn of 31.2%.

The trend in services was also more favourable than the previous year, led by the improvement in financial and insurance activities, while the rate of decline in tourism-related activities was contained. One of the keys to this moderation is the rise in the number of visitors, of 1.6%, setting the best trend since 2001. However, the average stay fell from 2.6 to 2.3 days, due to a fall in the numbers of overnight stays of 2.8%, highlighting the fact that the signs of improvement are still not strong enough to speak of recovery. In this context, the rate of decline in numbers of employees in hotels and catering and commerce slowed (-0.8% and -0.7%, respectively), and equally the number of establishments increased 0.2% in hotels and catering and 3.1% in commerce.

The slow but progressive improvement in tourism and commercial activities was also reflected in the Chamber's surveys, with less negative evaluations for business activity, a deceleration in the rate of decline in sales figures in hotels and catering (-1.2%) and commerce (-3%), and an increase in investment in both sectors (5.4% and 2.9%, respectively), which had not happened in commerce since 2007. Nevertheless, in terms of GVA, commerce and tourism continued to fall, although at a much slower rate (-1.6% and -1.7%, respectively), so the share of commerce in the economy fell six tenths, to 15.8%, and of hotels and catering three tenths, to 7.7%, figures that set historic lows.

The financial sub-sector was the branch that led growth in the economy and services, with a 10% increase in GVA, so linking three financial years of strong growth, a trend that has reaffirmed its position as the leading sector in the economy with a percentage of 23.2%. The good results in activity in this sector were reflected in an increase of 16.5% in

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2014

Situation survey results for industry

- 2014 compared with 2013 (as % of businesses)

*Turnover	Higher	44
	Equal	30
	Lower	26
	Average variation (%)	0.0

*Volume of investment	Higher	21
	Equal	61
	Lower	18
	Average variation (%)	0.1

*Number of employees	More	10
	Equal	76
	Less	15

- Prospects for 2015 (as % of businesses)

*Trend in turnover	Upward	35
	Stable	56
	Downward	10

*Trend in volume of investment	Upward	13
	Stable	75
	Downward	13

Situation survey results for construction

- 2014 compared with 2013 (as % of businesses)

*Turnover	Higher	40
	Equal	29
	Lower	31
	Average variation (%)	-0.1

*Volume of investment	Higher	28
	Equal	53
	Lower	19
	Average variation (%)	3.6

*Number of employees	More	19
	Equal	67
	Less	14

- Prospects for 2015 (as % of businesses)

*Trend in turnover	Upward	19
	Stable	60
	Downward	21

*Trend in volume of investment	Upward	12
	Stable	67
	Downward	21

Chart 5.3

Source: Chamber of Commerce, Industry and Services of Andorra

deposits and 2.1% in the volume of credit, while the figure for accounting profits shows a slight reduction of 0.8%. This needs to be put into context, however, in that this year these data were altered by the fact that >

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2014

Situation survey results for the retail trade

- 2014 compared with 2013 (as % of businesses)

		Total retail trade	Food	Clothing & footwear	Household equipment	Hygiene & health	Electronics	Vehicles & accessories	Other trades	Superm. & dept. stores
*Sales figures	Higher	27	39	22	29	30	14	29	29	0
	Equal	34	13	34	43	35	29	46	35	44
	Lower	39	48	44	29	35	57	25	37	56
	Average variation (%)	-3.0	-5.9	-3.9	-2.1	0.6	-5.6	-2.4	-2.2	-3.9
*Volume of investment	Higher	29	42	33	14	37	29	17	34	0
	Equal	59	58	50	75	53	50	83	48	89
	Lower	12	0	17	11	11	21	0	18	11
	Average variation (%)	2.9	7.3	6.9	0.0	15.0	3.4	0.7	-0.8	-11.1
*Number of employees	More	12	10	23	12	5	14	13	12	0
	Equal	75	77	65	73	75	64	79	82	75
	Less	13	13	13	15	20	21	8	7	25

- Prospects for 2015 (as % of businesses)

*Trend in sales figures	Upward	29	28	28	23	35	36	25	33	11
	Stable	59	66	50	70	65	64	58	50	67
	Downward	12	6	22	7	0	0	17	17	22
*Trend in volume of investment	Upward	17	31	15	0	25	0	20	19	22
	Stable	63	59	55	83	60	85	72	54	56
	Downward	20	9	30	17	15	15	8	28	22

Chart 5.4

Source: Chamber of Commerce, Industry and Services of Andorra

they do not include those of Banca Privada d'Andorra (BPA), an entity which was put into administration by the Andorran National Institute of Finance (INAF) after the US administrative authority, the Financial Crimes Enforcement Network (FinCEN), classified Banca Privada d'Andorra, SA (BPA) as "a financial institute of primary money laundering concern" on 10 March 2015. For this reason, its annual audited accounts are not available to enable evaluation of the sector as a whole. In any case, we do have other indicators, such as the number of employees, which rose 3.8% in the whole of the financial sector, more than the 2.2% which it grew in 2013, and also the number of establishments, which increased 2.5%, so the general trend was clearly positive.

In contrast, the trend in the primary sector in 2014 was quite negative, with a steep downturn in GVA, of 12.2%, steeper than in 2013 (-5.4%). These results occurred within a context of increases in the tobacco harvest (1.7%) and the livestock census (9.8%), which contrast with the declines recorded in 2013. For their part, the number of businesses and establishments rose 7.3% and 2.6%, respectively. Equally, the trend in employment was quite negative, with a reduction in employees of 6.8%, breaking a five-year growth trend. In any case, it should be taken

into account that the primary sector's percentage of the economy is very small (0.6%), so its impact on total GDP was very limited – only deducting one tenth off total growth.

By components of demand, the indicators of domestic demand showed, in general, a more favourable trend than the previous year. On the one hand, a change in trend can be seen in available income, which increased slowly, a vital element for stimulating private consumption. This turning point was the result of the moderate increase in employment (0.5%) and a gentle improvement in the purchasing power of wages. Specifically, the differential between the variation in employees' nominal average wages (0.7%) and inflation measured in December (-0.1%) was 0.8 points, compared with the loss of two tenths recorded in 2013, breaking with four consecutive years of reductions in real wages. In this context, private consumption tended to improve and this was reflected in indicators such as the increase in car registrations (30.4%) which, to a large extent, was also favoured by the implementation of the plan "Pla Engega" of incentives to buy low-pollution vehicles. On the other hand, the available indicators for analysing the trend in investment show that in the field of transport material a new increase in lorry and van registrations

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2014

Situation survey results for the hotel sector

- 2014 compared with 2013 (as % of businesses)

*Turnover	Higher	25
	Equal	47
	Lower	29
	Average variation (%)	-1.2

*Volume of investment	Higher	35
	Equal	50
	Lower	15
	Average variation (%)	5.4

*Number of employees	More	19
	Equal	75
	Less	6

*Source of clients according to sales channel (%)	Direct client / own website	26.2
	Internet / booking websites	45.8
	TOs & travel agencies	19.6
	Others	8.2

*Average stay of clients (nights)	2.3
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- Prospects for 2015 (as % of businesses)

*Trend in turnover	Upward	26
	Stable	62
	Downward	13

*Trend in volume of investment	Upward	13
	Stable	65
	Downward	23

Chart 5.5

Source: Chamber of Commerce, Industry and Services of Andorra

was recorded (17.8%), though more moderate than in 2013 (30.4%), while investment in capital goods has not taken off, considering the downturn in imports of these goods (-4.1%). Moreover, the Chamber's surveys record increases in investment in construction (3.6%) and commerce (2.9%), after many years of steep declines, and equally, the investment rate in hotels and catering accelerated (5.4%) and stabilised in industry (0.1%). Therefore, it seems quite clear that on the whole, investment has begun a path to recovery, though still at a slow rate.

As for the contribution from the public sector, the central government's performance in 2014 was marked by a gentle relaxation in austerity policies, with an increase in liquidated real investment (9.7%) which breaks a long period of serious reductions, added to which is a modest increase in capital transfers (2%). In parallel, operating costs grew 1.3%, three tenths less than in 2013 and the whole of non-financial

expenditure 0.1%. Altogether this resulted in a public deficit, contrasting with the surplus recorded in 2013, a sign that fiscal policy was moderately expansionary. On the other hand, the communes maintained a more restrictive policy, with a reduction in non-financial spending of 0.7%, although real investment was one of the few sections that did increase (9.4%), with a public surplus which remained at 1.1% over GDP. Consequently, aggregated real investment by the public sector (central government plus the communes) grew 9.7% and aggregated operating costs 0.3%, two tenths more than in 2013. So, altogether, the performance of the public sector seems to have been slightly expansionary, in contrast with the more restrictive orientation of recent years, resulting in a slight reduction in its GVA by 0.1%, according to Government estimates.

As for the foreign sector, in 2014 there was a stronger increase in imports (4.2%) than in the previous year and a slower downturn in exports (-1%) than in 2013, leading to expansion of the trade deficit for the second consecutive year, being 4.5% in 2014. Therefore, in 2014, the traditionally negative contribution from the trade balance to national GDP increased. However, the most relevant contribution from the foreign sector to the Andorran economy is obtained from tourism income – the most important source of income for the country – the rate of decline of which seems to have softened substantially, favoured by the improvement in the neighbouring economies of Spain and France, the source of most visitors to Andorra (47% and 43%, respectively).

Specifically, the number of tourists increased 1.5% and day-trippers 1.6%, so the aggregate growth of visitors was 1.6%, the most positive rate registered since 2001. In parallel, the degree of hotel occupancy rose, in a context in which the number of tourist establishments also increased slightly (0.2%). However, there are other indicators that show a less favourable trend, such as the fall in the number of overnight stays (-2.8%), which led to a drop in the average stay of three tenths, to 2.3 days – according to the Chamber's surveys – and the slight reduction in ski days sold in the 2014-2015 season (-0.5%), after increasing 8% in the previous season. So, it appears that the overall trend in income from tourism services was still negative, but not as much as in 2013. Accordingly, it should be remembered that the GVA figures in 2014 show a reduction in hotel and catering services of 1.7%, compared with the drop of 7.2% one year before.

To end the analysis of the foreign sector, it should be remembered that in 2012 the new Law on foreign investment in the Principality of Andorra came into force, a step forward in opening up and liberalising the economy with regards to the previous regulatory framework passed in 2008, which is having a significant impact on attracting foreign capital to Andorra, with the consequent contribution to activity and job creation. So, in 2014, 680 investment applications were received, of which 604 were authorised and 471 formalised, for a total sum of 30.5 million euros, representing 1.2% of Andorra's GDP. The geographical distribution of investment shows that the top investor country is Spain (41%), closely followed by France (37%).

To complete the overview of the Andorran economic situation, businesses' expectations for 2015, according to the Chamber's surveys, are no longer as negative as in previous financial years and confirm the changing trend towards a scenario of gradual, moderate recovery in business activity. By sectors, industry is still consolidating the recently-seen trend of improvement, with a business climate that is expected to be more favourable than in the other sectors. In construction, a tendency towards stabilisation in the rate of activity is expected, at still very low levels. As for the other branches, both hotels and catering and commerce still continue to show a profile of low activity. Finally, business investment will show more stable behaviour in industry and retail commerce, while in the other sectors – construction and hotels and catering – slight reductions in businesses' investment plans are expected.

As occurred in 2014, the key factor for improvement in economic activity in the Principality this year is the recovery in demand from Spain, according to the forecasts of growing dynamism in the neighbouring country to the south, and to a lesser extent in other European countries. On the other hand, in 2015, Banca Privada d'Andorra (BPA) was put into administration by the Andorran National Institute of Finance (INAF), and it is still not clear what sort of impact it will have on the economy but it will not, in any case, be positive. In this context, economic forecasts for Andorra are especially difficult to make, but we trust that the foreign impetus will be sufficient to allow a new increase in GDP in 2015.

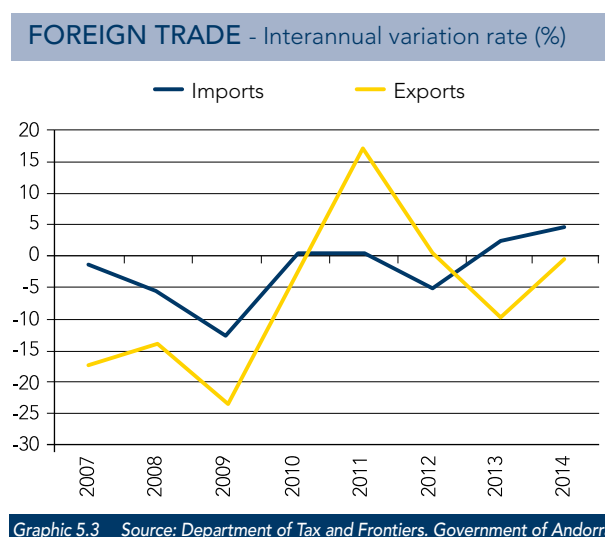
The main available indicators of activity for the first months of 2015 do not give a clear impression of the direction in which the economy is going. On the one hand, employment grew 2.1% in the first four months

of the year, contrasting with the slight advance of 0.1% recorded in the same period in 2014. However, on the other hand, there are key indicators that have worsened with regards to last year, such as imports and the number of visitors. To conclude, it appears that Andorra is still gradually advancing towards economic recovery, favoured by the improvement in the international context, but the situation is still delicate and there are major risks which could slow down the economy.

5.2. Foreign trade flows

In 2014, Andorra imported goods for a value of 1,175 million euros, a figure that represents an annual increase of 4.2%, the best level in the last ten years, which exceeds the advance recorded in the previous year (2.3%). By chapters, the most positive chapters were motor vehicles (2.2 points), perfumery and toiletries (0.5 points), and pearls and precious stones and metals (0.5 points), while on the negative side, the most important deduction was in fuels (-1.4 points), as occurred in 2013.

Unlike the general trend, imports of tobacco and manufactured tobacco substitutes – another chapter with an important percentage – suffered a decline of 7.6%, so, if excluded from the total, growth in imports without tobacco rises to 4.5%. Moreover, a reduction in the sectoral concentration of Andorran imports can be seen for the second consecutive year, as the top three groups (food, products of the chemical industry and machinery and electrical equipment) represent 39.1% of the total, 2.5 points less than represented by the three top groups in the previous year.



In contrast to imports, in 2014, Andorran exports continued their decline, with a 1% drop which, nevertheless, slowed with respect to the fall recorded in the previous financial year (-9.6%). In absolute terms, the volume of exports was 73.7 million euros, so the rate of coverage stands at 6.3%, three tenths less than in the previous year and the lowest level since 2010.

The evolution by sectoral groups shows that export variations were quite diverse and this resulted in increased concentration, already traditionally high, with the percentage of the top three export groups (machinery and electrical equipment, transport material and optical, photographic and precision apparatus) at 65.9% of total sales, 6.5 points more than the previous year, close to the high reached in 2007 (69.9%). It should be remembered that part of the Andorran exports are actually re-exports of previously imported products, an activity which, nevertheless, seems to be losing importance in recent years, affected partly by growing regulatory obstacles imposed by the European Union. Another factor influencing re-exports is the trend in the exchange rate which, in 2014, was euro depreciation, involving less favourable conditions for importing products from countries outside the monetary union to be exported to the EU.

5.3. The geographical distribution of foreign trade

5.3.1. Imports

In 2014, imports from Europe, the main source of Andorran imports abroad, concentrated 92.1% of the total, eight tenths more than the previous year and the highest level in the historical series. This increase in the concentration of purchases from Europe can be explained by the strong growth in imports from non-EU countries (89.5%), fundamentally from Switzerland, and also an increase, if modest, in those from the EU (3.3%), as this was below average. This pattern of import growth occurred in a context of euro depreciation which, in principle, makes the purchases outside the Eurozone more expensive, although this time it does not appear to have been an obstacle to increasing imports from Switzerland.

Euro depreciation slowed imports from other continents such as Africa (-75.7%) and America (-3.2%). In the first case, the steep fall occurred after the exceptional growth seen in 2013 (584%), almost

wholly explained by imports from South Africa. In 2014, a 99.2% reduction in purchases from this country occurred, showing that the 2013 figures relate to an isolated purchase transaction. Consequently, the percentage of the African continent fell eight tenths to 0.2%, and that of America remained at 0.9%. In the case of Asia, the second supplier continent to Andorra, the opposite occurred, with an increase of 5.9%, compared with 3.7% in 2013, raising its share of the total one tenth, to 6.4%.

Within the EU-28, purchases from Spain, the main supply country for Andorra, increased 3.7%, putting its percentage of the total at 61.5%, three tenths less than in 2013, when it reached a historic high. So, in 2014, Spain is the country that most contributed to import growth (2.3 points). In contrast, imports from France fell for the eleventh consecutive year, at a rate of 2.1%, reducing its percentage of the total by one point, to 15.5%, and taking four tenths off growth. However, France remains the second supplier country to Andorra, well above the third, although its percentage is far from that it had in the nineties, when it reached above 30%.

As for the other EU-28 countries, Germany reasserts itself in third place in the ranks of suppliers to Andorra, with an advance of 29%, breaking with three consecutive years of declines and raising its percentage of the total by seven tenths, to 3.8%. Then comes Italy, despite the fall of 10.1% seen in 2014, which reduced its share four tenths to 2.3%. In contrast, purchases from the United Kingdom increased 5%, so its percentage remained at 1.3%, while imports from the Netherlands grew a little more (8.1%), leaving its share at 1% of the total.

The other EU-28 countries have a very small percentage, below 1%, meaning that their contribution to total growth is not very important. Outside the European Union, the strong growth in imports from Switzerland stands out (93%), linking four years of great dynamism and contributing 1.5 points to import growth. As a result, its percentage of the total reached 2.9%, almost triple what it was in 2010, creating a historic record.

In relation to imports from countries in the rest of the world, in general only those from the USA and some Asian countries have any relevance. It is true that in some years, another particular country has been added, but this was not the case in 2014. The trend in purchases from the USA was quite positive, with an increase of 12.4%, contrasting with the decline of >

FOREIGN TRADE BY GEOGRAPHICAL AREAS

	IMPORTS			EXPORTS		
	M Euros 2014	% var. 2014/13	% total 2014	M Euros 2014	% var. 2014/13	% total 2014
Spain	722.8	3.7	61.5	40.9	4.5	55.4
France	181.8	-2.1	15.5	12.7	-3.6	17.3
Germany	45.2	29.0	3.8	1.0	-47.9	1.3
Italy	27.1	-10.1	2.3	1.3	-30.7	1.8
United Kingdom	15.4	5.0	1.3	0.6	-80.9	0.9
Netherlands	12.2	8.1	1.0	1.1	75.4	1.4
Portugal	11.2	6.5	1.0	0.1	45.8	0.2
EU-28	1,042.4	3.3	88.7	58.8	-3.8	79.7
Switzerland	34.4	93.0	2.9	1.1	-53.7	1.5
Europe	1,082.0	5.1	92.1	64.5	-2.9	87.5
USA	6.7	12.4	0.6	1.2	249.7	1.6
America	10.1	-3.2	0.9	2.1	144.1	2.8
China	48.6	16.1	4.1	0.5	2,193.0	0.6
Vietnam	5.6	27.6	0.5	0.0	212.7	0.0
India	4.2	10.2	0.4	0.0	-28.2	0.0
Asia	75.3	5.9	6.4	3.2	5.1	4.3
Total world	1,175.0	4.2	100.0	73.7	-1.0	100.0

Chart 5.6

Source: Department of Tax and Frontiers. Government of Andorra

15.7% recorded in 2013, increasing its percentage of the total by one tenth, to 0.6%.

Along the same line, the behaviour of purchases from Asian countries had quite upward behaviour (5.9%). The increase from China stands out (16.1%), which raises its percentage of the total four tenths, to 4.1%, and it reasserts itself as the top Asian supplier to Andorra and the third in the global ranks, only behind Spain and France. In contrast, imports from Japan continued to fall (-28.1%) for the seventh consecutive year, and continued to lose percentage to reach a new historic low of 0.3%. Finally, of note is growth in purchases from Vietnam (27.6%) and India (10.2%), which represented 0.5% and 0.4% of the total, respectively.

5.3.2. Exports

The slight reduction in Andorran exports seen in 2014 (-1%) can be explained by the combination of falling sales to Europe and Africa and growth in those to America and Asia. Sales to the EU-28 – the main destination of Andorran exports – fell for the third consecutive year, at a rate of 3.8%, in a context that still lacked dynamism in demand. Consequently, the EU-28 percentage of the total shrank 2.3 points to 79.7%.

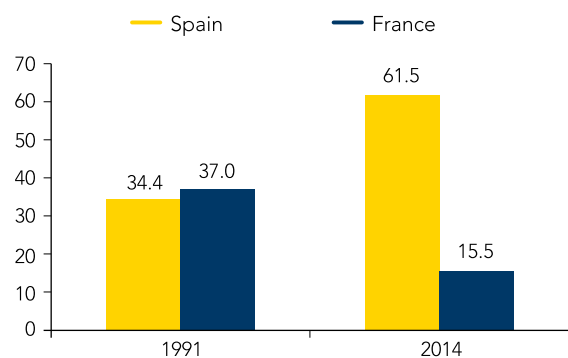
By countries, in 2014, Spain remained the top consumer of products from Andorra, with an increase in exports of 4.5% and a contribution to growth of 2.4 points, contrasting with the falls recorded in the preceding two years. As a result, its percentage of the total increased 2.9 points to 55.4%. In contrast, sales to the second largest Andorran market, France, fell 3.6%, deducting six tenths from global growth, so its share of the total fell four tenths to 17.3%. Consequently, the balance between Andorra's two main partners is still biased towards Spain, contrasting with the similar shares that both countries had at the start of the nineties.

As for the other EU-28 countries, in general the trend was negative. So, the Italian market, third in the European ranks, saw a significant decline of 30.7%, reducing its percentage by eight tenths to 1.8%. As an exception, the Netherlands stands out, with growth of 75.4%, raising its share six tenths to 1.4%. At fifth place in the ranks is Germany, which also saw a steep fall of 47.9%, to represent 1.3% of the total. Equally, exports to the United Kingdom fell to less than one quarter of those it had in 2013. So the United Kingdom was the country that made the most negative contribution to the variation in exports (-3.7 points). As a result, its share was limited to 0.9%, compared with 4.5% in 2013, a percentage that made it the third most

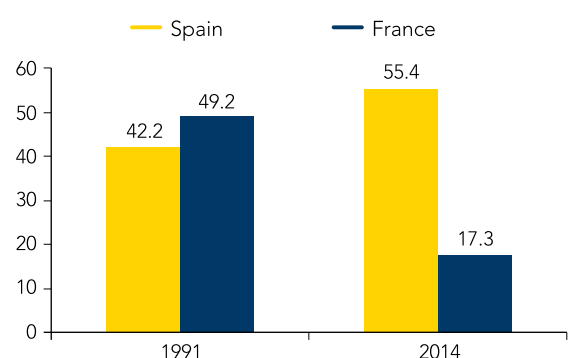
IMPORTS AND EXPORTS WITH ANDORRA'S NEIGHBOURING COUNTRIES

Percentage of total (%)

Imports



Exports



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

important destination of Andorran foreign sales. The other EU-28 countries have a percentage below 1%, so their contribution is hardly relevant.

Unlike the EU-28, sales to the rest of Europe had growth of 7.3%, contrasting with the steep downturn recorded in 2013 (-42.5%), behaviour that has been favoured by euro depreciation and which raised its percentage of the total six tenths, to 7.8%. In more detail, this progress can basically be explained by the strong growth in sales to Norway (132%), which easily doubled their percentage to 5.8%, becoming the third most important market destination for Andorran products in 2014, after Spain and France. With the 2014 figures, Norway was the country that contributed most to growth in Andorran exports in 2014 (3.3 points).

On the other hand, sales to Switzerland saw a very steep decline, for the second consecutive financial year, being 53.7% in 2014, lowering its share to only 1.5%, a third of what it represented in 2013. Consequently, Switzerland has fallen two places in the ranks of destinations for Andorran exports, to seventh, behind Spain, France, Norway, Hong Kong, Italy and the USA.

The percentage of the rest of the world in total Andorran sales increased 1.7 points to 12.5%, a trend that can be partly explained by euro depreciation, which makes sales outside the zone more competitive. In this way, the contribution from the American continent stands out, with progress of 144.1%, led by the USA, where sales multiplied by 3.5 to represent a share of 1.6%. The share of the continent as a whole was 2.8%. Equally, exports to Asia grew 5.1%, a trend that contrasts with the steep decline seen in 2013 (-21.9%), so its share rose three tenths to 4.3% of the total. Within this continent, Hong Kong's percentage is notable (3%), despite a fall in sales of 14.7%, and that of China (0.6%), which contrasts with the virtually zero percentage it had in 2013. Finally, the fall in exports to Africa should be noted (-51.3%), which stands out from the other non-European continents, with a share that was limited to 0.4%.

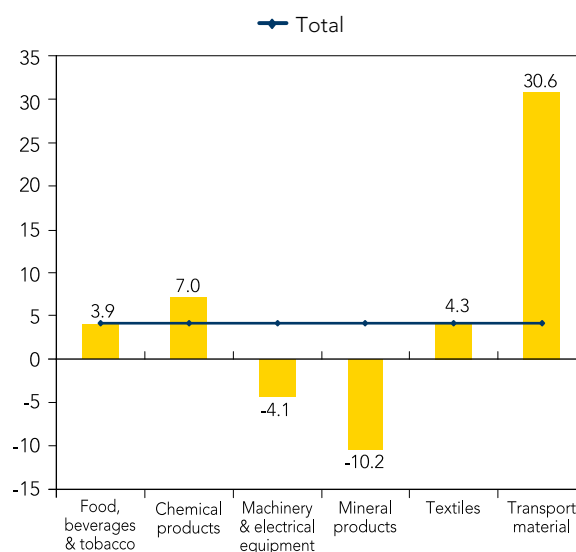
5.4. The sectoral composition of foreign trade

5.4.1. Imports

The rise in Andorran imports seen in 2014 (4.2%) was the result of very different trends in each group. The most positive contributions were those of transport material (2.2 points) and products of the chemical industry (0.8 points). Other groups that also made positive contributions, although more moderate, are food, beverages and tobacco (0.6 points), miscellaneous manufactured articles (0.6 points) and pearls, precious >

ANDORRA'S MAIN IMPORT SECTORS. 2014

Interannual variation rate (%)



Graphic 5.5 Source: Department of Tax and Frontiers. Government of Andorra

stones and metals (0.5 points). At the other extreme, the group that deducted most from imports is mineral products (-1.3 points), the combined result of a fall in prices and the volume of fuel purchases, as in 2013.

In more detail, it can be seen than in 2014, growth in imports of food, beverages and tobacco slowed slightly from 4.2% to 3.9%, a level slightly below the average. Its percentage of total foreign purchases fell one tenth to 16%, maintaining its place at the top of the ranks of imported goods in 2014. The most important chapter in this group is beverages, alcoholic liquids and vinegars, with a percentage of 6% of total Andorran imports, having seen 6.2% growth in 2014. The second most important chapter is tobacco, which showed the opposite tendency, with a reduction of 7.6%, lowering its percentage of the total by three tenths, to 2.6%

The trend in chemical products also rose, with growth of 7%, higher than the 2.2% recorded in 2013, raising its percentage three tenths to 11.6%, and pushing it up two places in the import ranks to reach second place. This trend was the result, above all, of the 7.8% increase in perfumery – the most important chapter in the group, with 6.9% of total imports – and to a lesser extent the rise in pharmaceutical products (5.9%) - the second most important, with a percentage of 2.5%.

In contrast, imports of machinery and electrical equipment fell 4.1%, contrasting with the increase of 2.4% in 2013, so taking half a point off total growth and being the group with the second most negative contribution. This behaviour reduced the percentage of the total by one point, to a historic low of 11.5%, but even then it remained in third place in the ranks of foreign purchases. The downturn in this group can be explained by the steep fall in both imports of electrical machinery and equipment (-3.8%) and mechanical appliances (-4.5%), a trend that demonstrates the weakness still affecting investment and trade in consumer electronics in Andorra.

As happened in 2013, purchases of mineral products made the most negative contribution to the variation in imports in 2014 (-1.3 points), one tenth more than in the previous year, the result of a reduction in purchases of 10.2%. As a result, the group's share of the total fell for the second consecutive year, by 1.8 points, to 11.3%, having reached a historic high in 2012, so this group went from second to fourth place in the import ranks.

The reason for this downturn is mainly the reduction in imports of fuels, oils and mineral waxes (-11.2%), the most important chapter in the group – with a quota of 10.8% of total imports – which, in turn, derives from the combination of a reduction in imported litres (-3.1%) and the average prices of fuel purchases. Consequently, if this chapter is deducted from total imports, the result is that the rise in imports in 2014 was even stronger, approximately 6.4%, compared with the 4% advance recorded in the previous year. In contrast, purchases of salt, sulphur, earths and stone, plastering materials, lime and cement, the second most important chapter in the group, saw a strong increase (27.7%), breaking with seven consecutive years of downturns, a sign of a change in trend in the construction activity.

As for the textiles group, imports showed similar progress to the average (4.3%), breaking with six consecutive years of declines and indicating a slight improvement in sales in the clothing trade, also reflected in the results of the Chamber's surveys. Consequently, its percentage of the total remained at 9.1%, so maintaining fifth place in the import ranks.

The rising trend in imports of transport materials that began in 2013 accelerated, with strong growth of 30.6%, compared with 17.7% in the previous year, making this the group that contributed most to import dynamism in 2014 (contributing 2.2 points). As a result, its percentage of the total rose 1.8 points, to 9.1%, a figure that keeps it in sixth place in the ranks. The explanation for this progress can basically be found in the strong growth in imports in the chapter of motor vehicles, tractors, motorcycles and bicycles (30.7%) – the most important in the group, with a percentage of 8.9% of total imports – in harmony with the increase in vehicle registrations in the Andorran market and also the increase in vehicle re-exports.

Behind these lie imports of live animals and animal products, which saw an increase of 3.8% in 2014, contrasting with the decline of 1% seen in the previous year, so its percentage of the total remained at 5.2%. This trend can be explained by the rise in almost all the chapters it includes and, in particular, those with the greatest share: meat and edible offal (3.8%), milk and dairy produce (1.4%) and fish and shellfish (9.7%).

Finally, the behaviour in the groups of products with a share of less than 5% of foreign purchases was diverse. On the one hand, the strong growth in pearls, precious

FOREIGN TRADE BY SECTORS

	IMPORTS			EXPORTS		
	M Euros 2014	% var. 2014/13	% total 2014	M Euros 2014	% var. 2014/13	% total 2014
Live animals & animal products	60.7	3.8	5.2	0.2	156.2	0.2
Vegetable products	21.2	-9.2	1.8	0.0	-99.5	0.0
Fats & oils	5.0	5.6	0.4	0.1	-6.0	0.1
Food products, beverages & tobacco	188.4	3.9	16.0	0.4	104.4	0.5
Mineral products	132.4	-10.2	11.3	0.4	26.3	0.5
Products of the chemical industries	136.8	7.0	11.6	0.8	-38.8	1.1
Plastics, rubber & articles thereof	25.8	1.7	2.2	1.8	33.3	2.5
Fur, leather & articles thereof	16.6	9.5	1.4	0.6	-1.8	0.8
Wood, cork & articles thereof	7.8	20.0	0.7	0.7	-24.3	1.0
Paper & graphic arts	25.2	-1.4	2.1	3.2	-50.7	4.3
Textiles	106.8	4.3	9.1	5.4	27.1	7.3
Footwear, headgear, umbrellas, etc.	35.9	12.5	3.1	1.9	-12.3	2.6
Articles of stone, cement, ceramic products	11.8	9.7	1.0	0.3	13.5	0.3
Pearls, precious stones and metals	28.6	27.7	2.4	2.7	-46.3	3.7
Base metals & articles thereof	29.7	-0.3	2.5	3.9	-8.4	5.3
Machinery & electrical equipment	134.8	-4.1	11.5	19.6	-5.0	26.6
Transport material	106.5	30.6	9.1	14.5	13.9	19.7
Optical, photographic, precision app.	48.7	4.9	4.1	14.5	32.7	19.6
Arms & ammunition	0.8	-9.8	0.1	0.1	19.7	0.1
Miscellaneous manufactured articles	49.7	15.8	4.2	1.6	-28.3	2.1
Works of art, antiques	1.8	-34.5	0.2	1.2	91.3	1.6
Total	1,175.0	4.2	100.0	73.7	-1.0	100.0

Chart 5.7

Source: Department of Tax and Frontiers. Government of Andorra

stones and metals (27.7%) stands out, raising its percentage to 2.4%, triple that of only two years ago. Also very significant was the increase in miscellaneous manufactured articles (15.8%), in wood, cork and articles thereof (20%), in footwear (12.5%) and in furs and leather (9.5%). On the other hand, there are the notable declines in purchases of vegetable products (-9.2%), cutting its percentage of the total by three tenths, to 1.8%, and works of art and antiques (-34.5%). The other groups with any significant percentage (more than 0.5%) saw modest increases or reductions, with a very limited impact on the total.

5.4.2. Exports

Andorran exports ended 2014 with a decline of 1%, representing moderation in relation to the fall of 9.6% seen in 2013. This trend was the consequence, mainly, of the negative contribution from the groups paper and graphic arts (-4.4 points); pearls, precious stones and metals (-3.2 points) and machinery and electrical

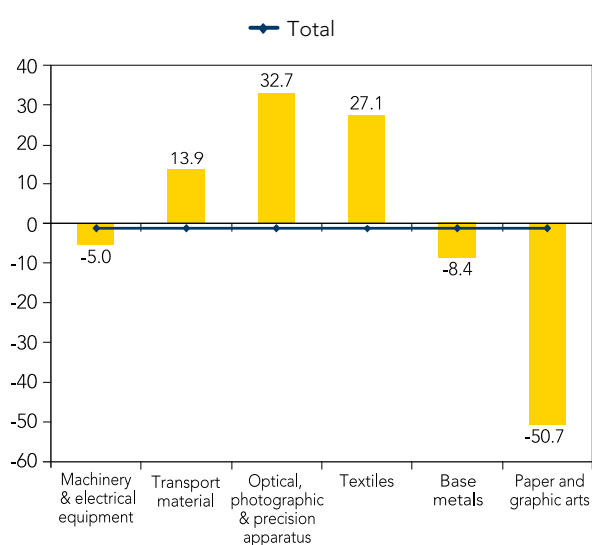
equipment (-1.4 points). In contrast there are notably the positive contributions from optical, photographic and precision apparatus (4.8 points), transport material (2.4 points) and textiles (1.5 points).

The top export group in 2014 is still, as is usual since 2007, that of machinery and electrical equipment which, despite reducing sales (-5%), still maintains a very important percentage (26.6%). This trend brought a negative contribution to total growth in exports of 1.4 points, the third worst in 2014. By chapters, the downturn in this group can be explained by the fall in the chapter of electrical machinery and equipment (-5.9%), the most important in the group and in the whole of exports – with a percentage of 22.5% of total foreign sales – while sales of mechanical appliances grew slowly (0.7%).

In second place in the export ranks is still transport material, with an increase of 13.9%, raising its share of the total by 2.6 points, to 19.7%, making a contribution of 2.4 points to total growth in foreign purchases, >

ANDORRA'S MAIN EXPORT SECTORS. 2014

Interannual variation rate (%)



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

the second highest after optical, photographic and precision apparatus. The chapter that determines this behaviour is motor vehicles, which represents 98% of the group and saw an increase for the second consecutive year, of 15%.

With the same rising profile, foreign sales of optical, photographic and precision apparatus saw very significant growth for the third consecutive year, 32.7% in 2014, so its quota of the total rose 5 points, to 19.6%, making the most important contribution in 2014 to the variation in exports (4.8 points). This progress was driven by the two most significant chapters of the group, which are optical and photographic (14% of total exports) and clocks and watches (5.4%), with growth of 46.1% and 10.8%, respectively.

Another group which greatly increased exports in 2014 was textiles (27.1%), contrasting with the steep downturn it saw in the previous financial year (-56.2%). Thanks to this increase, textiles rose two places in the export ranks, to fourth place, with a percentage of

7.3%, 1.6 points more than in 2013, making a positive contribution to the variation in exports of 1.5 points. Within this group are notably the increase in foreign sales of articles of apparel and clothing accessories, not knitted or crocheted (45.4%) – the most important chapter in the group, with 4.4% of total exports – and other clothing articles (171.6%), raising its percentage to 1%. In contrast, the chapter of articles of apparel and clothing accessories, knitted or crocheted, the second most important chapter in the group (1.1% of the total), saw a decline of 6.7%.

Behind this comes the group of base metals, which fell for the second consecutive year, specifically 8.4%, reducing its share of the total by four tenths, to 5.3%. This trend can mainly be explained by the reduction in cast iron, iron and steel articles (-36.6%), which was partly offset by the increase in the chapter cast iron, iron and steel (25.6%), the two most important chapters in the group.

The other groups represent a proportion below 5% of total exports and had very disparate results. On the negative side are notably the falls in exports of paper and graphic arts (-50.7%), taking 4.4 points off export growth, and pearls, precious stones and metals (-46.3%), taking off another 3.2 points, so their percentage of the total fell to about half in both cases (to 4.3% and 3.7%, respectively). Also very negative was the behaviour of products of the chemical industry (-38.8%) and miscellaneous manufactured articles (-28.3%), which deducted seven and eight tenths, respectively. Other significant declines were those of wood, cork and articles thereof (-24.3%) and the group of footwear, headwear, umbrellas, etc. (-12.3%). In contrast is notably the positive contribution made by works of art and antiques (0.8 points), with growth of 91.3%; plastics (0.6 points), which rose 33.3%, and food, beverages and tobacco (0.3 points), with growth of 104.4%. The other groups with any significant percentage saw variations in different directions and intensity, but with a very limited impact on total growth (of at most one tenth).

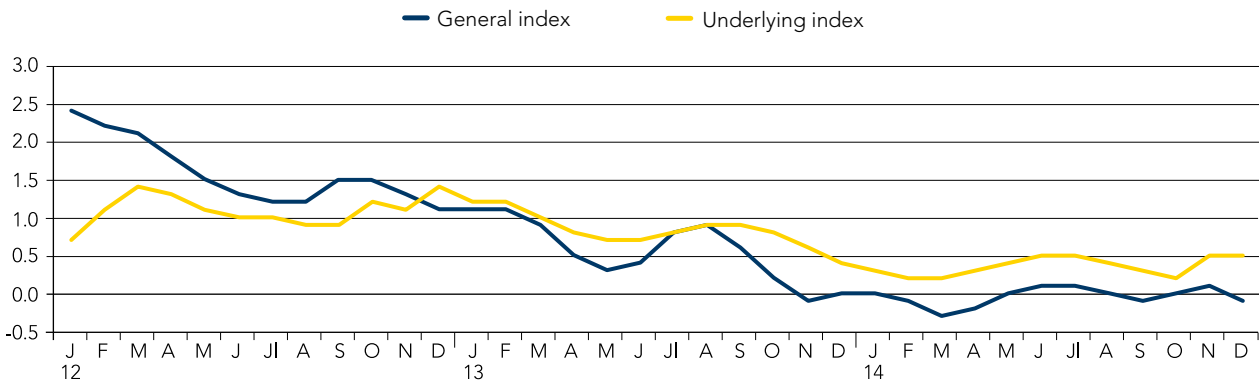
6. PRICES AND COSTS

6.1. Consumer prices

2014 was still a period without inflationary pressures, following the trend of the last two years. This situation is the result, on the one hand, of the weak economic

context, with demand at minimum levels, and on the other hand, falling oil prices and price containment in the Eurozone, especially in Andorra's neighbouring countries, its main commercial partners. It should also be noted that the profound change in the tax model

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



Graphic 6.1

Source: Department of Statistics. Government of Andorra

caused by the entry into force of the general indirect tax, IGI (equivalent to VAT in the EU) does not appear to have had any significant inflationary effect.

The profile of the trend in consumer prices was quite stable, with interannual variation rates that fluctuated between 0.1% and -0.3%. The latter rate represents a historic low reached in March. The year ended with an interannual variation of -0.1%, very close to the 0% one year before. However, the drop in prices in Andorra was smaller than in Spain (-1.1% harmonised inflation), the source of most consumer goods, and also in the whole of the Eurozone (-0.2%), contrasting with the two previous years, whereas inflation remained slightly below that of France (0.1% in December). This trend meant that the tendency of Andorra to gain competitiveness through prices, as seen in 2012 and 2013, stopped in 2014.

By components, the behaviour of prices was quite divergent. On the one hand, the reductions in housing prices (-1.7%) and transport (-1.2%) stand out, continuing the line of the previous year, under the influence of falling energy prices. Another group that reduced prices, for the third consecutive year, is miscellaneous goods and services (-0.1%).

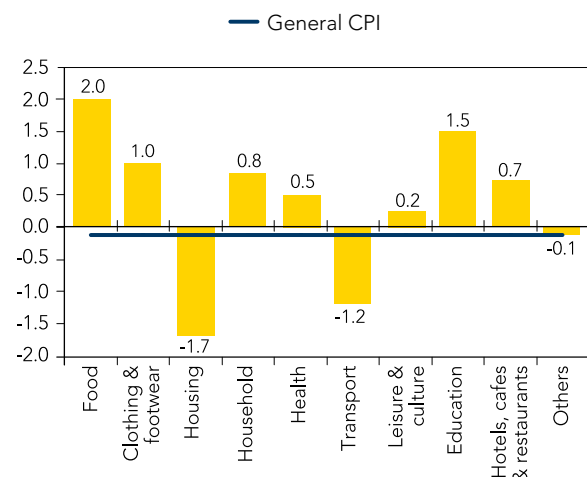
The other components saw increases of varying intensity, led by food (2%) and education (1.5%), which were also the most inflationary in 2013. Next came clothing and footwear (1%), with a trend that breaks four years of declines and denotes a certain improvement in commercial demand. They are followed by furniture, domestic appliances and household services, with an increase of 0.8%, three tenths more than in 2013, and hotels, cafes and restaurants, in which prices slowed four tenths to 0.7%, remaining the only component,

together with education, that has still not seen any annual decline in prices since the historical series became available, despite the major downturn in visitors which has affected it in recent years. Moreover, the health component raised prices 0.5%, also representing a slowdown compared with 2013, while the group leisure, shows and culture increased them 0.2%, being the one to lower them most in the previous year (-1.8%).

The trend in prices by special groups shows that, just as in the previous year, the steepest fall occurred in the energy group (-6.2%). This factor is therefore one of the main elements explaining the slowdown in inflationary pressures in Andorra over the last two years and highlights that this is directly related to falling oil prices. In contrast, food prices accelerated one point to 2.1% and equally, the rate of growth >

CONSUMER PRICE INDEX. DECEMBER 2014

Interannual variation rate (%)



Graphic 6.2 Source: Department of Statistics. Government of Andorra

in the prices of services rose one tenth to 0.6%, a trend that is influenced by the lack of dynamism still affecting demand.

Consequently, underlying inflation – which excludes energy and food and measures the trend in the nucleus of prices – was 0.5%, one tenth more than in 2013, so it is still above general inflation for the third consecutive year, demonstrating that the most volatile components are, to a large extent, responsible for price containment in Andorra and that the economy is not in deflation. It should be noted that this figure is slightly lower than the underlying inflation rate registered in the Eurozone (0.7%) and France (0.6%), but exceeds that of Spain (-0.2%), although in all cases they are very modest levels reflecting the lack of dynamism in demand.

6.2. Wages

After two years of falls, in 2014 the average wage in Andorra saw an increase of 0.7%, to 1,975.2 euros, highlighting the softening of deflationary pressures on costs to gain competitiveness and giving signs of an improvement in the labour market. As a result, the purchasing power of employees improved by 0.8 points, having suffered four consecutive years of losses for an accumulated value of more than three points.

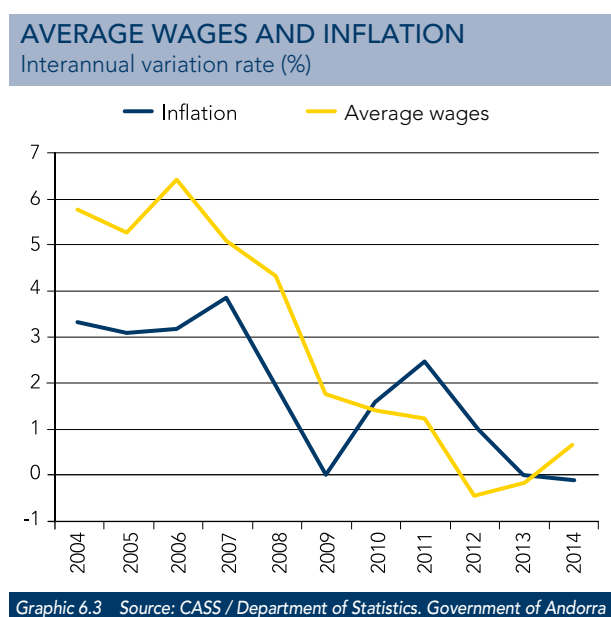
So, it seems that the business strategy of reducing costs and prices, applied in recent years to gain competitiveness, favoured the economic situation, enabling it to relax with the first signs of improvement

in the economy, although it is still too early to claim that this is permanently behind us, because that will depend on consolidation of the recovery.

As for the inter-professional minimum wage, the trend was more moderate than in the average wage, since, according to legalisation, it is updated every year with the consumer price index for the previous year, which in the case of 2013 was 0%, compared with the 0.7% increase in the average wage in 2014. As a result, the minimum hourly wage remained at 5.55 euros per hour in 2014 (for workers aged 18 and above), the equivalent of 962 euros per month, for a 40-hour working week.

From the sectoral point of view, the wage trend varied. On the one hand, the sectors leading wage cuts in 2014 were real estate activities and business services (-2%), education (-1.7%) – in which wages fell for the first time – and the primary sector (-1.7%) – contrasting with 2013, when it led the increases. These are followed by health activities (-0.8%) and public administration (-0.6%), which each accumulate three years of decline. In commerce, hotels and catering the average wage also fell a little for the third consecutive year, but at a slower rate (-0.2% and -0.1%, respectively).

On the other hand, the most significant wage increase was seen in the financial system (4.7%), which remains the only sector which has not lowered wages every financial year, despite the crisis. Next come energy production and distribution (2.8%), households employing domestic staff (2.4%), domestic work for the community (2.4%) and other social activities and community services (2.1%).



The other sectors with a minimally significant percentage of employment applied modest wage increases (lower than 1%). In the case of extraction industries (-25.4%), extraterritorial bodies (2.9%) and “special regimes” (9.3%), these trends need to be separated from the analysis for statistical reasons, as they are sectors in which very few people work and therefore, the variation in a single wage can cause an immense variation in the total.

Considering the wage levels, it can be seen that in 2014 the differences between sectors were amplified a little more to reach a historic high. So the highest wage is 4.15 times higher than the lowest (4.05 in 2013) if we exclude the category “special regimes”, created in 2012, due to its specificity. To be precise,

AVERAGE WAGES - Euros

	2014	Var. 2014/13	Average index in Andorra=100
Agriculture, livestock, hunting and forestry	1,428.94	-1.7	72.3
Extraction industries	1,320.10	-25.4	66.8
Manufacturing industries	2,019.12	0.3	102.2
Production and distribution of electricity, gas and water	3,134.23	2.8	158.7
Construction	1,864.12	0.2	94.4
Commerce and motor vehicle repairs (etc.)	1,671.45	-0.2	84.6
Hotels and catering	1,444.68	-0.1	73.1
Transport, storage and communications	2,181.86	0.8	110.5
Financial system	4,920.32	4.7	249.1
Real estate & rental activities; business services	1,790.61	-2.0	90.7
Public administration, defence and compulsory social security	2,400.11	-0.6	121.5
Education	2,165.90	-1.7	109.7
Health & veterinary activities, social services	2,178.13	-0.8	110.3
Other social activities & community services, personal services	1,665.19	2.1	84.3
Households employing domestic staff	1,222.27	2.4	61.9
Extraterritorial bodies	2,517.54	2.9	127.5
Special regimes	929.81	9.3	47.1
Domestic work for the community (communities of owners)	1,187.05	2.4	60.1
Average	1,975.24	0.7	100.0

Chart 6.1

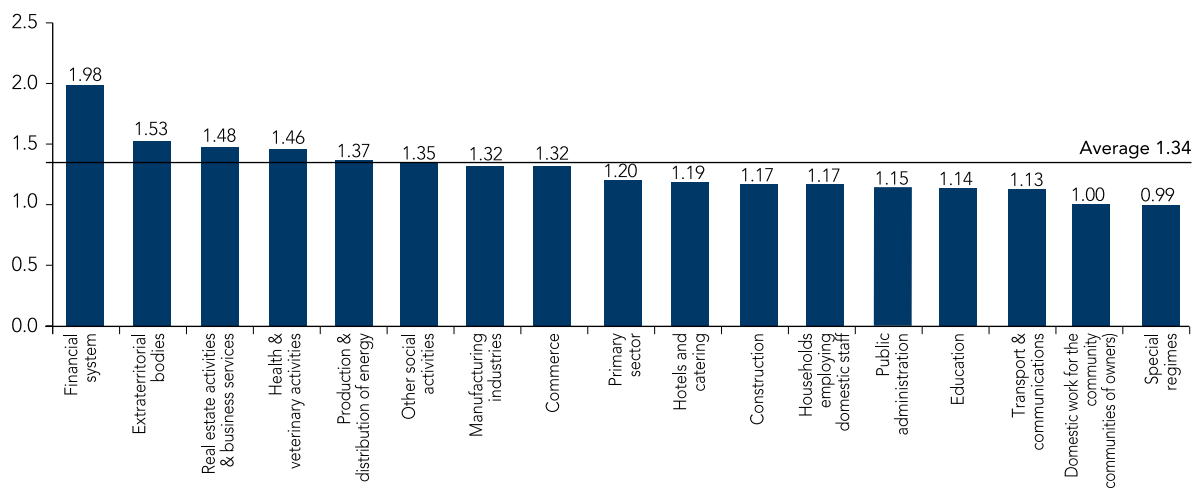
Source: CASS (Andorran Social Security)

the highest wages are found yet again in the financial sector, where wages are 2.5 times the average. This level contrasts with that of domestic work for the community which, with wages 39.9% below the average, is the worst-paid sector. The second sector in the wage ranking is that of production and distribution of electricity, gas and water, with wages 58.7% above the average, followed by extraterritorial bodies – paying 27.5% more – and

public administration – with wages 21.5% higher than average. Next comes transport, storage and communications; health and veterinary activities and social services; education and the manufacturing industries, with wages between 10.5% and 2.2% above the average.

The other branches lie below the average wage level, at percentages that vary between 6% in >

WAGE QUOTIENT MEN/WOMEN BY SECTORS. 2014



Graphic 6.4

Source: CASS (Andorran Social Security)

construction, a sector that is below the average for the fifth consecutive year, when traditionally it had been above, and the 40% less received for domestic work for the community. Within this group of sectors are notably the cases of commerce and hotels and catering, which employ a large part of the Andorran population (37.4% of total employees), with wages 15.4% and 26.9% below the average, respectively. It should be added that in the case of commerce, the gap with the average wage widened for the seventh consecutive year, while in the case of hotels and catering the downturn has already lasted ten years, with only one pause in 2013. As a result, since 2014 both sectors have accumulated more than 6 points loss in level against the average.

Finally, the wage levels by gender show that in 2014 the average wage for women in Andorra was 1,686.1 euros, 25.5% lower than for men, i.e. men's wages are 34.2% higher than women's, a difference that has increased compared with the previous year, when it was 33.4%. The only sector in which there is practically no wage difference between men and women is domestic work for the community. In contrast, the greatest differences are found in the financial sector, where the average wage for men is 98% higher than for women, followed by extraterritorial bodies (53% higher), real estate activities and business services (48% higher) and health and veterinary services (46% higher). These data demonstrate that in these sectors men hold most of the higher-ranking jobs.

7. THE PUBLIC SECTOR

In 2014, the performance of the public sector in Andorra was marked by a gentle relaxation of austerity policies, resulting in an increase in the aggregate investment expenditure of the central Government and the communes (9.7%), after many years of major cuts, and to a lesser extent, in operating costs (0.3%).

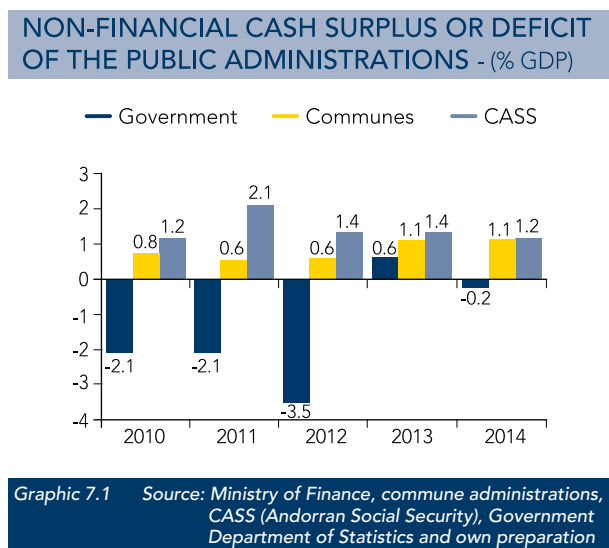
In parallel, the progressive consolidation of the new tax system, which has been introduced in recent years and involved the creation of new taxes, strengthened the fiscal capacity of the administrations, although the persistent lack of dynamism in the economy has limited results for the time being.

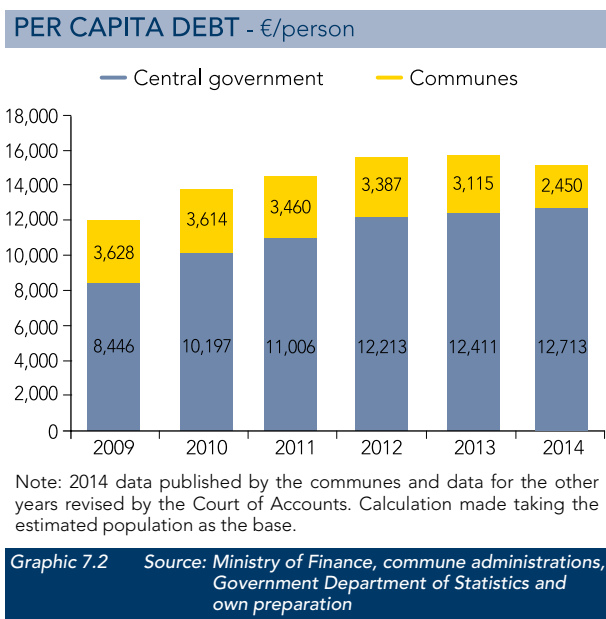
Consequently, the central Government ended 2014 with a deficit (-0.2% of GDP), compared with the

surplus seen in the previous year (0.6% of GDP). For their part, the communes maintained a non-financial cash surplus equivalent to 1.1% of GDP. The Andorran Social Security (CASS) also obtained a surplus (1.2% of GDP), if less than in 2013 (1.4% of GDP). As yet, official statistics do not publish the consolidated budget balance for all the administrations so it is not possible to confirm what the net economic effect of the performance of the whole of the Andorran public sector has been, although everything points to the effect being fairly expansionary.

In this context, Andorra's total debt (combining central government and the communes) was 1,070 million euros, equivalent to 42% of GDP, and the debt per capita (calculated according to the estimated population) stood at 15,163 euros, 2.3% less than in 2013, the second consecutive annual reduction, in contrast with the strong rising trend which had characterised financial years prior to 2013.

As for fiscal innovations, it is notable that in April 2014 the Law on personal income tax (IRPF) was passed, with a tax rate of 10%, the same as corporate tax, tax on income from economic activities and tax on non-residents' income, and this tax is applicable to financial years starting from 1 January 2015. In 2014, an increase in consumption tax was passed and a modification of the indirect general tax (IGI), which includes two notable innovations: on the one hand, the creation of a new tax rate of 2.5% applicable to specific transactions (cable transport,





people transport, some cultural services, etc.) and, on the other hand, the introduction of a special regime for the deduction of tax paid, applicable to the financial sector and limiting it to a maximum annual amount of 10% of the charged tax; in practice, this new special regime has brought a very significant increase in revenue from IGI in this sector, to levels more comparable with the previous tax regime (the ISI).

In parallel, Andorra has continued to advance in implementing the Law on the exchange of information on tax matters with prior request, passed in 2009, following the principles established by the OECD, by signing agreements to exchange information with the Korean Republic and Switzerland, bringing to twenty-three the total number of agreements signed since 2009 and up to the end of 2014.

Finally, another important tax regulation passed in 2014 was the Law on the sustainability of public finance and budget and fiscal stability, the object of which is to guarantee long-term sustainability in public finance and stop the debt growth that marked recent years. Among the novelties it includes are notably the regulations for a ceiling on expenditure and the establishment of a limit on public debt in Andorra of 55% of GDP (40% in the specific case of the central Government), and also limiting the percentage of direct tax in total direct and indirect taxes of the central Government to 40%.

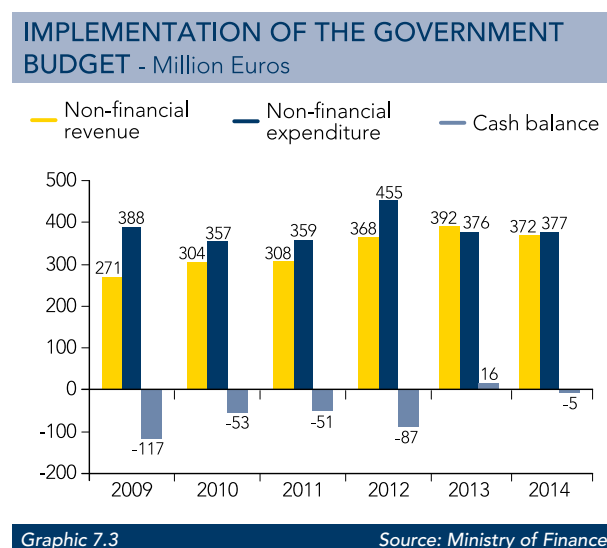
Below, we analyse the performance of the public sector in 2014, in detail for each level of administration.

7.1. Central Government

According to provisional data for the budget settlement in 2014, the Government accounts closed with a non-financial cash deficit of 5.35 million euros, contrasting with the surplus of 15.7 million that it obtained in 2013. This deficit represents 0.2% of GDP and means a resumption of the tendency to settle budgets with a deficit, which marked the Government's history. This situation was only broken exceptionally in 2013, as a result of an extraordinary revenue entry from the distribution of profits by the semi-public company Andorra Telecom, which was not repeated this year.

In parallel, the final budget result, obtained by incorporating the movement of financial assets and liabilities in 2014 into the cash deficit, fell significantly and shows a positive balance of 26.8 million euros, 29.2% less than the previous year. The most notable movements that occurred in this field are two bond issues in October and December, of 70 and 100 million euros respectively, maturing at 18 months, to renew the import debt due in 2014. Moreover, the available balance of loan policies increased from 77 million euros to 111.

As a result, the global debt of the central Government continued to grow at a rate of 3.3% and set a new historic record of 897 million euros, with an outstanding balance of public debt still at 680 million euros, 2.6 times more than only five years ago. In proportion to GDP, this volume of debt represents 35.5%, four tenths more than in 2013, a level that is still much lower than the great majority of European governments. It should also be noted that the temporary debt structure is 59.4% long-term debt and 40.6% short-term debt, compared with the 80%-20% division in 2013. So, the >

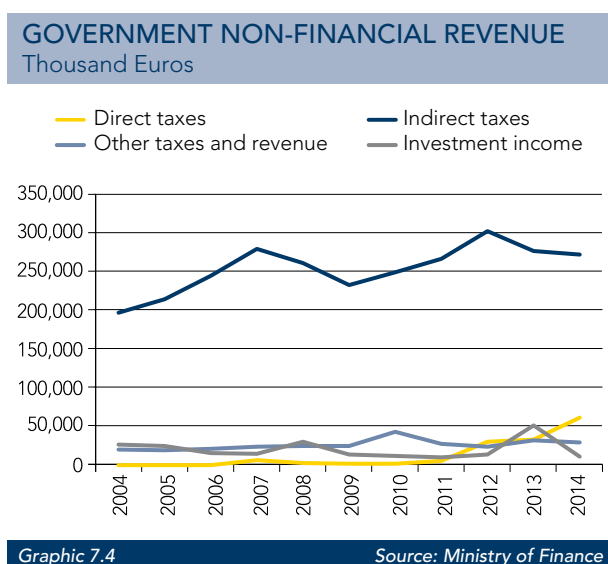


return to the deficit situation in the public accounts together with shorter debt maturities carries a scenario of lower sustainability in the Government's public finances, contrasting with the improvement seen in 2013 which appears to have been an isolated event.

The deficit seen in 2014 was basically the consequence of the fact that revenue fell (-5.3%) and expenditure remained almost stable (+0.1%). The reduction in revenue can mainly be explained by the 80% decline in investment income, after multiplying exceptionally by four in 2013, partly offset by the increase in revenue from direct taxes, driven by the entry into force of the new forms of tax. As for expenditure, a moderate increase can be seen in capital expenditure, after the major cuts that marked recent years. This was almost totally offset by a cut in current expenditure, breaking with four years of consecutive increases.

7.1.1. Revenue

The amount of non-financial revenue settled in 2014 was 371.5 million euros, 5.3% less than in the previous financial year, with a budget execution rate of 102%. This fall can basically be explained by a reduction in investment income of 80%, after multiplying by four in 2013. In 2014, revenue from other taxes and revenue also fell (-8%) and, to a lesser extent, from indirect tax (-1.8%). In contrast, a strong increase in direct tax was seen (84.2%), favoured by the new forms of tax which began to apply in 2012. Moreover, some revenue was obtained from current and capital transfers and the sale of investments, although their relevance as an absolute value is minimal.



Detailed analysis shows that revenue from direct tax grew strongly, for the fourth consecutive year, with progress of 84.2%, the result of total revenue of 60.6 million euros, forming a new historic high. This progress was especially motivated by the increase in revenue from corporate tax (157.6%), which came into force in 2012. The increase in revenue was also significant in the case of capital gains tax on property transfers (260.5%) and there was also a lesser contribution from the improvement in revenue from tax on economic activities (57.9%). Altogether, it demonstrates greater dynamism in revenue linked to activities, indicating a trend towards a recovery in the economy. In contrast, the tax on the income of non-residents for tax purposes saw a decline for the first time since it came into force (2011), of 2.1%. As a whole, the budget execution rate rose 125%, while the percentage of this chapter in the total non-financial revenue practically doubled to represent 16.3%.

On the other hand, revenue from indirect taxes saw a fall of 1.8%, which continues the downturn of 8.5% seen in 2013, though more moderate, and leaves the budget execution rate at 98%. Nevertheless, the percentage of this entry in total non-financial revenue rose 2.6 points compared with 2013, to reach 73%, remaining easily the most important source of financing for the Government.

The decline in indirect taxes was spread between various forms of tax. In first place is notably the fall in revenue from taxes on foreign trade (-10.2%). Within this section, the most important concept is consumption tax (taxing import chapters 1 to 24), with a notable percentage in beverages and tobacco imports, which altogether saw a reduction in revenue of a similar size (-10.5%), to 100.7 million euros, despite the increase in taxes that was approved halfway through the financial year. This downturn can be explained by the decline in tobacco imports, so tax on foreign trade was no longer the major tax form in Andorra, being superseded by the indirect general tax (IGI).

In second place is notably the loss of revenue through the derogation of some tax forms, such as the ISI, which was substituted by the IGI, with a global impact of 13.6 million euros. Moreover, a 2.2% decline in revenue from special taxes was seen, also linked to falling tobacco and fuel imports. Nonetheless, special taxes are still in third place in the ranks of revenue from indirect taxes, a position it has maintained since the change in the tax model in 2013.

IMPLEMENTATION OF THE GOVERNMENT BUDGET⁽¹⁾ - Million Euros

	Settlement 2014	Variation % settlement 14/13	% execution 2014 ⁽²⁾
Direct taxes	60.6	84.2	125
On capital gains on property	5.1	260.5	207
On companies /economic activities	41.5	142.2	129
On non-residents' income	14.0	-2.1	101
Indirect taxes	271.1	-1.8	98
On property transfers & doc. legal acts	0.1	-97.3	3
On consumption of goods	120.4	25.4	110
- Indirect goods tax	-0.0	-100.5	-
- Tax on commercial activities	0.0	-100.0	-
- Indirect General Tax (IGI)	120.4	26.2	110
On consumption of services	3.0	-77.2	107
On production	0.0	-99.9	-
Special taxes	44.4	-2.2	97
On foreign trade	101.6	-10.2	88
Levies	0.0	-99.6	-
On gambling	1.5	-2.3	95
Other taxes and revenues	29.1	-8.0	119
Current transfers	0.1	7,926.5	3
Investment income	10.2	-80.0	88
Real investment sales	0.0	62.6	-
Capital transfers	0.5	-33.3	-
Non-financial revenue	371.5	-5.3	102
Current expenditure	281.2	-1.5	95
Personnel costs	96.5	2.1	99
Consumption of goods and services	43.9	-0.3	88
Financial expenditure	21.4	-10.4	93
Current transfers	119.5	-2.9	96
Capital expenditure	95.6	5.1	70
Real investments	40.2	9.7	51
Capital transfers	55.4	2.0	96
Non-financial expenditure	376.9	0.1	87

(1) Settlement of the 2014 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 2014 these modifications represented an increase of 6.1% on the initial spending budget.

Chart 7.1

Source: Ministry of Finance

These reductions were offset, to a large extent, by the steep increase in revenue from IGI (26.2%), which came into force in 2013 with the net settled amount of 120.4 million euros, and an execution rate of 110%. The reasons for this progress lie in some changes in the regulations on the tax passed in 2014 and an improvement in economic activity. This trend converts IGI into the main source of tax revenue for Andorra, which could be considered a sign of economic reactivation in the country.

The analysis of indirect taxes is completed by the contribution from the bingo tax (gambling), which

fell 2.3%, and revenue from the property transfer tax, which shrank to almost zero because collection of the central government's share was transferred in 2014 to the communes.

In parallel, revenue from other taxes and revenue saw a decline of 8%, contrasting with the major growth in the previous year (34.1%), and had a budget execution rate of 119%. This trend was worse than the total of settled revenue, so its percentage shrank two tenths, to 7.8%. More detailed analysis by entries shows that this downturn can mostly be explained by the trend >

in the section “unplanned” (2.8 million euros in 2014) 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, of note is the increase in revenue from sanctions (88.6%), to a total of 4.9 million. In contrast, a decline was seen in revenue from the provision of services (-5.4%), to a total of 7.5 million euros. Within this section, the most important incoming payment 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, in 2014, a total of 4.1 million euros was settled, 10% less than in 2013, a decline that is in keeping with the context of reduction of interest rates that marked 2014. Another entry which shrank significantly is that of repayments (-72.4%), while that of revenue from taxes and property sales saw an increase of 3%, within a context of sustained tariffs, for the sixth consecutive year.

The falling trend also affected the investment income entry, with a drop of 80%, to 10.2 million euros, representing an execution rate of 88% and a percentage of total non-financial revenue that fell more than ten points, to 2.7%. This trend can be explained by the fact that revenue in 2013 was exceptional, consisting of a special distribution of dividends by Andorra Telecom of 40 million euros, motivated by the Government’s wish not to take on new debt by taking advantage of the major capitalisation of the semi-public company.

To complete the analysis, the contributions obtained from current transfers, capital transfers and the sale of real investments were only token.

7.1.2. Expenditure

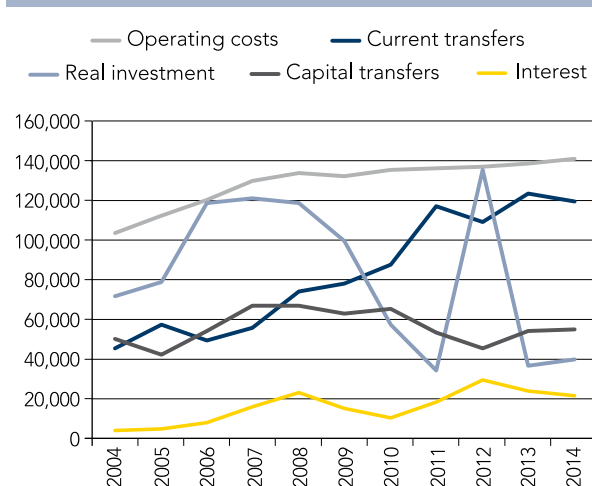
Non-financial expenditure was settled in 2014 for the value of 376.9 million euros, 0.1% more than in the previous financial year. This trend is the result of the combination of a moderate increase in capital expenditure and a reduction in current expenditure, revealing an austerity effort by the central Government, in line with the fiscal containment policy applied

since 2009, which is in harmony with the restrictive fiscal policy of other neighbouring economies in the Eurozone. So, the execution rate of non-financial expenditure provided in the final budget (that of the initial budget plus any modifications and increases approved during the financial year) was 87%, practically equal to the previous year and lower than the revenue execution percentage.

The volume of capital expenditure was 95.6 million euros, a figure that represents an increase of 5.1%, implying a change in trend in comparison with the major cuts applied in recent years. As a result, its percentage of the total increased 1.2 points, to 25.4%, after reaching a historic low in 2013. For its part, the budget execution rate remained at 70%, a level that is much lower than that of current expenditure. By chapters, the increase in capital expenditure is mainly the result of the increase in real investment (9.7%), to 40.2 million euros, the highest level in the last four years. So, the percentage of real investment in total non-financial expenditure rose nine tenths, to 10.7%, with an execution rate of 51%.

The increase in capital transfers was more moderate, approximately 2%, compared with 19.6% growth in 2013, with an execution rate that rose to 96% and a percentage of central Government’s total non-financial expenditure of 14.7%, three tenths more than in the previous year. This increase in capital transfers relates mainly to grants for renovating housing and buildings for use as housing which was budgeted and settled in 2013 in the current transfers chapter.

GOVERNMENT NON-FINANCIAL EXPENDITURE
Thousand Euros



Graphic 7.5

Source: Ministry of Finance

As for current expenditure, the global decline is the result, to a large extent and for the second consecutive year, of financial expenditure (-10.4%), which in turn can be explained by the fall in interest rates on loans and credit policies, so their percentage of the total non-financial expenditure fell seven tenths, to 5.7%.

In absolute terms, the greatest cut in current expenditure was in current transfers, going from 123 to 199.5 million euros (-2.9%), a trend that contrasts with the 13.2% increase seen in 2013. More than half of this decline can be explained by the reduction in transfers to semi-public bodies (to 44.8 million euros), which includes the Andorran healthcare service and the Social Security (CASS). Consequently, the percentage of current transfers over total non-financial expenditure fell one point to 31.7% but, nevertheless, remains the main budget expenditure chapter.

Another chapter in current expenditure that is falling is consumption of goods and services, although at a very modest rate (-0.3%), compared with the increase (5.1%) recorded in 2013, stabilising its share of total non-financial expenditure at 11.7%.

Finally, the only entry in current expenditure which increased is personnel costs, rising 2.1%, to 96.5 million euros, exceeding the 0.1% advance seen in the last financial year. This trend is mainly the result of an increase in staff in several public services (police, firemen, administration of justice, etc.) and of updating the seniority benefits for 2012 and 2013 with the CPI for the 2012 financial year by 2% for all affected Government staff. As a result, the percentage of this chapter in total non-financial expenditure was 25.6%, half a point more than in 2013, a figure that maintains its place as the second most important expenditure chapter.

Altogether, current expenditure represented 74.6% of the Government's non-financial expenditure, 1.2 points less than the previous financial year, and its execution rate rose to 95%.

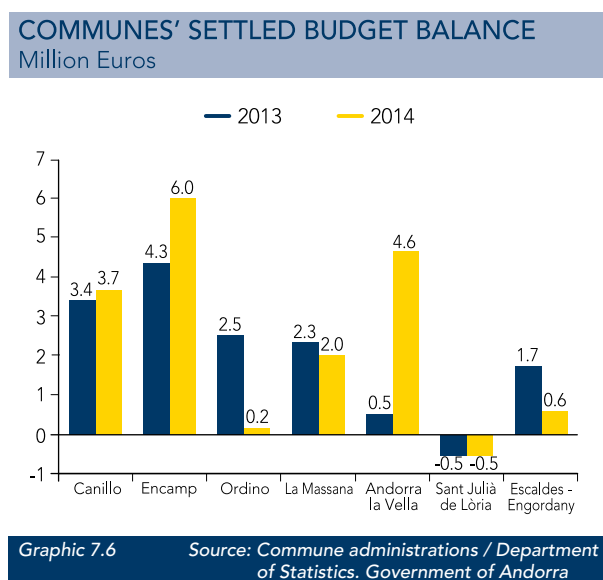
7.2. Communes (local government)

The settlement of the commune administrations' budgets in 2014, including financial assets and liabilities, shows a total volume of revenue of 133.2 million euros, a much higher figure than the 116.6 million euros of settled expenditure. As a result, the overall balance

for the commune administrations was positive for the seventh consecutive year, for a value of 16.6 million euros, 17.2% more than the previous financial year. This is the third consecutive year that the communes' budget surplus has improved, which is explained in 2014 by the combination of growth in revenue and a reduction in total expenditure. If the analysis is limited to non-financial income and expenditure, it can be seen that the total volume was 129.2 and 100.3 million euros, respectively, meaning a non-financial cash surplus of 28.9 million euros, 1.1% of GDP, part of which has been allocated to reducing the debt.

Before entering into more detailed analysis of the entries, it should be remembered that the communes' budgets in 2013 and 2014 were affected by the change in the tax system caused by the entry into force of the IGI, mainly in two ways:

1. Real property transfers carried out by businessmen and professionals within their business or professional activity are subject to this new tax and no longer subject to the property transfer tax (ITP). This affects the actual revenue of each commune in the share payable to each corporation of revenue from ITP. The Commune Association started legal proceedings to challenge each of the received settlements. Faced with this situation, the Government acknowledged that the communes' claim was justified and, to resolve the situation, in 2014 transferred the government's share of revenue from ITP to the communes.
2. In applying the Law on IGI, certain services and revenue concepts generated by the communes become subject to IGI, basically those that are associated with a public price and directly coincide with private business activities.



In this new tax context, more detailed analysis shows that all the communes, except Sant Julià de Lòria, saw a budget surplus. Of these, there are three whose surplus increased (Canillo, Encamp and Andorra la Vella) and another three (Ordino, La Massana and Escaldes-Engordany) where it fell against what they obtained in the previous year. Encamp was the commune with the largest surplus for the second consecutive year (6 million euros). In second place was Andorra la Vella, with a surplus of 4.6 million euros, almost nine times higher than in 2013 (this surplus can mostly be explained by the technical complexity of the planned investments, which had to be prolonged and passed on to the 2015 financial year, such as the water treatment plant in Birena, for human consumption, and the works at the Serradells sports centre). Next come Canillo (3.7 million), which also improves on the positive level obtained last year, and La Massana (2 million) which lowers it. Then there are Escaldes-Engordany and Ordino, with very small surpluses (0.6 and 0.2 million, respectively), the result of a steep fall in both cases. On the other hand, the only commune which closed its accounts with a deficit was Sant Julià de Lòria (-0.5 million), as happened in 2013. Among the reasons explaining this negative result was the granting of 1.76 million euros as a loan to the company Camprabassa, SA, which operates the Naturlandia adventure park. So, in terms of non-financial results, by excluding financial assets and liabilities, the settled budget balance of Sant Julià de Lòria was positive in both 2013 and 2014.

In parallel, the analysis of debt data shows that 2014 ended with an accumulated consolidated commune debt of 172.9 million euros, according to the data published by them and which are still provisional because they are pending review by the Court of Accounts. This figure represents a major cut in relation to 2013 data, already revised by the Court, giving continuity and accelerating the downward trend begun in 2010, which was possible thanks to the budget surplus obtained. Nevertheless, the strong upward revision of 2013 data, motivated mainly by the commune of La Massana, suggests that this reduction cannot be assumed until the Court also publishes the revised data for 2014. In any case, one can state that from the provisional data that, for the second consecutive year, all communes are clearly below the debt limit set by the Law (200% of average settled revenue in the last three financial years), unlike in previous years, when several communes passed this threshold, especially the commune of La Massana. In

fact, the commune of La Massana could suffer another major revision, due to the difference in interpretation between the corporation and the Court of Accounts, which is still pending resolution.

With the available data, the communes represent 16.2% of total public debt (the sum of central government and commune debt), 3.9 points less than in 2013 and half that of six years ago. This share lies below its percentage of non-financial public expenditure by the administrations (21%) and represents 6.8% of Andorran GDP. Altogether this means that in relative terms they are less indebted than the Government, a situation that reversed in relation to before 2013, thanks to the fiscal consolidation efforts.

The distribution by parishes shows that in 2014 most communes reduced their debt, in harmony with the budget surplus obtained. The most indebted commune is still Andorra la Vella (26.7% of total commune debt) in keeping with its higher economic weight, while the lowest level of public debt is found in Canillo (6.3% of the total), being one of the ones to lower it most in 2013 and 2014. Finally, it is notable that the commune that saw the relatively largest reduction in debt was La Massana (-56.8%). Now, it has to be said that this cut can be explained because in 2013 the company EMAP, SAU, which operates the Pal-Arinsal snow complex, agreed to issue preference shares for a value of 19 million euros, with the objective of strengthening the company's net assets, instead of issuing long-term debt. However, the Court of Accounts considered that this transaction is also debt so it was included in the revised data in 2013, but the commune of La Massana does not agree and removed them again from the 2014 data, so obtaining such an important reduction. This enabled La Massana, at least provisionally, to comply with the debt limit set by Law, contrasting with the excess debt it saw in previous years, but we still need to see if the Court of Accounts will finally accept it.

7.2.1. Revenue

For the second consecutive year, the communes increased total settled revenue, at a rate of 1.2% in 2014, to reach a figure of 133.2 million euros, the highest level in the last four years. This exceeded the budgeted figure (106%) and increased its percentage of total Andorran public sector revenue (i.e. the central government plus the communes) to 18.8%, a trend that breaks with seven years of falls which had left it

in 2013 at the lowest rate in the available historical series since 1991. It should be said, however, that the low was highly distorted by the volume of financial liabilities of the central government, the result of its debt requirements, which from 2009 much increased its revenue, artificially reducing the communes' share of the total. In fact, if we only consider non-financial revenue, the communes' percentage rises to 25.8%, 1.1 points more than in 2013 and also a higher percentage than it represents in total non-financial expenditure (21%).

The trend by chapters shows that the increase in revenue can be explained by two factors. Firstly, by the rise in current revenue (1.1%) and, in particular, of revenue from indirect tax, which easily tripled in relation to 2013, after three years of strong reductions, a situation that can be explained to a large extent by the assignment of the state share of ITP tax to the communes which was agreed by the Government to offset the loss of revenue from property transfers caused by the introduction of IGI. In contrast, direct tax fell 13.3%. Finally, other current revenue showed a quite stable trend. So, other taxes and revenue remain the most important current account entry for the communes, with 24.7% of the total. In contrast, capital income fell 0.7%, due to the cut in capital transfers (-0.8%), the most important chapter in revenue with 31.9%. Revenue from real investment transfers increased 8.6% but as its percentage is small, its contribution to the total is not very significant. To end, revenue from financial transactions grew 33.5%, thanks to an increase in financial liabilities, which went from 3 to 4 million euros.

By parish, it can be seen that only Ordino and Canillo saw a drop in revenue (-20.3% and -8.3%, respectively). Now, if we only take non-financial revenue into account, then the trend was also negative in the case of Encamp (-3.6%, compared with the 3.3% increase in total revenue), as the 4 million euros calculated as revenue from financial liabilities in 2014 are deducted. At the other extreme, the commune that most increased total revenue is Andorra la Vella (8.3%), being the only one to reduce it in 2013, a trend that can basically be explained by strong growth in revenue from indirect taxes. The increases seen in the other communes were 4.8% in Sant Julià de Lòria, 4.7% in Escaldes-Engordany and 3.7% in La Massana, in all cases more moderate than in 2013. In this context, Andorra la Vella strengthens its position in the commune ranks by volume of revenue, with 35.4

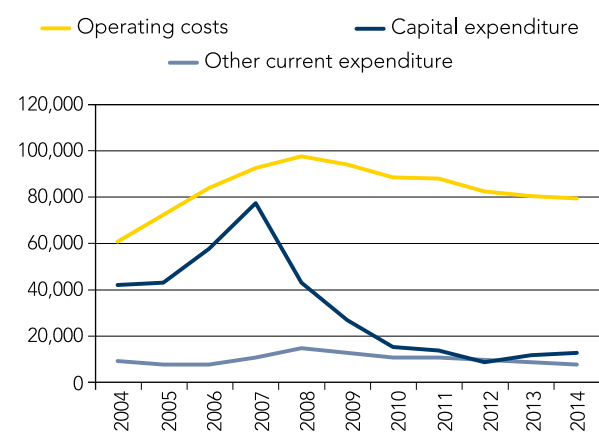
million (26.6% of the total), while the commune with least revenue became Ordino, with 8.5% of the total, equal to 11.3 million euros.

7.2.2. Expenditure

In 2014, the settled expenditure of the communes added up to 116.6 million euros, 0.7% less than in the previous year, a trend that contrasts with the 3.2% increase seen in 2013 and resumes the downward trend that marked the period 2008-2012. Equally, non-financial expenditure fell at the same rate of 0.7%, compared with the stagnation seen in 2013, while financial transactions fell 0.9%, due to lower debt amortisation. This decline put the execution percentage of total expenditure in relation to the budget at 93.1%. Despite the reduction, the percentage of communes in total Andorran public sector expenditure (i.e. central government plus the communes) increased 7.3 points, to 17.6%, a percentage that remains below its share of revenue. It should be added that if we only take non-financial expenditure into account, the percentage of commune expenditure over total administrative expenditure rises to 21%, which is also lower than non-financial revenue.

By chapters, the reduction in commune expenditure can be explained by a moderate cut in current expenditure (-2%), contrasting with the 9.6% increase in capital expenditure. In more detail, current expenditure fell, for the sixth consecutive year, although at a lower rate than in 2013 (-3.3%). Within this section, all chapters contract, with a notable contribution from financial expenditure (-18%), favoured by the reduction in the volume of debt and interest rates, which also benefited >

COMMUNES' NON-FINANCIAL EXPENDITURE Thousand Euros



Graphic 7.7

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

BUDGET SETTLEMENTS FOR THE COMMUNE ADMINISTRATIONS - Thousand Euros

	Income			Expenditure		
	2014	Var. 14/13	% 2014	2014	Var. 14/13	% 2014
Canillo	12,255.81	-8.3	9.2	8,544.51	-14.5	7.3
Encamp	28,063.12	3.3	21.1	22,068.49	-3.5	18.9
Ordino	11,336.53	-20.3	8.5	11,114.18	-4.9	9.5
La Massana	12,888.58	3.7	9.7	10,909.87	7.7	9.4
Andorra la Vella	35,401.65	8.3	26.6	30,826.16	-4.1	26.4
Sant Julià de Lòria	12,229.10	4.8	9.2	12,684.99	3.9	10.9
Escaldes-Engordany	21,028.71	4.7	15.8	20,431.51	11.2	17.5
Total	133,203.50	1.2	100.0	116,579.71	-0.7	100.0

Chart 7.2

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

the central government. The reduction in current transfers was more moderate (-4.9%) and personnel costs – which are the most important chapter with a 41.5% percentage of total expenditure – were cut for the fourth consecutive year, specifically 1.9%, a trend that manifests the fiscal containment effort being made by the communes. Consumption of goods and services also saw a fall, though more modest, of 0.4%, so shrinking in five of the last six years.

In the field of capital expenditure, it can be seen that the communes continued the rising trend started in 2013, with a global increase of 9.6% which, nevertheless, was more moderate than the 34.7% seen in the previous year, so the investment effort rose to 12.9 million euros, the highest figure in the last three years. This trend contrasts with the major austerity policy which marked the period 2008-2012, when the accumulated fall was 89%, demonstrating that investment absorbed a very important part of the budget adjustment policies in recent years, a trend that began to reverse in 2013, with the slow improvement in the economic situation and collection of revenue. Growth in capital expenditure was noted both in real investment (9.4%) and capital transfers (10.8%).

Finally, the trend in expenditure by parish was not uniform. On the one hand, there are three communes that increased expenditure: Escaldes-Engordany (11.2%), La Massana (7.7%) and Sant Julià de Lòria (3.9%), helping to explain why they were the communes with the lowest settled budget balance, together with Ordino. On the other hand are notably the spending cut in Canillo (-14.5%), which leads the ranks in cuts for the second consecutive year, allowing it to increase the budget surplus. It is followed by Ordino, with a decrease

of 4.9%, contrasting with the strong increase in 2013 (34.2%), but smaller than the fall in revenue, accounting for why its surplus fell significantly. The analysis is completed by Andorra la Vella and Encamp, with gentler declines, of 4.1% and 3.5%, respectively, which enabled them to be the communes with the largest surplus in 2014. So, Andorra la Vella is still in first place in the commune ranks by volume of spending, with a percentage of 26.4%, while Canillo is the commune with the lowest expenditure (7.3% of the total).

7.3. Social Security (CASS)

In 2014, the budget settlement of the Andorran Social Security (CASS), including financial assets and liabilities, resulted in a total volume of revenue of 245.8 million euros, a slightly higher figure than the 243.5 million euros of settled expenditure. As a result, the budget balance of the CASS was 2.4 million euros, 15.9% less than in 2013. Now, if we consider non-financial revenue and expenditure, the CASS obtained a non-financial cash surplus of 29.6 million euros, representing 1.2% of GDP, meaning a 17.2% reduction compared with the previous financial year, deriving from lower growth in revenue than in expenditure. This surplus implies a saving in resources that has been invested in financial assets, following the line of previous years, so strengthening available reserves to face future spending commitments.

7.3.1. Revenue

Non-financial revenue settled by the CASS in 2014 reached the figure of 242 million euros, 1,2% more

than the previous year, representing a moderation of the growth rate in relation to 2013 (3.8%), and an execution rate of 101%.

By chapters, the most important source of revenue of the CASS are social contributions, which add up to 204 million euros and represent 84.4% of total revenue. In 2014, contributions saw an increase of 2.1%, after several consecutive years of falls, a trend that is directly related to the increase in employment seen in 2014 and indicates a change in trend towards an improvement in the Andorran economic situation and labour market.

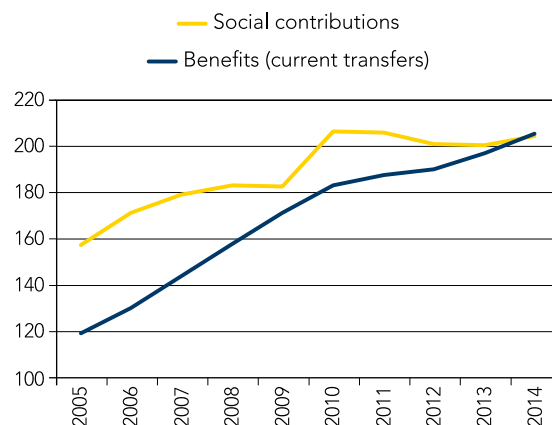
The second most important chapter in revenue for the CASS is current transfers from the central government, reaching 33.5 million euros, 13.8% of the total, having fallen 3.3% in 2014. Non-financial revenue of the CASS is completed by a small contribution from investment income, which grew 4.5% in 2014, and other taxes and revenue, which shrank 11.2%, to represent 1% and 0.7%, respectively. Finally, it should be added that revenue from financial transactions increased 55.7%, to 3.8 million euros in 2014.

7.3.2. Expenditure

The non-financial expenditure settled by the CASS in 2014 reached a sum of 212.4 million euros, a figure that represents an increase of 4.5%, higher than that of 2013 (3.3%), and a budget execution rate of 100%. In contrast, expenditure for financial transactions fell 12.3%, to 31 million euros, the lowest amount in the last five years.

The distribution by chapters shows that expenditure is concentrated, as is logical, in current transfers, where benefits are accounted for, with a volume of 205.3

TREND IN CASS SOCIAL CONTRIBUTIONS AND BENEFITS - Million Euros

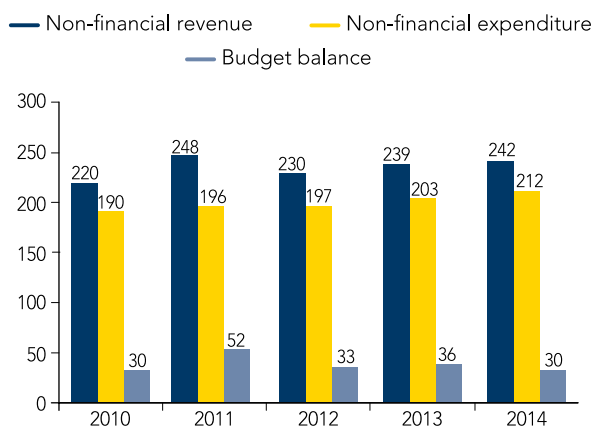


Graphic 7.9 Source: CASS / Department of Statistics. Government of Andorra

million euros, 4.4% more than in the previous year, and a percentage of the total of 96.7%. It should be noted, however, that within this entry are included the non-contributory benefits financed by the Government by current transfer, for a total of 5.9 million euros. Altogether, expenditure on benefits slightly exceeded the revenue collected from contributions (204 million) for the first time in the history of the institution, a situation that if not corrected in the future, presents a risk to pension sustainability in the long term. So, the surplus obtained by the CASS in 2014 is not the result of a positive balance between contributions and benefits but can be explained by the entry for current transfers received from the central government.

The other expenditure is divided between personnel costs (2.2% of the total) and consumption of goods and services (1%), which increased 1.7% and 3.5%, respectively. Investment costs are token, as is financial expenditure, as the CASS does not have debts.

CASS BUDGET SETTLEMENT - Million Euros



Graphic 7.8 Source: CASS / Department of Statistics. Government of Andorra

THE ANDORRAN ECONOMY: DEVELOPMENTS IN THE MAIN SECTORS

8. THE PRIMARY SECTOR

As for every year, there were not many changes of trend in the Andorran primary sector. Overall, figures for the sector remain much the same in recent years, despite the efforts made by farmers and livestock farmers to introduce improvements, diversify production and open up new opportunities. This is the case for winegrowers, horse-breeders, beef producers, potato farmers and even the produce from market gardens.

In 2014, there was a downturn in some of the figures for the whole of the sector. The number of employees went from 166 in 2013 to 155 in 2014, meaning a drop of 6.8%. Monthly average wages fell 1.7%, compared with an increase of 6.8% in 2013. The number of farms was 314, 2.5% less than in the previous year, but the total surface area remained practically stable, as it increased just 0.3%. By type of farm, those dedicated to aromatic and medicinal plants, potatoes, forage and fallow decreased significantly.

The number of livestock increased perceptibly, by 9.8%, the result of a large increase in breeding and farming sheep and goats, which grew 24% compared with the previous year. In contrast, the number of cattle fell 1.9% and horses -5.8%. The total number of slaughtered animals was 1,784 heads, a figure that represents a drop of 10.1%; the most significant fall occurred in lambs and kids.

The process begun in October 2013, to market Andorran veal 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 PGI) continued in 2014 and the trend appears positive.

The project to breed and fatten foals which was started in 2012 with the purpose of promoting Andorran horse production is progressing positively. In 2014, this activity developed through the farmers' strong commitment, guaranteeing a meat supply throughout the year. The marketing of these animals is carried out in the Principality of Andorra to supply the national market, although it is also exported to a large extent

TOBACCO HARVEST BY PARISHES		
Kilogrammes		
	2014	Var. 14/13 (%)
Canillo	15,839.2	0.8
Encamp	26,754.3	-0.2
Ordino	34,273.4	0.5
La Massana	45,452.9	0.7
Andorra la Vella	30,040.4	23.0
Sant Julià de Lòria	75,402.4	-2.2
Escaldes-Engordany	10,321.3	-5.3
Total	238,083.9	1.7

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

to countries with a tradition of eating this meat, such as Italy.

The tobacco harvest was very similar to 2013, as it only grew 1.7%. This modest increase can be explained, to a great extent, by the bad harvest in Sant Julià de Lòria, due to the heavy hail which affected the crops in this parish in particular and, to a lesser extent in Encamp and Escaldes-Engordany. Overall, the harvest, once adjusted to the quotas assigned to the harvesters, was 238,083.9 kg.

The efforts to increase the harvest and improve potato production continued, but do not appear to give the desired results. Despite the difficulties of the producers' cooperative, Sabors I Aromes, to improve the production and marketing of this product, the entity is still working hard to find alternatives and guarantee viability.

9. INDUSTRY

For the first year since the start of the crisis, national industry has begun to show signs of improvement, especially in the second half of the year and, moreover, the prospects for the next few months are a little more favourable.

The number of businesses increased, specifically from 190 in 2013 to 200 in 2014, a figure that represents an increase of 5.6%. In contrast, the total number of employees fell 1.5%, due to the staff adjustments made by businesses who are still going through hard times. Finally, the average wage for the sector increased a modest 0.7%.

The results of the Chamber's situation surveys reflect a perceptible change in businesses' opinion of the situation, especially in the second half of the year.

So, the results of the survey in the industrial sector indicate that the pace of activity was still weak in the first half of 2014, although in general, clear signs of improvement can be seen. So, the rate of decline in the majority of indicators of sectoral activity and confidence slowed significantly and gave signs of more stable behaviour, after six years of steep falls. This demonstrates that the sector has maintained the tone of gradual improvement seen at the end of last year and is heading slowly towards recovery, to a large extent thanks to the improvement in the international context. The opinions of businesses on business activity show less pessimism since mid-2007, with only 21% of businesses evaluating the situation in negative terms, a much lower percentage than seen one year ago (51%) and which, for the first time since the start of the crisis, is very close to the proportion of businesses that indicated a favourable trend in activity (20% of the total).

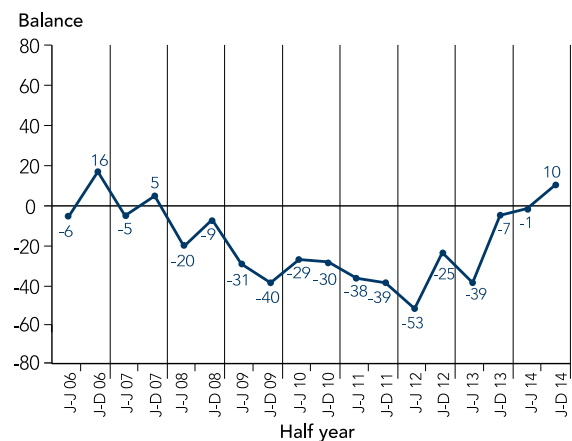
Equally, the rate of decline in production slowed in relation to the two preceding half years and indicates a trend towards much more moderate levels of adjustment. This smaller fall in levels of production is partly the result of a less accentuated weakening in domestic demand, but also a less negative dynamic in businesses' export rate (foreign sales fell 1.9% interannual in the first six months of 2014, compared with the 10.3% fall one year before). In parallel, production capacity utilisation reached 64.7% of the total, the highest level for this period in the last six years and 2 points higher than the 2013 average. Despite these more favourable signs in some indicators, such

positive signs are not seen in the behaviour of the order book, which remains at rather unsatisfactory levels in most businesses, significantly limiting any increase in short-term activity. On the other hand, stocks of finished products were considered to be mostly normal for the time of the year and the trend in sales prices in the sector continued in a downward direction for the twelfth consecutive half year. Finally, in the field of the labour market, the employment of staff by businesses continued to slow, in keeping with the current scenario of staff adjustment.

The results of the Chamber's situation survey for the second half indicate that the industrial sector showed a profile of moderate recovery throughout the second half of 2014, although activity is still at very modest levels. So, most sectoral indicators of activity and confidence followed the line of improvement seen since mid-2013 and, on the whole, confirmed the change towards a general tone of more stability. According to the businesses' opinion, business activity improved a little in the final part of 2014, to the point of showing a slightly positive balance for the first time in the last six and a half years. Specifically, 27% of businesses evaluated the business situation as good, while only 17% of industries judged it negatively (the lowest percentage since 2006).

In parallel, for the first time in many half years, production broke with the falling trend of previous years and saw a slight increase, both in relation to the previous half year and the same period of 2013. >

BUSINESS ACTIVITY - Industrial sector



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

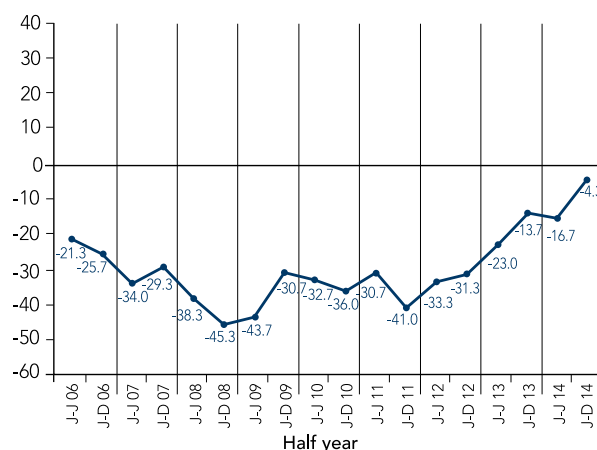
Graphic 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

This more favourable trend in production levels did not lead, however, to a substantial improvement in the production capacity utilisation level, which remained stable at 65%, a value that, even at 5 points above the average of the last five years, is very far from the levels before the crisis. The stocks of finished products were considered a little high for the time of the year and orders recovered a little; however, they still remain at lower than normal levels. On the other hand, the number of employees showed a quite stable trend in most businesses and the downward trend in sales prices that began in the second half of 2008 softened.

Businesses' expectations for the first half of 2015 indicate that the industrial sector, although maintaining a still rather weak overall tone, will gradually consolidate an improvement in the rate of activity, with the contribution, moreover, from a moderate recovery in the international environment. So, businesses trust in a gentle improvement in business activity and a slight increase in the order book and levels of production. The average level of production capacity utilisation

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

will reach close to current levels, and the behaviour of sales prices and employment of staff in the sector will remain practically stable.

BUSINESSES' OPINIONS ABOUT TRENDS IN INDUSTRY - % of businesses

		2012			2013			2014		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	5	12	8.5	12	22	17	20	27	23.5
	Normal	37	52	44.5	37	49	43	59	56	57.5
	Bad	58	37	47.5	51	29	40	21	17	19
	Balance	-53	-25	-39	-39	-7	-23	-1	10	4.5
2. Orders (reviewed half year)	High	2	7	4.5	7	9	8	3	15	9
	Normal	27	27	27	36	39	37.5	43	45	44
	Low	71	67	69	57	52	54.5	53	40	46.5
	Balance	-69	-60	-64.5	-50	-43	-46.5	-50	-25	-37.5
3. Stocks of finished products (reviewed half year)	Excessive	7	10	8.5	8	6	7	5	10	7.5
	Adequate	48	52	50	48	49	48.5	57	34	45.5
	Insufficient	2	2	2	3	6	4.5	3	3	3
	No stocks	43	36	39.5	42	39	40.5	35	53	44
	Balance	5	8	6.5	5	0	2.5	2	7	4.5
4. Average production capacity utilisation (as %) (reviewed half year)		54.2	61.1	57.7	57.8	67.7	62.7	64.7	65.0	64.8
5. Production (compared with same half year of previous year)	Higher	2	21	11.5	13	21	17	25	45	35
	Similar	35	28	31.5	39	31	35	46	28	37
	Lower	63	52	57.5	48	48	48	29	28	28.5
	Balance	-61	-31	-46	-35	-27	-31	-4	17	6.5
6. Sales prices (compared with previous half year)	Higher	2	8	5	2	2	2	5	6	5.5
	Equal	64	58	61	68	81	74.5	65	79	72
	Lower	34	33	33.5	30	17	23.5	30	15	22.5
	Balance	-32	-25	-28.5	-28	-15	-21.5	-25	-9	-17
7. Number of employees (compared with previous half year)	More	16	15	15.5	9	9	9	10	16	13
	Equal	66	66	66	70	80	75	82	81	81.5
	Less	18	19	18.5	21	11	16	8	3	5.5
	Balance	-2	-4	-3	-12	-2	-7	2	13	7.5

Chart 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

The industrial climate index, which measures the feelings of confidence in the sector, also reflects the lower pessimism in businesses and endorses this scenario of slow and gradual recovery in activity over the next few months. Specifically, this indicator, although remaining negative, improves more than 12 points compared with the previous half year and stands at -4.3 points, the most favourable value in the last ten years.

As for the obstacles that limit business activity, weakness in demand is still the factor most cited by businesses, with a frequency of 75%. Equally, rising competition – mentioned by 48% of those surveyed – gained relevance and has become the second most important factor, followed at a distance by the increase in operating costs and financing or treasury problems, both obstacles indicated by 29% of the total businesses consulted.

The tobacco industry did not see any significant changes. This year, the number of establishments increased by one unit, after many years with seven establishments, in 2014 there were eight. In contrast, the number of employees fell, as this branch went from

283 employees in 2013 to 273 in 2014, which means a reduction of 3.6%, the greatest loss of workers since 2007. Tobacco imports were 30,373.8 thousand euros, a figure that means a 7.6% fall in relation to the previous year.

As for electricity, national production in 2014 increased perceptibly, by 10.6%, compared with 2013, which was already an extraordinary year due to the good weather conditions. Thermal energy from urban waste increased 3.8% and hydroelectric by 11.4%. On the other hand, domestic consumption fell slightly, to -2.2%. Electricity imports, through the combination of increased production and reduced consumption, fell 6%. Consumption shrank in all sectors except the ski resorts, in which it grew strongly, specifically by 8.4%.

Fuel consumption also fell again. This meant that imports fell 3.1% and it should be remembered that fuels have had a negative trend for nine years now. By type, only diesel imports increased (0.9%), while unleaded petrol and domestic heating oil imports fell 1.4% and 10.4%, respectively. Altogether, energy consumption measured in TOE fell 2.9% in relation to consumption in 2013.

10. CONSTRUCTION AND RELATED INDUSTRIES

The construction sector and related industries has been, without doubt, the sector that suffered most in these years of crisis. After seven years of continuous decline in the sector, the rate of decline in construction in 2014 was not as strong and we can even see the first signs of stabilisation, with activity not falling strongly but remaining low. It should be remembered that during these years of crisis, employment fell more than half of what it was in 2006, imports of construction materials were reduced to almost one third of those before the crisis, and the drop in electricity consumption in this sector was even stronger.

In 2014, the figures for the construction sector are not as bad; the surface area authorised for building still fell steeply (-62%) but, in contrast, the number of employees only fell 3.3% and imports of building materials broke the negative note of previous years with an increase of 2.5%.

The public sector favoured a slight recovery in works; both the Government and the communes made

higher real investments than in 2013. In 2014, the Government's investments in real terms rose to 40.2 million euros, a figure that represents an increase of 9.7% compared with the investment made in 2013. Real investment by the communes also grew again, this year by 9.4%, and reached the figure of 10.4 million euros. By communes, the most important investment was in Andorra la Vella, with 2.4 million euros; in Escaldes-Engordany, also with 2.4 million euros, and in Ordino, with 1.8 million euros.

The results of the Chamber's surveys reflect that the situation was not as bad as in previous years. So, the results of the situation survey for the first half of 2014 confirm that the rate of decline in construction slowed, after seven uninterrupted years of strong contraction. So, even though the sectoral situation is still negative as such, activity has stopped deteriorating substantially and entered a phase of clearly slower decline. Businessmen's view of the trend in business was the least pessimistic of the last seven years and shows that confidence in the sector has begun to recover a little. >

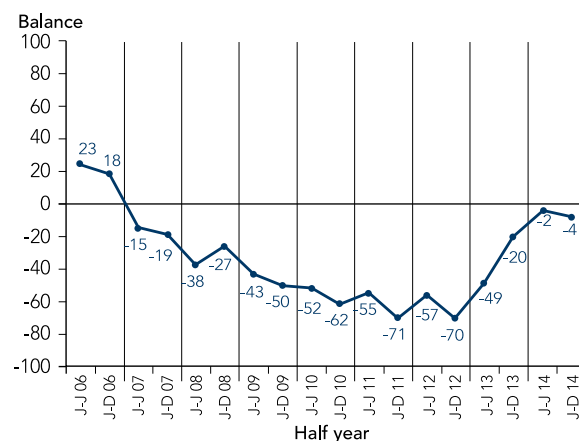
Specifically, the balance of replies relating to business activity reached close to equilibrium, with almost the same numbers of optimistic and pessimistic replies, in clear contrast with previous periods, in which negative evaluations were much more predominant.

Equally, the steep decline in the volume of executed works in previous half years slowed and showed the first signs of stability. In parallel, contracted work showed a less unfavourable profile than in previous half years but, nevertheless, remained at still quite low levels so, for the time being this does not provide a solid basis for a future scenario of sustained recovery in the short term. By type of construction, the falling numbers of contracts in the sub-sector of building - residential and non-residential - continued to show clear signs of moderation, thanks to more dynamic behaviour in activities linked to the reforms, which was key to softening the fall in demand in these segments of works. As for the branch of civil works, a slight correction in the fall can be appreciated, but overall it still does not show clear signs of revitalising. Finally, businesses indicated a slower fall in sales prices and a less unfavourable trend in the labour market.

The results of the situation survey for the second half of 2014 confirm that the construction sector, while still maintaining a negative trend, begins to show convincing signs of stabilisation, after fourteen uninterrupted half years of intense downturns.

However, we must insist that this slight correction in levels of activity towards slightly more normal levels is not the result of a genuine recovery in the sector

BUSINESS ACTIVITY - Construction sector



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

Graphic 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

but rather a one-off upturn in activity attributable, to a large extent, to the effects of the stimulus policies pushed by the Government with the purpose of dynamising this branch of activity. So, according to businesses' opinions, the trend in business activity still lies at an unsatisfactory level. Nevertheless, as in the previous half year, it showed the least negative balance for this period of the last seven years.

Equally, the volume of executed works confirmed the tone of recovery shown in the two previous half years and tended to stabilise, although at very low levels of activity. In parallel, the steep decline in contracted works in previous half years slowed and indicates a more gradual adjustment in the rate of activity

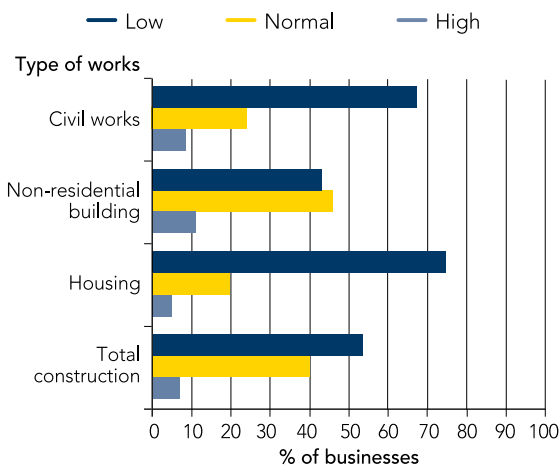
BUSINESSES' OPINIONS ABOUT TRENDS IN THE CONSTRUCTION SECTOR - % of businesses

		2012			2013			2014		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	7	4	5.5	7	13	10	20	19	19.5
	Normal	29	22	25.5	38	53	45.5	59	58	58.5
	Bad	64	74	69	56	33	44.5	22	23	22.5
	Balance	-57	-70	-63.5	-49	-20	-34.5	-2	-4	-3
2. Volume of works carried out (compared with same half year of previous year)	Higher	7	7	7	5	24	14.5	28	42	35
	Equal	20	18	19	37	22	29.5	41	26	33.5
	Lower	73	76	74.5	58	54	56	31	33	32
	Balance	-66	-69	-67.5	-53	-30	-41.5	-3	9	3
3. Contract unit prices (compared with previous half year)	Higher	0	0	0	0	2	1	5	0	2.5
	Equal	38	33	35.5	47	64	55.5	68	58	63
	Lower	62	67	64.5	53	34	43.5	27	42	34.5
	Balance	-62	-67	-64.5	-53	-32	-42.5	-22	-42	-32
4. Number of employees (compared with previous half year)	More	7	4	5.5	7	16	11.5	24	9	16.5
	Equal	47	50	48.5	58	71	64.5	59	72	65.5
	Less	47	46	46.5	36	13	24.5	17	19	18
	Balance	-40	-42	-41	-29	3	-13	7	-10	-1.5

Chart 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

CONTRACTED WORKS - Construction sector July-December 2014 half year



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

throughout the next few months. By types of works, the recovery in building activities in this second half year was based above all on non-residential building and on the refurbishment and maintenance of buildings, which took impetus from a new edition of the Renova programme, designed to improve the national supply of housing, energy efficiency in buildings and the use of renewable energy. On the other hand, civil works also showed slight signs of reactivation in the last six months of the year and in this way contributed, in part, to sustaining activity, thanks to a certain relaxation in the budget restrictions suffered by public investment in the last financial years. Finally, contract unit prices

maintained a clearly downward progress and the number of employees in the sector presented, in general, a tone of stability.

The decline in the construction sector will continue to slow throughout the first half of 2015 and, altogether, will continue to show a tendency to stabilise activity. So, on general terms, businesses' forecasts for the future trend in the sector are not as negative as in previous half years and indicate a slight improvement in business activity and a more stable trend in the volume of executed work. Moreover, according to the businesses' opinions, the decline in the volume of contracts will pursue a more moderate profile, above all in the sub-sector of building, in which construction linked to the reform and refurbishment will gather momentum. On the other hand, as for civil works, it is expected that a quite low rate of activity will persist, despite the increase in public investment plans planned for 2015. Finally, it is anticipated that sales prices will continue to fall, with a smaller downturn in employment in the sector.

As for the factors limiting the improvement in business, weak demand (cited by 88% of businesses) remains the main obstacle impeding activity, with a much higher incidence than increased competition (42%), the second most important factor. Among the other obstacles, the difficulties of financing or treasury and increased operating costs (indicated by 35% of those surveyed) were the other two most notable factors for businesses.

WORKS BY THE MINISTRY OF LAND PLANNING.

Works awarded in 2014 or previous years and completed in 2014

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2015)
Isolated functional road network improvements	CG3 roundabout exit Escaldes-Engordany of PK 2+200. Proj. 0047/2008	CEVALLS	June-09	20 months	4,879,172.52 €	Completed
Roundabout Av. Dr. Vilanova - av. Tarragona	Roundabout CG1 - Dr. Vilanova. Proj. 0029/2009	COPSA	Aug-12	17 months	2,458,195.77 €	Completed
Construction (sewers)	Connection from Mereig sewer to main sewer of the north-eastern system. Proj. 0036/2012	CONSTRUCCIONS LOAN	Jan-13	6 weeks	38,066.01 €	Completed
Ordino school	Germans de Riba school in Ordino. Proj. 0011/2012	COPSA	Jan-13	17 months	3,461,528.16 €	Completed
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 €	Completed
National stadium	Construction works on national stadium. Proj. 0015/2011	LOCUBSA	Apr-13	15 months	4,535,742.00 €	Completed
New Canillo school	Dismantling to extend Canillo school. Proj. 0023/2013	TP UNITAS ARMENGOL & MONTANÉ SAU	Jul-13	12 weeks	782,191.26 €	Completed
Ràdio Andorra	Ràdio Andorra building works; phase III. Proj. 0008/2013	COANSA	Jul-13	16 weeks	179,375.53 €	Completed
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 €	Completed
Avalanche & risk protection	Supplement avalanche protection network at La Gavatxa. Proj. 0043/2013	LOCUBSA	Sept-13	2 months	141,393.14 €	Completed

Chart 10.2

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2015)
Avalanche & risk protection	Dynamic barriers on CG2, area Sant Joan de Caselles. Proj. 0016/2013	INACCÉS	Sept-13	4 months	373,993.88 €	Completed
Stabilising banks	Road Banks conditioning works - 2013. Proj. 0003/2013	INACCÉS	Sept-13	6 months	462,536.18 €	Completed
Avalanche & risk protection	Dynamic barriers on CG1, area of Aixovall crossroads. Proj. 0033/2013	DRAGASA	Nov-13	3 months	245,504.35 €	Completed
Avalanche & risk protection	Dynamic barriers on CG2, area of eastern exit Canillo. Proj. 0034/2013	TREPOSA	Nov-13	3.5 months	260,665.43 €	Completed
Construction (treatment plants)	COEX Base treatment plant Andorra. Proj. 0056/2013	DRAGASA	Dec-13	8 weeks	25,548.35 €	Completed
CG2; La Tosca bridge roundabout - Copríncep 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 €	Completed
Repairs, masonry, roads.	CG2; Repair Cascada de Moles bridge. Proj. 0062/2013	LOCUBSA	Jan-14	4 weeks	78,335.86 €	Completed
Repairs, masonry, roads	Repair CG4 Prat del Bosc bridge. Proj. 0064/2013	PROGEC	Jan-14	4 weeks	17,925.93 €	Completed
Public buildings	Refurbish outbuildings of the Department of Labour at Edifici Les Boigues. Proj. 0052/2013	PROGEC	Jan-14	12 weeks	311,354.53 €	Completed
Avalanche & 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 €	Completed
Avalanche & risk protection	Install dynamic barriers on CG2, in area of Vall del Riu, Canillo. Proj. 0035/2013	INACCÉS	Jan-14	5 months	369,671.54 €	Completed
Avalanche & 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 €	Completed
Resurfacing of CG, CS and streets	Resurfacing of CG, CS and streets. Proj. 0032/2013	PAVAND	Apr-14	10 months	4,449,783.37 €	Completed
Isolated functional road network improvements	Improvements to old Customs at Pas de la Casa; phase II. Proj. 0001/2013	CEVALLS	May-14	6 months	1,061,876.14 €	Completed
Public buildings	Electrical reform at frontier point on River Runer. Proj. 0031/2014	ELECTROMUNTATGES SANSA	June-14	3 weeks	19,086.67 €	Completed
CG1; Margineda bridge – frontier & access roads	Drainage on CG1, in area of Aixovall. Proj. 0065/2013	PIDASA	June-14	6 weeks	67,870.74 €	Completed
Isolated functional road network improvements	Pavement at Ave. Pont de la Tosca. Proj. 0054/2013	TP UNITAS ARMENGOL & MONTANÉ SAU	June-14	6 weeks	46,393.09 €	Completed
Avalanche & risk protection	Artificial tunnel of Arinsal dyke. Proj. 0002/2013	TP UNITAS ARMENGOL & MONTANÉ SAU	June-14	12 weeks	315,685.13 €	Completed
Public buildings	Remove modules –Pavillion, Poliesportiu d'Andorra. Proj. 0029/2014	LOCUBSA	Jul-14	3 weeks	60,022.08 €	Completed
Schools	Repair playground of La Massana French school. Proj. 0022/2014	CONSTRUCCIONS CARRACEDO	Jul-14	4 weeks	36,077.84 €	Completed
Schools	Repair playground of Pas de la Casa school. Proj. 0027/2014	LOCUBSA	Jul-14	6 weeks	132,246.47 €	Completed
Schools	Reform toilets at Spanish school in Ciutat de Valls. Proj. 0025/2014	CONSTRUCCIONS CARRACEDO	Jul-14	6 weeks	76,403.16 €	Completed
Schools	Change windows and insulation of facade of Spanish and French schools in Encamp. Proj. 0024/2014	LOCUBSA	Jul-14	8 weeks	528,073.72 €	Completed
Repairs, masonry, roads	Repair Lloser d'Encamp viaduct. Proj. 0059/2013	COPSA	Jul-14	10 weeks	239,012.98 €	Completed
Road signposting	Install crash barrier on CG and CS - 2014	PROGEC	Jul-14	6 months	45,941.46 €	Completed
Public buildings	Reform Poliesportiu d'Andorra. Proj. 0045/2014	EMPUB	Aug-14	7 weeks	942,016.08 €	Completed
Repairs, masonry, roads	Various maintenance of Montaup road; phase I. Proj. 0023/2014	TP UNITAS ARMENGOL & MONTANÉ SAU	Sept-14	7 weeks	90,951.72 €	Completed
Public buildings	Prison extension. Proj. 0011/2014	CONSTRUCCIONS MODERNES	Sept-14	8 weeks	84,780.51 €	Completed
"Camins rals" (ancient highways)	Stabilise bank of camí ral – area of Sant Antoni de la Grella. Proj. 0017/2014	LOCUBSA	Sept-14	8 weeks	66,797.11 €	Completed
Isolated functional road network improvements	Restore exterior of false tunnel at Sant Antoni de la Grella. Proj. 0018/2013	LOCUBSA	Sept-14	3 months	205,734.36 €	Completed

Chart 10.2

Source: Department of Land Planning. Government of Andorra

WORKS BY THE MINISTRY OF LAND PLANNING.

Works awarded in 2014 or preceding years, completed or in progress in 2015

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2015)
Mountain hut	Equipping Borda de Sorteny mountain hut	MANCOMUNITAT DEL COMÚ i DELS QUARTS - ORDINO	Apr-12	5 months	478,922.95 €	In progress
Construction (sewers) / Stream and river protection	Sewer – area of Escaldes-Engordany. Proj. 0056/2008	TP UNITAS ARMENGOL & MONTANÉ SAU	Sept-12	12 months	909,173.23 €	In progress
Construcció (collectors)	North-east sewer, Bordes Envalira - Soldeu; phase I. Proj. 0053/2007	CEACSA	Oct-12	11 months	805,186.06 €	In progress
CG1; c/Unió - Santa Coloma roundabout	Left-hand side CG1; PK 0+600. Proj. 0003/2012	TP UNITAS ARMENGOL & MONTANÉ SAU	Jan-13	5 months	671,499.57 €	In progress
Ordino sports area	Ordino High Performance Centre, athletics building; phase IV. Proj. 0031/2012	DRAGASA	Jul-13	15 months	2,214,427.04 €	Completed
CG2; Ransol - Soldeu	CG2; section El Tarter - Roc de Sant Miquel. Proj. 0045/2012	TP LA COMA	Aug-13	15 months	1,822,198.01 €	In progress
CG3; Riu Montaner bridge - crossroads CG4	Reform works junction of CG3 with CS320; phase II; Sispony. Proj. 0024/2013	EMPUB	Nov-13	5 months	606,088.33 €	In progress
CG3; crossroads CS340 - El Serrat	Development roads at La Prada del Serrat; phase I. Proj. 0022/2013	TP UNITAS ARMENGOL & MONTANÉ SAU	Nov-13	5 months	369,195.42 €	In progress
Roundabout on CG2 - Riu Gros	Widen and straighten CG2 at Soldeu; phase II, PK 17+820. Proj. 0044/2008	LOCUBSA	Nov-13	12 months	1,054,489.03 €	In progress
CG4; crossroads Erts - Pal	Improve CG4 at Pal. Proj. 0016/2011	DRAGASA	Dec-13	12 months	667,999.17 €	In progress
Avalanche & risk protection	Protection from rockfalls on CG3, area of Lloser d'Ordino. Proj. 0058/2014	INACCÉS	Jan-14	2 months	219,899.93 €	Completed
CG2 - CS220 - Molleres bridge	Improve CG2, area of Lloset d'Encamp. Proj. 0057/2013	PROGEC	Jan-14	6 months	263,462.30 €	In progress
Repairs, masonry, roads	Drainage to stabilise road Surface of CG4, in area of Fontanals. Proj. 0063/2013	CONSTRUCCIONS MODERNES	Jan-14	6 months	549,044.96 €	In progress
CG2; Soldeu – El Pas de la Casa and access roads	Widen and straighten CG2; crossroads area of Gasopàs; phase I. Proj. 0009/2013	TP LA COMA	Jan-14	30 weeks	905,720.77 €	In progress
Protection streams and rivers	Channelling Gran Valira river - Prat Salit bridge to Poblado bridge; phase III-IV. Proj. 0016/2009	TP UNITAS ARMENGOL & MONTANÉ SAU	Jan-14	35 weeks	1,225,814.60 €	Completed
Arrange surroundings town square	Hotel Glòria – town square in Sant Julià de Lòria. Proj. 0046/2013	PIDASA	Jan-14	11 months	1,042,664.77 €	Completed
CG2; c/Unió – Tosca bridge roundabout	Roundabout on CG2 -c/ Ciutat Sabadell. Proj. 0042/2013	CONSTRUCCIONS MODERNES	Jan-14	12 months	1,269,203.83 €	In progress
Roundabout on CG2 - area Riu Gros	Roundabout area of Riu Gros PK 18+400. Proj. 0005/2010	LOCUBSA	June-14	10 months	1,352,321.52 €	In progress
Stabilising banks	Conditioning Banks of road network - 2014. Proj. 0013/2014	TREPOSA	Sept-14	6 months	449,003.73 €	Completed
Avalanche & risk protection	Protection from rocks - area Janer school. Proj. 0026/2014	COPSA	Sept-14	26 weeks	825,194.52 €	Completed
New Canillo school	Extension to Canillo school. Proj. 0013/2013	PROGEC	Sept-14	20 months	4,788,904.92 €	In progress
CG1; c/Unió – roundabout Santa Coloma / Construction (sewers)	Drainage on CG1, Commune stadium area. Proj.0010/2014	PROGEC	Oct-14	8 weeks	154,422.82 €	Completed
Repairs, masonry, roads	Works on CS340 on Coll d'Ordino between PK 3+500 & 4+800. Proj. 0033/2014	COPSA	Oct-14	3 months	299,801.99 €	In progress
Casa Rossell	Restore Casa Rossell; phase II. Proj. 0035/2014	EMPUB	Oct-14	16 weeks	222,749.01 €	Completed
Protection streams and rivers	Channelling Gran Valira river - Prat Salit bridge – Poblado bridge; phase II. Proj. 0014/2009	COPSA	Oct-14	35 weeks	1,264,999.97 €	In progress
Prat del Rull roads	Development road - Prat del Rull unit. Proj. 0036/2014	COPSA	Oct-14	10 months	1,890,017.79 €	In progress
CG2; Ransol - Soldeu	Widen CG2 and build roundabout with CS at Ransol. Proj. 0028/2014	CEVALLS	Oct-14	12 months	2,263,009.70 €	In progress
CG4; crossroads Massana - crossroads Erts	Straighten CG4, area of Borda del Colat and new bridge over river at Arinsal. Proj. 0026/2013	EMPUB	Oct-14	17 months	1,504,371.23 €	In progress
CG2; Ransol - Soldeu	Widen CG2; Tarter - Roc Sant Miquel, 3rd sector. Proj. 0046/2012	CEVALLS	Oct-14	18 months	1,917,279.39 €	In progress
Fener First Aid centre	Fener First Aid centre. Proj. 0014/2014	SIMCO	Nov-14	14 weeks	245,593.57 €	Completed
CG3; crossroads CS340 - El Serrat	Widen and straighten CG3, river Posa - Arans. Proj. 0007/2014	TP COMESA	Nov-14	6 months	668,482.90 €	In progress

Chart 10.3

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2015)
CG3; crossroads CS340 - El Serrat	Widen and straighten CG3; mines at Llorès – left bank. Proj. 0012/2014	TP UNITAS ARMENGOL & MONTANÉ SAU	Nov-14	7 months	1,370,069.98 €	In progress
CG3; crossroads CS340 - El Serrat	Widen and straighten CG3, area before river Ferrerolles. Proj. 0009/2014	TP LA COMA	Nov-14	8 months	1,418,114.30 €	In progress
Repairs, masonry, roads	CG2; Repair bridge at Torrent Pregó. Proj. 0019/2014	CEACSA	Jan-15	5 weeks	190,028.32 €	In progress
Access improvements	Improve access to French school in Santa Coloma. Proj. 0055/2014	COANSA	Jan-15	10 weeks	94,629.93 €	In progress
Repairs, masonry, roads	Repair Escalls bridge, PK.2 CG 3.A. Proj. 0020/2014	PROGEC	Jan-15	12 weeks	284,819.72 €	In progress
Winter roads	COEX Base shed, Dos Valires tunnel. Proj. 0062/2014	UNDECA	Jan-15	14 weeks	58,038.10 €	Completed
Avalanche & risk protection	Dynamic barriers on CG, area of La Bartra. Proj. 0060/2014	INACCÉS	Jan-15	18 weeks	458,338.15 €	Completed
CG2; Soldeu – Pas de la Casa & accesses	Direct access to Envalira tunnel (eastern entrance) from Pas de la Casa. Proj. 0007/2011	PROGEC	Jan-15	22 weeks	1,066,157.92 €	In progress
Protection streams and rivers	Channelling Gran Valira river - Prat Salit bridge; phase IIIB. Proj. 0015/2009	CONSTRUCCIONS MODERNES	Jan-15	25 weeks	785,675.51 €	In progress
Public buildings	Administrative outbuildings Edifici de les Boigues; phase II. Proj. 0044/2014	CONSTRUCCIONS PURROY	Jan-15	6 months	563,263.01 €	In progress
Access improvements	Access improvements at Janer school. Proj. 0052/2014	COANSA	Jan-15	15 months	96,410.51 €	In progress
CG1; La Margineda bridge – frontier & access	Modification gradient CG1, PK9+380. Proj. 0063/2014	TP UNITAS ARMENGOL & MONTANÉ SAU - COPSA	Feb-15	45 weeks	2,650,828.97 €	In progress

Chart 10.3

Source: Department of Land Planning, Government of Andorra

WORKS BY THE MINISTRY OF LAND PLANNING.

Works awarded in 2015, completed or in progress in 2015

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2015)
Repairs, masonry, roads	Restore collapsed bank of CG3, PK.2+800	PROGEC	March-15	3 weeks	40,275.61 €	Completed
CG1; c/Unió - roundabout Santa Coloma	Improve Josep Escaler roundabout. Proj. 0078/2014	LOCUBSA	May-15	6 weeks	73,106.14 €	Completed
La Massana Health Centre	La Massana First Aid Centre. Proj. 0073/2014	CONSTRUCCIONS ROCA	May-15	14 weeks	267,662.65 €	In progress
Sant Julià de Lòria First Aid Centre	Sant Julià de Lòria First Aid Centre. Proj. 0066/2014	COPSA	May-15	5 months	296,076.60 €	In progress
Resurfacing CG, CS & streets	Resurfacing CG, CS & streets. Proj. 0047/2014	PAVAND	May-15	9 months	3,999,283.83 €	In progress
Schools	Improve façade of Sant Julià de Lòria schools. Proj. 0022/2015	LOCUBSA	June-15	6 weeks	112,627.85 €	In progress
Schools	Toilets at French school in La Massana. Proj. 0025/2015	CONSTRUCCIONS ROCA	June-15	6 weeks	175,611.18 €	In progress
Repairs, masonry, roads.	Works to stabilise and restore a bank on the Cortals d'Encamp road, PK.4+600. Proj. 0059/2014	TP COMESA	June-15	6 weeks	39,697.46 €	In progress
Repairs, masonry, roads.	CS340; Coll d'Ordino, phase II. Proj. 0075/2014	PROGEC	June-15	3 months	344,754.89 €	In progress
Repairs, masonry, roads.	Various maintenance on CS at Montaup; phase II. Proj. 0048/2014	CEACSA	June-15	4 months	248,480.25 €	In progress
Protection streams and rivers	Channelling river Valira, in area of French Lycee. Proj. 0024/2015	TP UNITAS ARMENGOL & MONTANÉ SAU	June-15	22 weeks	872,302.49 €	In progress
Mountain huts	Construction Illa hut. Proj. 0019/2013	PIDASA	June-15	16 months	1,596,955.83 €	In progress
Access improvements	Access to National Stadium. Proj. 0021/2015	CONSTRUCCIONS MODERNES	Jul-15	6 weeks	29,033.41 €	In progress
Schools	Install boiler and solar panels in the schools in Sant Julià de Lòria. Proj. 0031/2015	EMPUB	Jul-15	8 weeks	169,225.57 €	In progress
Public buildings	Conditioning showers for the cells at the Prison	COANSA	Aug-15	8 weeks	61,642.59 €	In progress

Chart 10.4

Source: Department of Land Planning, Government of Andorra

WORKS BY THE MINISTRY OF LAND PLANNING.
Works planned to start in 2015

	Budget project name	Works title
Canillo	CG2; Ransol - Soldeu	Widen CG2, La Trava area
	CG2; Soldeu- Pas de la Casa & access	Widen CG2, near river Xic
	CG2 - CS220 - Molleres bridge	Pavements CG2, before Molleres bridge
	CG2; Molleres bridge - Canillo	Widen CG2, area of Racons
	Avalanche & risk protection	Install gazex at La Guardiola
Encamp	Hotel Rosaleda	Conservation Hotel Rosaleda
	Ràdio Andorra	Ràdio Andorra building
	Avalanche & risk protection	Protection CG2 - La Trava area
	Incidental functional improvements to road network	Occasional improvements Port d'Envalira road
	Incidental functional improvements to road network	Install "totem" on French border at Pas de la Casa
Ordino	CG3; crossroads CS340 - El Serrat	Widen & straighten CG3, from La Cortinada to river Posa
	Ordino sports area	Ordino sports area - athletics surface
	Avalanche & risk protection	Protection on CG3 - area Vilaró
La Massana	Repairs, masonry, roads	Repairs to Pont del Prat del Bosc on CG4
Andorra la Vella	New Seat of Justice	New Seat of Justice
	National Stadium	National Stadium - sports surface
	Public buildings	Reform 3rd floor Clara Rabassa building
	Residència Albó	Reform Residència Albó
	Repairs, masonry, roads	Works on CS at La Comella
	Access improvements	Access improvements Sant Ermengol school
	Schools	Install domestic oil deposit at Roc school
	Public buildings	Repair Fire Station
	Public buildings	Remodel Batllia (Courts)
	Repairs, masonry, roads	Repair Madrid bridge
	Repairs, masonry, roads	Repair bridge on river Arieja
	Avalanche & risk protection	Stabilise Roc dels Corbs; phase VI
Sant Julià de Lòria	CG1; Margineda bridge - frontier & access roads	Roundabout on CG1, at section of Sant Julià de Lòria - frontier river Runer
	Cat home	Cat home
	Repairs, masonry, roads	Maintenance CS at Aixàs
	Stream and river protection	Dredge river Os

Chart 10.5

Continued

Escaldes-Engordany	Infrastructure Hospital	Localised reforms Hospital
	Occasional works on tunnels	Impermeabilisation, drainage Pont Pla tunnel
	Access improvements	Access improvements at Sagrada Família school
	Schools	Change earth steps at Peletera school
	Public buildings	Repair roof to l'Obac administrative building
Miscellaneous	Stabilise banks	Condition banks on road networks - 2015
	Occasional works to tunnels	Impermeabilisation, drainage Pont Pla tunnel

Chart 10.5

Source: Department of Land Planning. Government of Andorra

11. SERVICES

The most important and fundamental nucleus of the Andorran economy is, without doubt, the services sector which, since 2007, has been experiencing a deep crisis, although not as intensely as the construction branch. In 2014, the weakness in tourism continued to damage the branches of services most directly related to it - commerce, hotels, catering, etc. – but not as negatively as in previous years, as there were signs of more stable behaviour and even some small signs of improvement. Nevertheless, the balance of activity was still unsatisfactory.

The number of businesses only shrank 0.7%, a lower rate of decline than seen in the last four years, which was about 1% and, moreover, the number of establishments grew 4.3%. The total number of employees in the sector also grew 1%, in this case after six consecutive years of significant falls. The most notable growth in employment occurred in the financial sector (3.8%), in property activities and business services (5.5%), and in social activities and personal services (4.3%). In contrast, the number of employees fell slightly in the two most important sectors: commerce (-0.7%) and hotels and catering (-0.8%). Finally, the wages for the whole of the services sector also grew a modest 0.7%.

11.1. Commerce

The commerce sector depends greatly on purchases by foreign visitors. This year the total number of visitors increased an annual 1.6%, a positive if modest figure which had not been seen for years. Employment in the sector fell slightly (-0.7%); in contrast, the

number of establishments increased 3.1% and finally, wages remained practically stagnant (-0.2%). For its part, electricity consumption fell 4.8%. Imports of goods, a good indicator of commercial activity, also showed generally more favourable behaviour than the previous year.

According to the Chamber's survey, this sector continued to suffer greatly from sluggishness in consumption in the first half of 2014 and presented one of the most negative balances for the current situation. This demonstrates that commercial activity is finding it hard to correct the unfavourable situation it has been experiencing for close to a decade.

Businesses' evaluations of business activity, although not as bad as for the same period in 2013, remained at a rather negative level and, overall, suggest that the sector is far from reaching satisfactory levels of activity. By sub-sectors, most branches have seen slower deterioration in business than a year ago, but it is still quite intense. As is usual in the last half years, the worst levels relate to the branch of clothing and footwear which, despite softening its rate of decline in activity a little, continued to present a frankly unfavourable business trend. Also on the negative side are notably the bad results in the electronics sub-sector, which was the only branch of commerce that showed significant deterioration in business compared with the two preceding half years.

In a more favourable context were the branches of hygiene and health and "other trades" which, with a more contained decline in activity, again achieved

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

1. Business activity (reviewed half year)		2012			2013			2014		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Good	4	6	5	10	13	11.5	12	17	14.5
	Normal	30	37	33.5	40	50	45	47	56	51.5
	Bad	66	57	61.5	50	37	43.5	40	28	34
	Balance	-62	-51	-56.5	-40	-24	-32	-28	-11	-19.5
Food	Good	0	3	1.5	11	11	11	12	19	15.5
	Normal	38	30	34	46	50	48	49	59	54
	Bad	63	67	65	43	39	41	39	22	30.5
	Balance	-63	-64	-63.5	-32	-28	-30	-27	-3	-15
Clothing & footwear	Good	0	5	2.5	2	11	6.5	3	12	7.5
	Normal	22	29	25.5	38	42	40	49	50	49.5
	Bad	78	67	72.5	60	47	53.5	49	38	43.5
	Balance	-78	-62	-70	-58	-36	-47	-46	-26	-36
Household equipment	Good	3	9	6	9	4	6.5	19	17	18
	Normal	29	28	28.5	35	54	44.5	32	53	42.5
	Bad	68	63	65.5	56	43	49.5	48	30	39
	Balance	-65	-54	-59.5	-47	-39	-43	-29	-13	-21
Hygiene & health	Good	0	14	7	12	18	15	11	25	18
	Normal	65	50	57.5	60	50	55	63	65	64
	Bad	35	36	35.5	28	32	30	26	10	18
	Balance	-35	-22	-28.5	-16	-14	-15	-15	15	0
Electronics	Good	13	6	9.5	23	0	11.5	7	29	18
	Normal	31	44	37.5	31	79	55	50	21	35.5
	Bad	56	50	53	46	21	33.5	43	50	46.5
	Balance	-43	-44	-43.5	-23	-21	-22	-36	-21	-28.5
Vehicles & accessories	Good	0	0	0	7	9	8	17	15	16
	Normal	22	28	25	41	57	49	30	62	46
	Bad	78	72	75	52	35	43.5	52	23	37.5
	Balance	-78	-72	-75	-45	-26	-35.5	-35	-8	-21.5
Other trades	Good	8	9	8.5	11	19	15	16	15	15.5
	Normal	21	41	31	33	50	41.5	50	62	56
	Bad	71	50	60.5	56	31	43.5	34	23	28.5
	Balance	-63	-41	-52	-45	-12	-28.5	-18	-8	-13
Supermarkets & department stores	Good	0	0	0	7	27	17	0	10	5
	Normal	60	70	65	60	27	43.5	70	40	55
	Bad	40	30	35	33	46	39.5	30	50	40
	Balance	-40	-30	-35	-26	-19	-22.5	-30	-40	-35

Chart 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

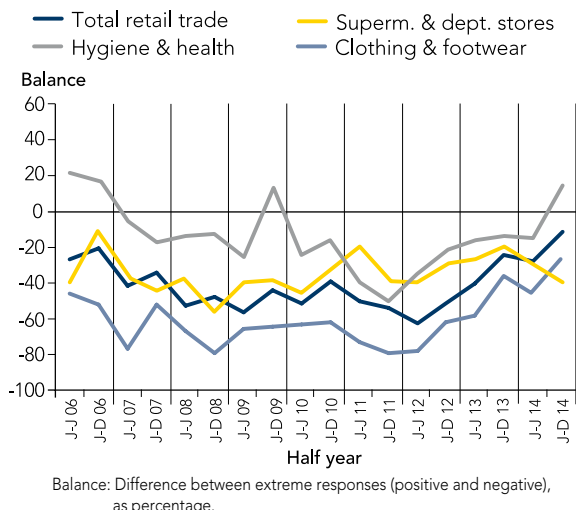
comparatively better results in this half year than the other areas of commerce.

On the other hand, in commerce as a whole the negative trend in sales is still a concern, still falling at a fast rate after accumulating seven consecutive financial years of strong declines. In interannual terms, the most important downturn in the sales figures was concentrated in the segment of clothing and footwear, which again noted very low levels of activity, a trend that shows the continuous, intense fall in demand for these articles, in a context dominated by ever more measured and responsible consumption, not as linked to total impulse buying. In contrast, the decline in turnover was more moderate in department stores and also in the branch of vehicles and accessories,

in which a certain recovery in sales was appreciated, driven to a great extent by direct subsidies for buying new energy-efficient vehicles (Pla Engega). Stocks only stood at excessive levels in the branch of clothing and footwear, while in the other sub-sectors they were considered rather low. The labour market tended towards a general tone of greater stability and sales prices followed a falling trend which was more generalised in the branches of hygiene and health, clothing and footwear, and electronics.

The Chamber's situation survey for the second half demonstrates that the decline in retail commerce, although continuing to present a still quite weak business balance, slowed in the final part of 2014, in line with demand which is still weak but is starting to >

BUSINESS ACTIVITY - Retail trade



Graphic 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

show very slow signs of improvement. So, it appears that consumers are gaining confidence, very slowly, as economic prospects improve and uncertainty is fading but it is still hard to convert this into more dynamic consumption.

Businesses' opinions on the trend in business activity remained at a pessimistic level, although they did not consider it as bad as one year ago in global terms. By sub-sectors, the situation in business was comparatively less satisfactory in department stores than other more specialised commerce. Depending on the class of articles, the more favourable dynamic in the branch of hygiene and health – which was the only one to see a predominantly positive business climate – contrasts with more pessimistic evaluations

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

2. Sales figures

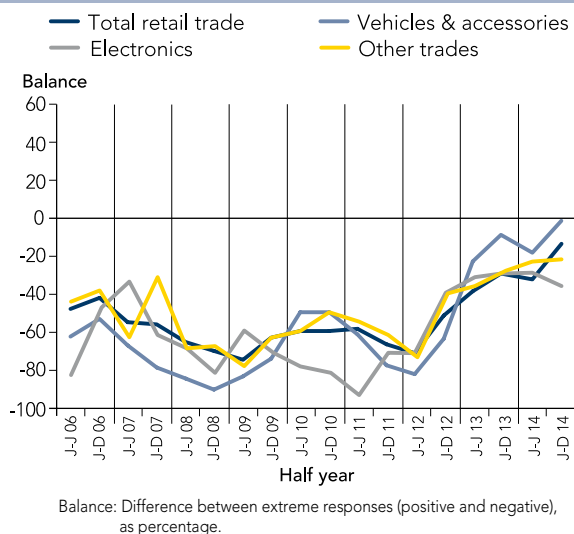
(reviewed half year compared with same half year of previous year)

		2012			2013			2014		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Higher	3	9	6	16	18	17	16	27	21.5
	Similar	22	30	26	29	33	31	36	33	34.5
	Lower	75	61	68	55	48	51.5	48	40	44
	Balance	-72	-52	-62	-39	-30	-34.5	-32	-13	-22.5
Food	Higher	3	3	3	9	14	11.5	22	36	29
	Similar	28	33	30.5	45	40	42.5	19	29	24
	Lower	69	63	66	45	46	45.5	59	36	47.5
	Balance	-66	-60	-63	-36	-32	-34	-37	0	-18.5
Clothing & footwear	Higher	0	8	4	3	18	10.5	11	22	16.5
	Similar	28	25	26.5	24	29	26.5	28	31	29.5
	Lower	73	68	70.5	73	53	63	61	47	54
	Balance	-73	-60	-66.5	-70	-35	-52.5	-50	-25	-37.5
Household equipment	Higher	3	6	4.5	21	11	16	17	25	21
	Similar	19	28	23.5	24	33	28.5	30	50	40
	Lower	77	66	71.5	56	56	56	53	25	39
	Balance	-74	-60	-67	-35	-45	-40	-36	0	-18
Hygiene & health	Higher	0	0	0	8	14	11	6	29	17.5
	Similar	30	32	31	40	48	44	61	41	51
	Lower	70	68	69	52	38	45	33	29	31
	Balance	-70	-68	-69	-44	-24	-34	-27	0	-13.5
Electronics	Higher	7	11	9	31	14	22.5	7	29	18
	Similar	14	39	26.5	8	43	25.5	57	7	32
	Lower	79	50	64.5	62	43	52.5	36	64	50
	Balance	-72	-39	-55.5	-31	-29	-30	-29	-35	-32
Vehicles & accessories	Higher	0	8	4	23	32	27.5	23	36	29.5
	Similar	18	20	19	31	27	29	36	28	32
	Lower	82	72	77	46	41	43.5	41	36	38.5
	Balance	-82	-64	-73	-23	-9	-16	-18	0	-9
Other trades	Higher	7	15	11	19	20	19.5	21	23	22
	Similar	13	30	21.5	27	31	29	35	33	34
	Lower	80	55	67.5	54	48	51	44	44	44
	Balance	-73	-40	-56.5	-35	-28	-31.5	-23	-21	-22
Supermarkets & department stores	Higher	0	30	15	27	27	27	10	0	5
	Similar	50	40	45	27	9	18	60	50	55
	Lower	50	30	40	47	64	55.5	30	50	40
	Balance	-50	0	-25	-20	-37	-28.5	-20	-50	-35

Chart 11.2

Source: Chamber of Commerce, Industry and Services of Andorra

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



Graphic 11.2

Source: Chamber of Commerce, Industry and Services of Andorra

in the sub-sectors of clothing and footwear and electronics which, despite softening their fall in relation to the previous half year, showed a still quite negative general tone of activity.

For commerce as a whole, sales figures stopped falling in relation to the previous half year for the first time since the start of the crisis and, moreover, followed a more moderate downward trend compared with the same months of 2013. From a sectoral point of view, however, significant differences can be appreciated, the worst results were seen in the branch of electronics and in supermarkets and department stores, in which businesses indicated a slightly more marked interannual decline in the volume of sales than one year ago. In a more moderate but also quite unfavourable context appear the downturns in sales in the branch of clothing and footwear and the section "other trades", while in the other sub-sectors – food, household equipment, hygiene and health and vehicles and accessories – a similar volume of turnover to one year ago was maintained.

In general terms, the levels of stocks were considered adequate for the time of year and employment in the sector remained stable. Finally, the traders continued to implement cuts in prices to encourage sales, mainly in non-food consumer goods, which suffer from greater weakness in demand.

>

IMPORTS - Thousand of euros

	2008	2009	2010	2011	2012	2013	2014
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	67,536.29	62,292.50	58,938.71	59,202.68	59,041.00	58,458.78	60,685.43
Section II (Chapters 06-14) Vegetable products	22,612.91	22,086.99	24,550.12	23,114.51	22,875.64	23,396.37	21,235.68
Section III (Chapter 15) Fats and oils	5,613.66	4,705.33	4,433.04	4,774.08	4,638.52	4,721.19	4,987.23
Section IV (Chapters 16-24) Food products, beverages and tobacco	172,437.13	161,643.56	169,684.66	175,159.31	174,055.52	181,341.30	188,395.79
Section V (Chapters 25-27) Mineral products	138,676.80	107,659.88	125,843.14	149,746.50	160,880.80	147,415.13	132,439.37
Section VI (Chapters 28-38) Products of the chemical industries	148,367.79	140,148.97	137,246.13	143,899.79	125,002.12	127,762.54	136,751.70
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	28,220.86	26,845.80	26,047.78	25,211.62	24,590.66	25,376.13	25,819.29
Section VIII (Chapters 41-43) Furs, leather and articles thereof	20,864.40	15,747.06	16,059.17	16,623.16	14,952.35	15,152.34	16,597.90
Section IX (Chapters 44-46) Wood, cork and articles thereof	12,175.29	9,977.31	8,677.57	6,993.47	5,963.84	6,526.35	7,833.97
Section X (Chapters 47-49) Paper and graphic arts	24,414.48	23,081.88	27,696.63	27,335.26	25,363.32	25,562.11	25,203.48
Section XI (Chapters 50-63) Textiles and articles thereof	123,566.88	118,679.00	118,550.73	115,891.13	104,774.84	102,324.69	106,758.34
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	34,985.62	34,719.08	37,347.24	37,068.72	30,969.05	31,891.29	35,870.40
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	24,741.25	18,045.33	16,813.56	13,971.02	13,107.31	10,742.98	11,784.73
Section XIV (Chapter 71) Pearls, precious stones and metals	11,963.61	10,910.72	10,382.63	11,478.72	8,291.36	22,368.39	28,563.49
Section XV (Chapters 72-83) Base metals and articles thereof	54,793.66	44,674.93	39,728.11	35,041.24	30,510.42	29,832.59	29,740.21
Section XVI (Chapters 84-85) Machinery and electrical equipment	198,765.96	166,884.28	147,052.57	136,569.72	137,206.61	140,546.46	134,769.56
Section XVII (Chapters 86-89) Transport material	103,077.42	80,577.67	85,798.64	83,364.96	69,274.69	81,555.53	106,535.48
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	51,112.50	40,621.95	43,659.74	44,985.09	45,148.11	46,467.32	48,731.41
Section XIX (Chapter 93) Arms and ammunition	1,304.92	1,146.51	986.01	965.35	1,065.85	923.15	832.57
Section XX (Chapters 94-96) Miscellaneous manufactured articles	71,185.81	60,585.93	59,431.39	51,834.35	43,585.85	42,914.70	49,695.84
Section XXI (Chapters 97-99) Works of art, antiques	3,446.05	2,025.77	654.47	1,123.68	1,383.17	2,767.57	1,813.97
Total	1,319,863.30	1,153,060.44	1,159,582.05	1,164,354.37	1,102,681.01	1,128,046.90	1,175,045.84

Chart 11.3

Source: Department of Tax and Frontiers. Government of Andorra

STRUCTURE OF IMPORTS - %

	2008	2009	2010	2011	2012	2013	2014
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	5.1	5.4	5.1	5.1	5.4	5.2	5.2
Section II (Chapters 06-14) Vegetable products	1.7	1.9	2.1	2.0	2.1	2.1	1.8
Section III (Chapter 15) Fats and oils	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Section IV (Chapters 16-24) Food products, beverages and tobacco	13.1	14.0	14.6	15.0	15.8	16.1	16.0
Section V (Chapters 25-27) Mineral products	10.5	9.3	10.9	12.9	14.6	13.1	11.3
Section VI (Chapters 28-38) Products of the chemical industries	11.2	12.2	11.8	12.4	11.3	11.3	11.6
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	2.1	2.3	2.2	2.2	2.2	2.2	2.2
Section VIII (Chapters 41-43) Furs, leather and articles thereof	1.6	1.4	1.4	1.4	1.4	1.3	1.4
Section IX (Chapters 44-46) Wood, cork and articles thereof	0.9	0.9	0.7	0.6	0.5	0.6	0.7
Section X (Chapters 47-49) Paper and graphic arts	1.8	2.0	2.4	2.3	2.3	2.3	2.1
Section XI (Chapters 50-63) Textiles and articles thereof	9.4	10.3	10.2	10.0	9.5	9.1	9.1
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	2.7	3.0	3.2	3.2	2.8	2.8	3.1
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	1.9	1.6	1.4	1.2	1.2	1.0	1.0
Section XIV (Chapter 71) Pearls, precious stones and metals	0.9	0.9	0.9	1.0	0.8	2.0	2.4
Section XV (Chapters 72-83) Base metals and articles thereof	4.2	3.9	3.4	3.0	2.8	2.6	2.5
Section XVI (Chapters 84-85) Machinery and electrical equipment	15.1	14.5	12.7	11.7	12.4	12.5	11.5
Section XVII (Chapters 86-89) Transport material	7.8	7.0	7.4	7.2	6.3	7.2	9.1
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	3.9	3.5	3.8	3.9	4.1	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	5.4	5.3	5.1	4.5	4.0	3.8	4.2
Section XXI (Chapters 97-99) Works of art, antiques	0.3	0.2	0.1	0.1	0.1	0.2	0.2
Total	100	100	100	100	100	100	100

Chart 11.4

Source: Department of Tax and Frontiers. Government of Andorra

Businesses' expectations for the first half of 2015 improve a little in relation to previous half years; now, overall, they continue to show little enthusiasm and imply that consumption is still far from recovering the pace necessary to guarantee a solid reactivation in activity. So, traders expect a very slight improvement in business activity over the next few months and also trust in a slight recovery in sales, although they remain at very modest levels in most branches. Employment in the sector will continue a more stable trend and sales prices will maintain a general trend of moderation.

The weakness in demand persisted as a main factor limiting the increase in activity, with 71% of businesses indicating it. Secondly, as in the previous half year, traders highlighted the loss of attractiveness of the area (mentioned by 45% of total businesses), before growing competition (41%) and increased operating costs (35%).

As has been indicated before, one of the best indicators of the trend in commerce is the behaviour of imports of goods, because they form part of most Andorran commercial sales. Overall national imports grew 4.2%

compared with 2013, but if we exclude construction materials (+2.5%), tobacco (-7.6%) and fuel (-11.2%), it appears that the other articles specifically destined for commerce grew 7%, compared with 4.1% in the previous year. As is usual, the behaviour of the different types of goods was very disparate.

Imports of practically all food products increased – meat and edible offal (3.8%), fish and shellfish (9.7%), milk and dairy produce (1.4%), fats and oils (5.6%), meat, fish or shellfish products (4.6%), sugar and confectionary (2.2%), cocoa and products thereof (7.3%), cereal, flour products etc. (3.5%), vegetable, fruit products etc. (6.3%), miscellaneous food products (10.8%); beverages and alcoholic liquids grew 6.2%. Among the non-food articles are notably the increases seen in the chapters of pharmaceutical products (5.9%), perfumery (7.8%) and soaps (8.7%), plastics (5.2%) and more modest increases in imports of articles of apparel – knitted (5.2%), non-knitted (4.2%), other textile articles (6.7%), shoes (8.1%) and leather products (9.2%). Imports grew notably in the case of wood and articles thereof (19.1%), pearls, precious stones and metals (27.7%), motor vehicles

VARIATIONS IN IMPORTS - %							
	2008	2009	2010	2011	2012	2013	2014
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	3.1	-7.8	-5.4	0.4	-0.3	-1.0	3.8
Section II (Chapters 06-14) Vegetable products	6.2	-2.3	11.2	-5.8	-1.0	2.3	-9.2
Section III (Chapter 15) Fats and oils	1.4	-16.2	-5.8	7.7	-2.8	1.8	5.6
Section IV (Chapters 16-24) Food products, beverages and tobacco	6.6	-6.3	5.0	3.2	-0.6	4.2	3.9
Section V (Chapters 25-27) Mineral products	27.5	-22.4	16.9	19.0	7.4	-8.4	-10.2
Section VI (Chapters 28-38) Products of the chemical industries	-3.4	-5.5	-2.1	4.8	-13.1	2.2	7.0
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	-2.8	-4.9	-3.0	-3.2	-2.5	3.2	1.7
Section VIII (Chapters 41-43) Furs, leather and articles thereof	-10.1	-24.5	2.0	3.5	-10.1	1.3	9.5
Section IX (Chapters 44-46) Wood, cork and articles thereof	-19.4	-18.1	-13.0	-19.4	-14.7	9.4	20.0
Section X (Chapters 47-49) Paper and graphic arts	0.1	-5.5	20.0	-1.3	-7.2	0.8	-1.4
Section XI (Chapters 50-63) Textiles and articles thereof	-5.6	-4.0	-0.1	-2.2	-9.6	-2.3	4.3
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	-5.6	-0.8	7.6	-0.7	-16.5	3.0	12.5
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	-11.7	-27.1	-6.8	-16.9	-6.2	-18.0	9.7
Section XIV (Chapter 71) Pearls, precious stones and metals	-13.5	-8.8	-4.8	10.6	-27.8	169.8	27.7
Section XV (Chapters 72-83) Base metals and articles thereof	-8.0	-18.5	-11.1	-11.8	-12.9	-2.2	-0.3
Section XVI (Chapters 84-85) Machinery and electrical equipment	-19.2	-16.0	-11.9	-7.1	0.5	2.4	-4.1
Section XVII (Chapters 86-89) Transport material	-21.8	-21.8	6.5	-2.8	-16.9	17.7	30.6
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	-7.7	-20.5	7.5	3.0	0.4	2.9	4.9
Section XIX (Chapter 93) Arms and ammunition	-4.3	-12.1	-14.0	-2.1	10.4	-13.4	-9.8
Section XX (Chapters 94-96) Miscellaneous manufactured articles	-13.5	-14.9	-1.9	-12.8	-15.9	-1.5	15.8
Section XXI (Chapters 97-99) Works of art, antiques	-57.1	-41.2	-67.7	71.7	23.1	100.1	-34.5
Total	-5.9	-12.6	0.6	0.4	-5.3	2.3	4.2

Chart 11.5

Source: Department of Tax and Frontiers. Government of Andorra

(30.7%), optical and photographic apparatus (12.3%), furniture and lighting (20.1%) and toys, games and sports articles (13.3%). In contrast, there was a series of articles that declined significantly. Among these are notably vegetables and plants (-5.7%), coffee (-23.7%), products of printing and graphic arts (-3.4%), boilers and mechanical apparatus (-4.5%), electrical machinery and apparatus (-3.8%), clocks and watches (-0.9%) and works of art and antiques (-45.8%).

11.2. The financial system

The financial system is one of the main pillars of the Andorran economy. In 2014, this sector again presented positive results, above all in comparison with the other production and services branches. During these long years of crisis the financial sector reacted first and more strongly, decisively helping to change the trend seen in the economy from the second half of 2013. Specifically, the rate of growth in the average number of employees for the whole of the financial sector picked up to 3.8%, compared with 2.2% in the previous year, already linking, in this way,

four consecutive years of increases in employment. For their part, average wages in this sector, which are the highest of all the Andorran economic sectors, followed similar behaviour and increased 4.7% in relation to 2013, the highest rate of growth since 2007.

The nucleus of the Andorran financial system is the banking system, formed by a total of five banking groups. This year, this report lacks the information from one of the banks in Andorra. The reason for this unusual event is that on 10 March 2015, the US administrative authority, the Financial Crimes Enforcement Network (FinCEN), classified Banca Privada d'Andorra, SA (BPA) as "a financial institute of primary money laundering concern". This led the Andorran National Institute of Finance (INAF) to put it into administration, with the aim of preserving stability and operability. In April 2015, it was approved to open the resolution process to proceed basically to the segregation of all BPA's assets and liabilities considered lawful.

Due to the above, on the date of closing this edition of the report, BPA's audited annual accounts relating to the 2014 financial year are not available. So, in order >

AGGREGATE DATA FOR THE ANDORRAN BANKS			
Thousand Euros			
	2013 ^(*)	2013 ^(**)	2014 ^(**)
Total assets	15,869,667	12,522,762	14,046,563
Gross credit investment	7,148,928	6,152,178	6,337,751
Managed funds	41,267,760	34,020,667	43,965,816
Results ^(***)	205,197	184,656	183,268

(*) Includes data from the five banking groups: Andbank, MoraBanc, BPA, Crèdit Andorrà and BancSabadell d'Andorra.
(**) Does not include data for BPA.
(***) Results attributed to the group.

Chart 11.6 Source: Andorran Banks Association & own preparation

to facilitate the comparison between 2014 data and those of the previous year, the analysis of the evolution in activity in the banking sector has been prepared by taking the four banking groups as a base, Andbank Agrícola Reig Group, MoraBanc, Crèdit Andorrà and BancSabadell d'Andorra; therefore, BPA's data has not been included in the calculation of aggregate figures for 2013 and 2014.

The Andorran financial system confirmed its solidity throughout 2014 and gave continual signs of solvency

within an international economic context that, despite improving very slowly, still presents a rather complicated scenario.

The credibility and rigour of the Andorran financial system, together with the development of a major supply of financial products and services and the progressive consolidation of the international process of expansion of the Andorran bank, allowed for significant growth in activity in this sector in recent years, which was accompanied by an increase in its structures and a significant increase in the aggregate number of employees; for the four banks as a whole, employees increased by 355 and bank offices grew by one unit.

In 2014, the total value of the assets of the four banking groups in this analysis increased more than 1,500 million euros compared with last year, to reach the figure of 14,046.6 million euros, meaning an annual increase of 12.2%.

The largest component in the banks' assets, with 44% of the total, is credit investment to clients which, on

ANDORRAN BANKS BALANCE SHEET DATA. 2013-2014 - Thousand Euros												
	ANDBANK GROUP		MORABANC GROUP		BANCA PRIVADA D'ANDORRA ^(*)		CRÈDIT ANDORRÀ GROUP		BANC SABADELL D'ANDORRA		ANDORRAN BANKS AGGREGATE BALANCE SHEET	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013 ^(**)	2014
ASSETS												
Cash and banks	615,905	1,309,699	683,621	573,507	415,301	-	423,029	480,577	58,023	79,819	1,780,578	2,443,602
Credit investment ⁽¹⁾	1,727,661	1,853,800	928,106	1,050,926	975,371	-	3,006,858	2,909,195	391,331	369,865	6,053,956	6,183,786
Portfolio of securities	1,147,427	1,169,515	420,396	513,111	1,573,531	-	1,669,288	2,231,116	149,727	165,267	3,386,838	4,079,009
Tangible assets	147,343	166,631	101,145	107,468	145,425	-	363,003	324,055	23,651	26,181	635,142	624,335
Intangible assets	19,173	76,110	10,338	8,746	29,023	-	62,125	59,172	2,885	2,726	94,521	146,754
Other assets	385,468	322,646	21,640	43,019	208,254	-	153,936	193,114	10,683	10,298	571,727	569,077
TOTAL ASSETS	4,042,977	4,898,401	2,165,246	2,296,777	3,346,905	-	5,678,239	6,197,229	636,300	654,156	12,522,762	14,046,563
LIABILITIES												
Share capital	78,842	78,842	42,407	42,407	70,000	-	70,000	70,000	30,068	30,068	221,317	221,317
Reserves ⁽²⁾	339,024	395,650	213,141	224,487	147,325	-	442,788	458,225	27,576	32,159	1,022,529	1,110,521
Results	64,080	64,269	42,375	40,187	20,541	-	71,241	71,544	6,960	7,268	184,656	183,268
Subordinated liabilities	-	-	59,513	56,675	61,940	-	150,000	150,000	-	-	209,513	206,675
Financial intermediaries	643,612	430,707	45,385	26,260	1,254,154	-	88,070	363,842	44,486	42,891	821,553	863,700
Deposits	2,690,727	3,675,575	1,689,057	1,855,558	1,516,235	-	4,447,272	4,775,752	442,062	492,557	9,269,118	10,799,442
Other liabilities	226,692	253,358	73,368	51,203	276,710	-	408,868	307,866	85,148	49,213	794,076	661,640
TOTAL LIABILITIES	4,042,977	4,898,401	2,165,246	2,296,777	3,346,905	-	5,678,239	6,197,229	636,300	654,156	12,522,762	14,046,563

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

(*) On 10 March 2015 the US administrative authority Financial Crimes Enforcement Network (FinCEN), classified Banca Privada d'Andorra, SA (BPA) as "a financial institute of primary money laundering concern". Based on this classification, the Andorran National Finance Institute put it into administration with the aim of protecting its stability and operability. In April 2015, according to the provisions of the newly-passed Law on emergency measures to introduce mechanisms for restructuring and resolving banking entities, the opening of the process of resolution of the bank was approved. The fundamental content of the resolution plan lies in the segregation of BPA's assets and liabilities considered lawful.
Due to these special circumstance, its annual audited accounts for the 2014 financial year are not available.

(**) To facilitate the comparison of 2014 data with those of the previous year, the aggregate balance sheet relating to 2013 does not include BPA's data either.

Chart 11.7 Source: Andorran Banks Association and annual reports by banking entities / own preparation

31 December 2014 had a balance of 6,183.8 million euros, 2.1% higher than in 2013.

As for the trend in the other most important components forming the assets, the strong increase in the chapter Portfolio of securities stands out, having seen a positive variation rate of 20.4% and also the increase in the section Cash and banks, which grew 37.2% compared with 2013. As a result, the percentage of these entries in total assets rose to 29% and 17.4%, respectively.

Among the concepts included in assets, the most important by far is that of deposits, which is the main source of finance for Andorran banks, with a percentage of 76.9% of total aggregate liabilities. At the end of the 2014 financial year, clients' deposits reached 10,799.4 million euros, representing an increase of 16.5% in relation to the previous year. On the other hand, share capital remained stagnant but reserves increased 8.6% and financial intermediaries 5.1%.

So, in 2014, the slight recovery in credit activity and good dynamic in collecting deposits allowed the banks to maintain sufficient capitalisation, with an average liquidity ratio of 70% and an average solvency ratio of 22%.

In 2014, gross credit investment grew 3%, compared with the fall in the previous year (-4.4%),¹ and funds managed by the four Andorran banking entities, i.e. clients' deposits and client mediation, custodial or not, increased strongly, by 29.2%, to reach the figure of 43,965.8 million euros, yet another historic high.

The consolidated result of these banking groups was 183.3 million euros, 0.8% lower than in 2013, but it should be noted that in 2013 the overall results had grown significantly. The ordinary margin reached 609 million euros, 9.1% more than in 2013, and the operating margin increased to 276 million euros (5.1%).

11.3. Tourism

Andorran economic activity and the results of the financial year are wholly marked by the behaviour of tourism, which strongly influences hotels, catering, commerce and skiing, among many other activities that depend on visits from potential clients. In 2014,

entries of visitors were better than in the two previous years. Altogether, the total number of visitors was 7,796,770, representing an increase of 1.6% in relation to 2013; the figure is not very significant but breaks the trend of previous years and provides a little more activity to all the sectors that depend on it. The French saw the most significant growth (3.3%), while the Spanish and other nationalities increased very little, only 0.3% and 0.4%, respectively. Differentiating between tourists and day-trippers, the results are globally very similar, as visitors who overnight saw an increase of 1.5% and day-trippers 1.6%. Now, by nationalities, significant differences can be appreciated. In the specific case of tourists, those of other nationalities grew most (17.4%), more than the Spanish, who grew 2.8%; in contrast, French tourists shrank considerably (-15.8%). This trend was totally opposite to that of day-trippers – visitors who do not overnight – among which the French grew 5.9%, the Spanish decreased 1.8% and those of other nationalities fell 11.7%. Of the total number of visitors, the Spanish represent 47.4%, the French 43.4%, and other nationalities, 9.2%; it should be noted that this last group of visitors has seen strong growth in recent years.

The 2014-2015 ski season was practically equal to the previous season, looking at the number of passes sold. The season began on 6 December, slightly later than the >

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
2014 – 2015	2,344,876

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

Chart 11.8

Source: Ski Andorra

1. Data relating to the five banking groups: Andbank, MoraBanc, BPA, Crèdit Andorrà and BancSabadell d'Andorra.

last – which started on 30 November – and ended on 12 April, also earlier than the last – which closed on 21 April. The influx of skiers was again significant and the weather helped. The number of passes/day sold was 2,344,876, practically the same as the figure for the previous season. The ski resorts continued to increase investment to improve and equip the installations. In this financial year, investment was 10.5 million euros, compared with 9.15 million euros for the 2013-2014 season. Many campaigns were promoted abroad and more events and activities were organised to attract potential clients.

As for the spa, Caldea, after several years of preparation and a major investment effort by the spa's operating company (SEMTEE, SA), in 2013, a new wellness centre annexed to the traditional Caldea centre was opened, called Inúu. The results of the first year were not very positive but in 2014, sales for Inúu picked up. Specifically, the traditional centre sold 287,533 tickets in 2014, slightly less than in the previous financial year (291,383), and the new Inúu centre sold 30,108, a figure that almost triples that of 2013 (10,721). In 2014, the operating results were corrected thanks to the effort to reduce expenditure and contain investment, making it possible to recover the positive cash flow. However, the net result was again negative (-1.9 million euros), though much lower than in 2013. It is expected that in the next few financial years, the figure will become positive again.

The Ice Palace presented a quite favourable balance sheet for 2014. It made investments of 68,402 euros and obtained a positive result of 53,213 euros. Current subsidies reached 421,229 euros, 5.8% more than in 2013. Revenue grew 3.3% and current expenditure fell

3.9%. In this positive context, it was possible to reduce the group's debt to almost half.

Naturlàndia, the ecological theme park at Camp de La Rabassa, received approximately 160,000 visitors for the whole of 2014. If we concentrate on the 2014-2015 winter season, the balance was quite satisfactory, with an increase in the number of visitors of around 15% and an increase in turnover of about 30%. The season opened on 1 October 2014 and closed on 19 April 2015. The ski slopes were open for 96 days and sold 1,215 passes. During the winter season there were 54,054 visitors and, moreover, 9,312 schoolchildren, 7,016 of whom went within the framework of the school skiing programme.

Finally, the total number of overnight stays in the various establishments was 6,780,065, 2.8% less than in 2013. By type of accommodation, almost two thirds were booked at hotels, practically 12% of overnight stays were in holiday apartments and 10% with friends or family.

The statistical tables about the supply of tourist accommodation per parish and the data about the types and categories of establishment are provided in this chapter.

The results of the Chamber's situation surveys show that in 2014, the hotel situation began to stabilise after many years of steep decline.

So, results of the situation survey for the first half of 2014 indicate that hotels confirm the turnaround towards a gradual recovery, which began in the previous half

SUPPLY OF TOURIST ACCOMMODATION BY PARISH								
	2011		2012		2013		2014	
	Establ.	Beds	Establ.	Beds	Establ.	Beds	Establ.	Beds
Canillo	50	6,735	50	7,031	48	6,915	48	7,061
Encamp	52	6,450	51	6,209	48	6,029	48	5,981
Ordino	28	2,002	29	2,235	29	2,269	28	2,233
La Massana	39	5,288	37	5,200	37	5,317	38	5,413
Andorra la Vella	39	6,195	38	6,536	36	6,387	35	6,153
Sant Julià de Lòria	11	1,216	11	1,177	11	1,177	10	1,165
Escaldes-Engordany	34	5,560	33	5,883	34	5,968	34	6,013
TOTAL	253	33,446	249	34,271	243	34,062	241	34,019

Chart 11.9

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

SUPPLY OF TOURIST ACCOMMODATION BY TYPE OF ESTABLISHMENT AND CATEGORY

		2011						2012						2013						2014					
		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	3	32	84	56	8	181	3	31	81	58	8	175	3	23	83	58	8	174	1	25	83	57	8
	Rooms	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	10,782	31	792	3,966	5,307	686
	Beds	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	28,228	62	1,896	9,949	14,412	1,909
Hostels/ residences	Establ.	14	6	8	-	-	-	12	6	6	-	-	-	13	5	8	-	-	-	11	4	7	-	-	-
	Rooms	229	88	141	-	-	-	192	88	104	-	-	-	231	84	147	-	-	-	209	70	139	-	-	-
	Beds	486	178	308	-	-	-	402	171	231	-	-	-	501	163	338	-	-	-	460	140	320	-	-	-
Pensions	Establ.	7	5	2	-	-	-	7	5	2	-	-	-	7	5	2	-	-	-	7	4	3	-	-	-
	Rooms	144	111	33	-	-	-	135	104	31	-	-	-	135	104	31	-	-	-	141	98	43	-	-	-
	Beds	293	223	70	-	-	-	288	222	66	-	-	-	288	222	66	-	-	-	312	210	102	-	-	-
Aparthotels	Establ.	22	2	4	13	3	-	22	2	4	12	4	-	21	2	4	12	3	-	22	2	4	13	3	-
	Rooms	812	89	152	404	167	-	782	64	152	374	192	-	702	64	152	315	171	-	718	64	152	331	171	-
	Beds	3,128	282	578	1,622	646	-	3,033	203	520	1,531	779	-	2,713	203	520	1,339	651	-	2,809	203	520	1,435	651	-
Holiday apartments	Establ.	27	3	11	12	1	-	27	3	11	12	1	-	27	3	12	11	1	-	27	3	11	12	1	-
	Apart.	471	33	222	191	25	-	488	33	207	224	24	-	486	33	235	194	24	-	489	33	203	229	24	-
	Beds	2,120	134	1,016	870	100	-	2,170	146	953	953	118	-	2,206	146	1,097	845	118	-	2,210	146	961	985	118	-
Total	Establ.	253	19	57	109	60	8	249	19	54	105	63	8	243	18	49	106	62	8	241	14	50	108	61	8
	Rooms/Apart.	12,608	395	1,549	4,688	5,275	701	12,506	363	1,411	4,503	5,528	701	12,391	359	1,291	4,533	5,507	701	12,339	296	1,329	4,526	5,502	686
	Beds	33,446	992	4,382	12,060	14,007	2,005	34,271	939	3,977	11,969	15,353	2,033	34,062	931	3,782	12,091	15,225	2,033	34,019	761	3,799	12,369	15,181	1,909

Chart 11.10

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

OTHER TOURIST ACCOMMODATION

		2014				
		Total	1*	2*	3*	4*
Furnished apartments ¹	Apart.	1,770	476	937	314	43
	Beds/spaces	8,890	2,255	4,732	1,618	285
Rural accommodation ²	Establ.	5	1	-	1	3
	Beds/spaces	39	14	-	10	15
Holiday chalets	Establ.	5	-	1	4	-
	Beds/spaces	52	-	6	46	-
Campsites	Establ.	8	3	5	-	-
	Pitches	717	141	576	-	-
Youth hostals	Establ.	4	4	-	-	-
	Beds/spaces	321	321	-	-	-
Summer camps	Establ.	1	1	-	-	-
	Beds/spaces	106	106	-	-	-
Mountain huts	Establ.	28	24	4	-	-
	Beds/spaces	442	290	152	-	-

(1) Furnished holiday apartments are newly classified establishments in 2010, by Law 26/2008, of 20 November, on the regulation of furnished holiday apartments and the businesses that manage them, and the Regulation governing the classifications of furnished holiday homes of 25-11-2009.

(2) For rural accommodation, the classification is by ears of corn instead of stars.

Chart 11.11 Source: Department of Tourism. Government of Andorra; Department of Statistics. Government of Andorra

year, although activity was still at very modest levels. Now, although the change is good news, hotel activity is improving because it is starting from very low levels and we will have to see if in the next few months the sector will be capable of consolidating this more positive trend.

According to the businesses' opinion, global business activity saw an appreciable improvement, to the point that it presented a slightly positive balance for the first time since 2002. By areas, the most positive situation was noted in Canillo, Encamp and Andorra la Vella, while in the parishes of La Massana and Sant Julià de Lòria, especially the latter, the trend in business was not as good.

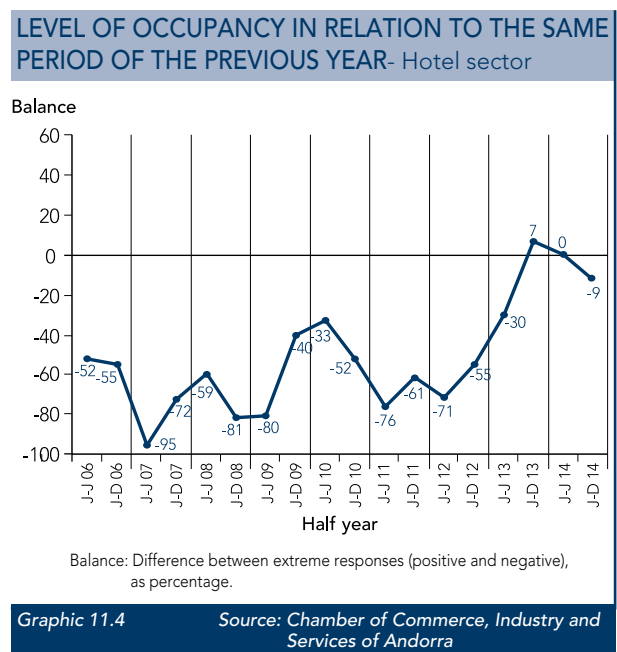
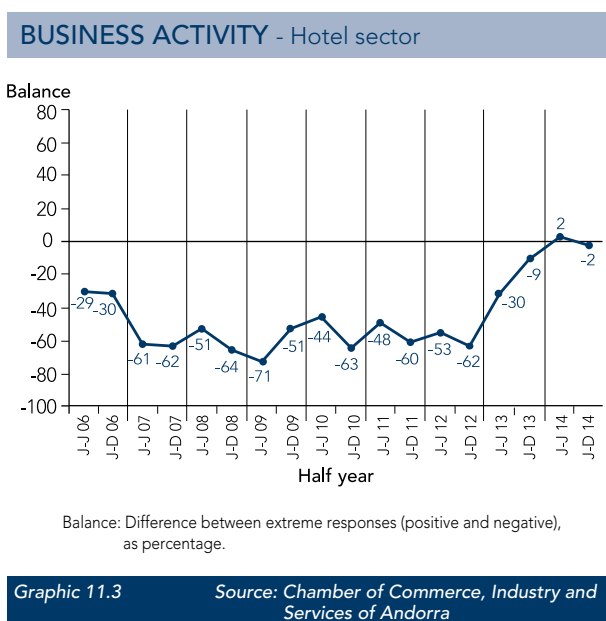
Equally, the average occupancy rate broke the decline of previous financial years and maintained a more favourable profile; it increased slightly in relation to the preceding half year due to an upturn in activity in the high parishes that was higher than the normal seasonal fluctuation in recent years and also managed to maintain a more stable trend in relation to the same months of 2013. Nevertheless, in interannual terms, the improvement was only limited to the parishes of Canillo, Encamp and Andorra la Vella, while in the other areas, occupancy tended to decline. This implies that the trend in demand for hotels is still very weak. Finally, a certain stabilisation can be seen in sales prices, after thirteen consecutive half years of notable >

decline and a less negative trend in the employment of staff in the sector.

The results of the situation survey for the second half year of 2014 confirm that the hotel sector continues to show low activity but, nevertheless, there are clear signs that the situation is stabilising, which is good news if we consider the steep downturn seen throughout the last eight years.

So, according to businesses' opinions, business activity no longer deteriorated noticeably, but remains stagnated at unsatisfactory levels, with no clear signs of recovery in the short term. The feeling of low confidence expressed by businesses' opinions reflects a great concern for the tourism situation, which still moves within very discreet lines, and also by the high level of seasonal variation suffered by the sector, which is still a major impediment to any improvement in hotel activity.

From a territorial perspective, as is to be expected for seasonal reasons, the decline in activity was noted in all the parishes with ski resorts, except Canillo and Sant Julià de Lòria, where it stabilised, and was particularly intense in the parish of Encamp, with deterioration in business much more marked than one year ago. In contrast, in the more central areas of the country, the results were more favourable, but with varying trends. While in Andorra la Vella the business climate was as optimistic as one year ago, in the parish of Escaldes-Engordany the balance of activity was much more satisfactory, with evaluations of business activity being more positive than in the last twelve years.



The average degree of occupancy fell in relation to the previous half year and also deteriorated a little in relation to the same months of 2013, as a consequence of the lack of dynamism in the demand for tourism, as the discreet increase in the number of tourists was not reflected in any increase in hotel overnight stays. In interannual terms, the occupancy rate only increased in the areas of Canillo and Escaldes-Engordany, while it remained relatively stable in Andorra la Vella and fell in the other parishes, mainly Encamp.

On the other hand, the surveyed businesses indicated a slight decline in the number of employees and a drop in sales prices, although much more moderate than in previous years.

The distribution of clients according to their place of origin shows a more favourable trend among the Spanish than other countries. Specifically, clients from Spain gained percentage and are now 69% of the total, thanks above all to the increase in Catalan travellers, who increase their dominance as the main clients for Andorran hotels, to represent 46% of the total. In second place in the ranks are the French – with a proportion of 17% of the total – followed by other nationalities with 13%.

Businesses' expectations for the first half of 2015 do not suggest an increase in confidence in the sector's evolution in the immediate future. So, hotel businesses predict that the general tone of business will remain weak and the average level of occupancy

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

		2012			2013			2014		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	4	2	3	17	14	15.5	20	25	22.5
	Normal	39	33	36	36	64	50	61	49	55
	Bad	57	64	60.5	47	23	35	18	27	22.5
	Balance	-53	-62	-57.5	-30	-9	-19.5	2	-2	0
2. Average distribution of clients (%) (reviewed half year)	Catalonia	31	45	38	27	39	33	35	46	40.5
	Rest of Spain	24	29	26.5	26	28	27	23	23	23
	France	25	14	19.5	25	17	21	23	17	20
	Others	21	11	16	22	16	19	20	13	16.5
3. Level of reservations (reviewed half year)	High	2	2	2	15	12	13.5	6	6	6
	Adequate for the period	16	23	19.5	21	46	33.5	61	58	59.5
	Low	82	73	77.5	60	40	50	31	35	33
	Reservations not taken	0	2	1	4	2	3	2	0	1
	Balance	-80	-71	-75.5	-45	-28	-36.5	-25	-29	-27
4. Average rate of occupancy (compared with same half year of previous year)	Higher	4	7	5.5	22	35	28.5	33	20	26.5
	Equal	22	31	26.5	26	37	31.5	33	51	42
	Lower	75	62	68.5	52	28	40	33	29	31
	Balance	-71	-55	-63	-30	7	-11.5	0	-9	-4.5
5. Prices paid by clients (compared with previous half year)	Higher	6	2	4	20	15	17.5	23	18	20.5
	Equal	47	33	40	48	31	39.5	56	47	51.5
	Lower	47	64	55.5	33	54	43.5	21	35	28
	Balance	-41	-62	-51.5	-13	-39	-26	2	-17	-7.5
6. Number of employees (compared with previous half year)	More	0	7	3.5	7	4	5.5	10	10	10
	Equal	47	58	52.5	49	80	64.5	78	77	77.5
	Less	53	36	44.5	44	16	30	12	13	12.5
	Balance	-53	-29	-41	-37	-12	-24.5	-2	-3	-2.5

Chart 11.12

Source: Chamber of Commerce, Industry and Services of Andorra

will continue at quite low levels, in a context where the weak demand for tourism will persist and in which the collapse of the Russian market is expected to have a major effect on results. Altogether, hotels saw a somewhat lower volume of bookings for the time of year and predict practically stable behaviour in sales prices and a new decline in employment of staff.

The weak demand is still the main factor limiting the increase in activity – cited by 75% of those surveyed. The increase in operating costs is the next most important obstacle – mentioned by 65% of businesses. Finally, the increase in competition is notable as, despite losing a little importance it has remained a major obstacle – 48% of businesses mentioned it – an incidence that is very similar to the lack of qualified staff – cited by 46% of those surveyed.

11.4. Transport and communications

After several years in which the annual results of the branch of transport and communications were also negative, as in many other sectors, in 2014 activity

in general reactivated. The number of employees, after six years of decline, remained practically stable (+0.1%) and the average wage saw a very moderate increase (0.8%).

The recovery in vehicle registrations was quite important, as it grew 23.8%, but the absolute figure still did not reach that of 2008. It appears that the measures taken by the administration to reactivate activity in this sector were giving results. By type of vehicle, car registrations grew 30.4% and lorries, which were very low, by 45.2%. Special vehicle registrations increased 39.3%; vans only 12.1%, and motorcycles 23.2%. The total number of vehicles grew 2.2%.

The behaviour of the branch of telecommunications was similar to recent years. The most classic installations and their traffic continued to decline while the latest technology continues to be adopted and use is growing. So, in 2014 landline contracts fell 1.9% and already accumulate four years of declines. In contrast, mobiles increased 3.6% and broadband internet 3.7%. Similar behaviour was seen in telephone traffic. National landline traffic fell 10.3% and that of >

the mobile network grew 7.2%. As for international traffic in these two systems, incoming fell 9.3% and outgoing 5.8%. On the other hand, broadband internet telephone traffic evolved much better: national grew 146.6% and international increased 8.9%, in both cases as a result of the huge growth in fibre optic. More innovative telecommunications continue to expand strongly while traditional ones decline.

statistical appendix 2014



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)					
	2010	2011	2012	2013	2014
Andorrans	32,962	33,481	34,417	34,989	35,412
Foreigners	52,053	44,634	41,829	41,109	41,537
Spanish	26,688	22,187	20,320	20,070	20,301
Portuguese	13,100	11,711	11,229	10,809	10,699
French	5,087	4,104	3,794	3,695	3,753
Others	7,178	6,632	6,486	6,535	6,784
Total	85,015	78,115	76,246	76,098	76,949

Registered population by parishes (persons)					
	2010	2011	2012	2013	2014
Canillo	6,194	4,826	4,133	4,151	4,270
Encamp	14,357	13,521	12,051	11,934	12,041
Ordino	4,396	4,322	4,417	4,546	4,675
La Massana	9,937	9,744	9,902	9,961	10,076
Andorra la Vella	23,505	22,256	22,398	22,546	22,615
Sant Julià de Lòria	9,706	9,051	9,063	9,101	9,270
Escaldes-Engordany	16,920	14,395	14,282	13,859	14,002
Total	85,015	78,115	76,246	76,098	76,949

Estimated population by parishes (persons)					
	2010	2011	2012	2013	2014
Canillo	3,166	3,140	3,204	3,180	3,277
Encamp	11,319	11,094	10,937	10,675	10,714
Ordino	4,015	4,091	4,210	4,281	4,390
La Massana	8,618	8,526	8,647	8,800	8,907
Andorra la Vella	21,190	21,018	20,988	21,113	21,126
Sant Julià de Lòria	8,500	8,404	8,406	8,404	8,522
Escaldes-Engordany	13,482	13,499	13,366	13,513	13,634
Total	70,290	69,772	69,758	69,966	70,570

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 2014 put the population at 70,570 persons, signifying an overweighing of +9.0%, a slightly higher divergence than in the last year. However, this estimate is still note wholly precise because the figures on residents with Andorran nationality still have to be validated.

Natural population movement					
	2010	2011	2012	2013	2014
Births	828	793	737	637	639
Deaths	239	275	303	239	276
Natural growth	589	518	434	398	363
Birth rate (per thousand)*	11.780	11.366	10.565	9.104	9.055
Death rate (per thousand)*	3.400	3.941	4.344	3.416	3.911
Natural growth rate (per thousand)*	8.380	7.424	6.222	5.688	5.144
Total population growth*	-3,310	-518	-14	208	604
Increase from migration and census regularization*	-3,899	-1,036	-448	-190	241

* Data calculated taking the estimated population as a base.

Population structure by ages of the registered population (persons)					
	2010	2011	2012	2013	2014
Up to 14 years	12,229	12,095	11,841	11,644	11,511
From 15 to 64 years	61,463	56,163	54,801	54,485	55,115
65 years and over	11,323	9,857	9,604	9,969	10,323
Total	85,015	78,115	76,246	76,098	76,949

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

1.2. Employment

Jobs (annual average)					
	2010	2011	2012	2013	2014
Jobs	45,869	44,405	42,648	41,837	42,260

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)					
	2010	2011	2012	2013	2014
New registrations	3,821	3,583	3,421	3,749	4,150

Note: 2014 data are provisional.

Number of employees by major sectors (average)					
	2010	2011	2012	2013	2014
Primary	152	159	162	166	155
Industry	1,851	1,731	1,617	1,555	1,532
Construction	4,657	3,932	3,269	2,847	2,752
Services	32,733	32,210	31,405	31,106	31,426
Total	39,393	38,031	36,452	35,674	35,866

Number of employees by sectors (average)					
	2010	2011	2012	2013	2014
Agriculture, livestock, hunting and forestry	152	159	162	166	155
Extraction industries	3	2	2	2	1
Manufacturing industries	1,687	1,561	1,450	1,383	1,365
Production and distribution of electricity, gas and water	161	168	166	170	166
Construction	4,657	3,932	3,269	2,847	2,752
Commerce and motor vehicle repairs (etc.)	9,977	9,574	9,235	8,917	8,857
Hotels & catering	4,956	4,877	4,684	4,593	4,556
Transport, storage and communications	1,185	1,156	1,107	1,071	1,071
Financial system	1,671	1,695	1,724	1,762	1,828
Real estate and rental activities; business services	4,132	4,076	3,952	4,001	4,220
Public administration, defence & compulsory social security ^(*)	4,487	4,452	4,405	4,414	4,437
Education	584	571	543	528	535
Health & veterinary activities, social services ^(*)	1,762	1,800	1,777	1,774	1,811
Other social activities & community services; personal services	2,419	2,456	2,419	2,529	2,639
Households employing domestic staff	1,326	1,324	1,294	1,222	1,156
Extraterritorial bodies	26	26	22	19	20
Special regimes ^(**)	-	-	41	76	91
Domestic work for the community (communities of owners)	206	203	202	200	205
Voluntary declaration, no activity (volunteers)	1	-	-	-	-
Total	39,393	38,031	36,452	35,674	35,866

(*) 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)					
	2010	2011	2012	2013	2014
Applicants looking for a better job	152	163	188	184	193
Job seekers	510	639	950	983	774
Total	662	802	1,138	1,167	967

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

Registrations with the Job Service by nationalities (average)					
	2010	2011	2012	2013	2014
Total applicants	662	802	1,138	1,167	967
Andorran	170	221	328	364	323
Spanish	218	268	377	382	327
French	21	22	30	31	30
Portuguese	152	174	251	237	160
Others	102	117	152	154	126
Job seekers	510	639	950	983	774
Andorran	131	176	269	307	262
Spanish	165	213	316	310	254
French	17	15	23	25	24
Portuguese	122	147	222	215	137
Others	76	88	120	126	98

Registrations with the Job Service by age brackets (average)					
	2010	2011	2012	2013	2014
Total applicants	662	802	1,138	1,167	967
Up to 17	21	17	18	16	18
18 - 25	109	129	182	179	147
26 - 39	213	252	359	353	275
40 - 59	283	354	505	539	445
60 and over	36	50	74	80	81
Job seekers	510	639	950	983	774
Up to 17	21	17	17	16	18
18 - 25	84	106	160	160	124
26 - 39	155	187	280	278	199
40 - 59	217	285	426	454	359
60 and over	32	45	68	75	74

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

1.3 Education

Population in education by education level					
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
School	10,837	10,802	10,773	10,730	10,837
University (*)	1,419	1,496	1,609	1,632	1,481
Non-university abroad	269	295	299	266	256
Total	12,525	12,593	12,681	12,628	12,574

(*) The university population data relating to the school years 2012-2013 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					
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Andorra	11,316	11,236	11,268	11,211	11,274
Spain	1,030	1,133	1,159	1,130	1,013
France	150	178	216	256	251
Others	29	46	38	31	36
Total	12,525	12,593	12,681	12,628	12,574

Note: The data for the university population relating to the 2012-2013 academic year have been revised and updated by the Institute of Andorran Studies.

School population by levels					
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Kindergarten	2,411	2,380	2,435	2,423	2,453
Primary	4,367	4,263	4,130	4,068	4,065
Secondary	2,838	2,900	3,026	3,079	3,031
Baccalaureate	854	889	857	842	925
Vocational education	367	370	325	318	363
Total	10,837	10,802	10,773	10,730	10,837

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

School population by type of schooling					
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
French educational system	3,430	3,402	3,351	3,350	3,423
French schools	3,430	3,402	3,351	3,350	3,423
Spanish educational system	3,285	3,243	3,217	3,146	3,116
Spanish schools	997	930	905	824	796
Congregational schools	2,075	2,102	2,088	2,108	2,107
Private schools	213	211	224	214	213
Andorran educational system	4,122	4,157	4,205	4,234	4,298
Andorran schools	3,977	4,031	4,082	4,104	4,138
Vocational schools	145	126	123	130	160
Total	10,837	10,802	10,773	10,730	10,837

University population by country of study					
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Andorra	479	434	495	481	437
Spain	822	912	941	936	834
France	98	118	148	194	190
Others	20	32	25	21	20
Total	1,419	1,496	1,609	1,632	1,481

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

Note 2: The data for university students for the 2012-2013 academic year have been revised and updated by the Institute of Andorran Studies.

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

2. ACTIVITY AND DEMAND

Net creation of establishments, registrations/deregistrations					
	2010	2011	2012	2013	2014
Registrations	613	542	550	717	756
Deregistrations	626	602	652	510	473
Net creation of establishments	-13	-60	-102	207	283

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					
	2010	2011	2012	2013	2014
Primary ^(*)	28	32	37	39	40
Extraction industries	-	1	1	1	1
Manufacturing industries	340	331	321	340	351
Production and distribution of electricity, gas and water	4	5	5	5	5
Construction	837	817	791	789	795
Commerce and motor vehicle repairs (etc.)	2,682	2,627	2,556	2,573	2,654
Hotels & catering	967	963	950	982	984
Transport, storage and communications	404	414	411	402	403
Financial system	167	164	163	159	163
Real estate and rental activities; business services	1,236	1,242	1,253	1,376	1,512
Public administration, defence & compulsory social security	-	-	-	-	-
Education	65	66	66	76	83
Health & veterinary activities, social services	139	148	156	161	173
Other social activities & community services; personal services	471	470	468	482	504
Others	-	-	-	-	-
Total	7,340	7,280	7,178	7,385	7,668

(*) 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 Commerce and Consumption. Government of Andorra / Statistics Department. Government of Andorra

Electricity consumption (MWh)					
	2010	2011	2012	2013	2014
Domestic use	95,267	90,475	92,253	94,742	92,989
Construction and construction related activities	5,136	4,826	4,361	3,678	3,478
Industries	4,751	4,258	4,294	5,848	4,021
Distribution	76,384	74,799	73,634	70,860	67,483
Hotels and catering	68,381	66,263	64,687	62,398	61,470
Financial services	24,289	23,320	23,179	22,407	21,393
Other services	71,599	68,883	66,706	65,821	66,784
Street lighting	7,480	7,789	7,988	8,602	8,541
Ski resorts	17,221	15,125	17,052	14,010	15,186
Government	23,900	24,997	25,645	25,483	25,132
Other distributors	185,771	179,272	182,011	179,970	175,230
Total	580,179	560,007	561,809	553,820	541,706

Source: FEDA (Andorran Electricity Company)

Vehicle registration (units)					
	2010	2011	2012	2013	2014
Cars	2,118	1,884	1,573	1,682	2,194
Motorbikes	437	407	421	426	525
Vans	128	96	108	149	167
Lorries ⁽¹⁾	47	34	30	31	45
Special vehicles	27	28	35	28	39
Mopeds	26	14	13	17	14
Snowbikes	21	11	5	67	16
Others ⁽²⁾	89	54	74	87	79
Total	2,893	2,528	2,259	2,487	3,079

(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)					
	2010	2011	2012	2013	2014
From 1 to 5	7,361	7,272	7,217	7,165	7,098
From 6 to 10	672	635	605	597	612
From 11 to 25	487	471	435	413	403
From 26 to 100	208	201	180	175	175
Over 100	52	51	51	49	52
Total	8,781	8,630	8,488	8,399	8,339

Number of businesses by sectors of activity (average)					
	2010	2011	2012	2013	2014
Primary ^(*)	99	94	97	110	118
Extraction industries	1	1	1	1	1
Manufacturing industries	217	200	192	182	192
Production and distribution of electricity, gas and water	6	6	6	6	7
Construction	539	506	475	470	443
Commerce and motor vehicle repairs (etc.)	1,369	1,339	1,298	1,279	1,248
Hotels & catering	691	690	687	678	664
Transport, storage and communications	155	149	149	137	144
Financial system	77	76	73	73	69
Real estate and rental activities; business services	775	791	800	831	889
Public administration, defence & compulsory social security	42	42	45	40	37
Education	53	47	46	48	52
Health & veterinary activities, social services	196	202	207	217	236
Other social activities & community services; personal services	377	386	377	361	361
Households employing domestic staff	3,593	3,526	3,460	3,397	3,318
Extraterritorial bodies	9	8	8	7	7
Special regimes ^(**)	-	-	1	1	1
Domestic work for the community (communities of owners)	577	569	567	561	550
Voluntary declaration, no activity (volunteers)	4	-	-	-	-
Total	8,781	8,630	8,488	8,399	8,339

(*) 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					
	2010	2011	2012	2013	2014
CPI - GROUPS					
Group 1. Food, beverages and tobacco	0.7	2.6	2.2	1.7	2.0
Group 2. Clothing and footwear	-4.7	-5.3	-0.7	-0.4	1.0
Group 3. Housing, water, gas, electricity and other fuels	2.9	3.8	-1.4	-1.8	-1.7
Group 4. Furniture, domestic appliances and household services	-1.1	0.6	0.7	0.5	0.8
Group 5. Health (unsubsidised expenses)	4.3	0.9	-2.6	0.9	0.5
Group 6. Transport	5.2	5.6	1.6	-0.7	-1.2
Group 7. Leisure, entertainment and culture	-2.4	0.3	4.0	-1.8	0.2
Group 8. Education	3.3	2.7	3.2	2.6	1.5
Group 9. Hotels, cafes and restaurants	1.2	0.9	0.9	1.1	0.7
Group 10. Miscellaneous goods and services	0.1	0.4	-0.9	-0.1	-0.1
Total	1.6	2.5	1.1	0.0	-0.1
CPI - SPECIAL GROUPS					
Underlying inflation	-0.1	0.1	1.4	0.4	0.5
Food	0.1	2.1	1.8	1.1	2.1
General index less tobacco	1.4	2.1	1.4	-0.1	-0.1
Energy	13.4	14.9	2.8	-3.5	-6.2
Services	0.8	0.3	0.5	0.5	0.6
Petroleum based products	15.2	16.6	4.2	-3.5	-6.9
Fresh produce	2.3	1.2	2.1	2.1	2.6
Food - durables	-3.0	3.6	1.3	-0.6	1.3
Rent, water and waste disposal	0.4	0.2	-0.7	-0.7	-0.5
Health services	-0.1	-1.6	-7.0	-0.5	-0.1
Petroleum based and fresh products	8.9	10.2	2.5	-1.3	-2.5
CPI without energy	0.2	0.3	1.4	0.6	0.8
CPI without Group 1 (food, beverages and tobacco)	1.9	2.2	1.2	-0.2	-0.6

Source: Department of Statistics. Government of Andorra

Average monthly salaries (euros)					
	2010	2011	2012	2013	2014
Agriculture, livestock, hunting and forestry	1,461.48	1,452.10	1,360.44	1,452.93	1,428.94
Extraction industries	3,036.48	1,404.41	2,312.87	1,770.68	1,320.10
Manufacturing industries	1,985.78	2,038.43	2,002.55	2,012.72	2,019.12
Production and distribution of electricity, gas and water	3,260.46	3,161.40	3,043.73	3,049.26	3,134.23
Construction	1,919.58	1,952.70	1,923.22	1,860.21	1,864.12
Commerce and motor vehicle repairs (etc.)	1,687.64	1,697.23	1,687.50	1,674.93	1,671.45
Hotels & catering	1,472.57	1,476.32	1,448.76	1,446.45	1,444.68
Transport, storage and communications	2,181.08	2,223.76	2,193.16	2,165.20	2,181.86
Financial system	4,380.86	4,535.97	4,539.02	4,697.29	4,920.32
Real estate and rental activities; business services	1,838.15	1,851.16	1,832.42	1,826.62	1,790.61
Public administration, defence & compulsory social security ^(*)	2,417.51	2,449.42	2,433.21	2,413.70	2,400.11
Education	2,070.55	2,083.17	2,149.44	2,203.99	2,165.90
Health & veterinary activities, social services ^(*)	2,306.96	2,318.05	2,290.48	2,196.36	2,178.13
Other social activities & community services; personal services	1,683.36	1,622.66	1,649.98	1,630.46	1,665.19
Households employing domestic staff	1,217.26	1,236.93	1,201.38	1,194.01	1,222.27
Extraterritorial bodies	2,407.69	2,411.81	2,628.89	2,447.52	2,517.54
Special regimes ^(**)	-	-	1,003.15	850.67	929.81
Domestic work for the community (communities of owners)	1,142.74	1,149.60	1,201.97	1,159.11	1,187.05
Voluntary declaration, no activity (volunteers)	1,182.19	-	-	-	-
Average	1,949.35	1,973.69	1,964.89	1,961.19	1,975.24

(*) 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)					
	2010^(*)	2011^(*)	2012	2013	2014
Direct taxation	-	-	25,851.27	72,231.39	48,493.25
Indirect taxation	-	-	276,920.96	262,213.74	277,844.21
Other taxes and revenues	-	-	20,346.40	20,464.89	24,424.57
Current transfers	-	-	22.04	-	1,500.00
Investment income	-	-	10,774.23	8,915.91	11,482.30
Total non-financial revenues	-	-	333,914.90	363,825.93	363,744.33
Financial assets	-	-	60.81	53.21	72.87
Financial liabilities	-	-	313,060.41	608,784.57	204,769.55
TOTAL REVENUE	-	-	647,036.12	972,663.71	568,586.75

Budgeted central Government expenditure (thousand euros)					
	2010^(*)	2011^(*)	2012	2013	2014
Current expenditure	-	-	310,390.40	301,144.11	290,920.32
Personnel costs	-	-	96,639.61	97,320.17	96,689.10
Consumption of goods and services	-	-	45,958.93	48,188.27	48,169.84
Financial expenditure	-	-	33,931.15	27,215.25	23,047.57
Current transfers	-	-	133,860.71	128,420.42	123,013.82
Capital expenditure	-	-	82,230.73	102,039.43	106,816.16
Real investments	-	-	35,917.10	46,930.14	50,517.60
Capital transfers	-	-	46,313.63	55,109.29	56,298.55
Total non-financial expenditure	-	-	392,621.13	403,183.54	397,736.48
Financial operations	-	-	254,414.98	569,480.17	170,850.27
Financial assets	-	-	214.68	146.25	2,116.23
Financial liabilities	-	-	254,200.30	569,333.92	168,734.04
TOTAL EXPENDITURE	-	-	647,036.12	972,663.71	568,586.75

Non-financial cash surplus or deficit (thousand euros)					
	2010^(*)	2011^(*)	2012	2013	2014
Non-financial surplus or deficit	-	-	-58,706.23	-39,357.60	-33,992.15

(*) 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)					
	2010	2011	2012	2013	2014
Direct taxation	1,699.73	5,636.57	29,895.43	32,908.42	60,613.41
Indirect taxation	248,266.30	265,758.61	301,538.70	275,997.68	271,078.12
Other taxes and revenues	43,119.76	27,470.86	23,622.70	31,668.54	29,124.38
Current transfers	21.73	44.22	0.27	750.63	50.22
Investment income	10,885.34	9,320.40	12,957.51	50,806.64	10,161.65
Sale of real investment	1.02	-	1.00	6.32	10.27
Capital transfers	-	-	-	-	500.00
Total non-financial revenues	303,993.87	308,230.66	368,015.60	392,138.22	371,538.05
Financial assets	48.35	82.81	184.48	967.03	1,568.69
Financial liabilities	338,210.52	320,723.13	377,026.68	669,276.62	200,604.83
TOTAL REVENUE	642,252.75	629,036.60	745,226.75	1,062,381.87	573,711.57

Source: Ministry of Finance

Settlement of central Government expenditure (thousand euros)					
	2010	2011	2012	2013	2014
Current expenditure	233,599.11	271,561.33	274,374.57	285,438.92	281,243.93
Personnel costs	93,373.97	95,227.09	94,443.68	94,505.59	96,458.90
Consumption of goods and services	41,558.90	40,904.90	41,934.12	44,056.90	43,919.87
Financial expenditure	10,685.73	18,804.67	29,320.18	23,848.99	21,378.31
Current transfers	87,980.51	116,624.67	108,676.60	123,027.44	119,486.85
Capital expenditure	123,336.35	87,571.23	180,548.19	90,991.19	95,644.77
Real investments	57,718.36	34,137.62	135,125.05	36,675.97	40,247.25
Capital transfers	65,617.99	53,433.61	45,423.14	54,315.22	55,397.52
Total non-financial expenditure	356,935.46	359,132.56	454,922.76	376,430.11	376,888.70
Financial operations	246,590.12	256,016.14	299,230.77	648,142.67	170,050.94
Financial assets	46.42	93.21	4,673.20	1,994.00	1,349.85
Financial liabilities	246,543.70	255,922.93	294,557.57	646,148.67	168,701.09
TOTAL EXPENDITURE	603,525.58	615,148.70	754,153.53	1,024,572.78	546,939.64
Operating costs^(*)	134,932.87	136,131.99	136,377.80	138,562.49	140,378.77

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

Non-financial cash surplus or deficit (thousand euros)					
	2010	2011	2012	2013	2014
Non-financial surplus or deficit	-52,941.58	-50,901.91	-86,907.17	15,708.11	-5,350.65

Central Government debt (thousand euros)					
	2010	2011	2012	2013	2014
Long-term debt	260,000.00	380,000.00	114,887.81	693,988.65	532,613.70
Public debt (Loans)	260,000.00	260,000.00	-	260,000.00	-
Public debt (Bonds)	-	-	-	150,000.00	320,000.00
Public debt (Treasury bills) l-t	-	120,000.00	-	100,000.00	-
Loan l-t	-	-	114,887.81	106,509.12	101,955.33
Credit policies	-	-	-	77,479.53	110,658.37
Short-term debt	456,722.15	387,880.85	737,099.65	174,379.00	364,553.79
Public debt (Loans)	-	-	260,000.00	-	260,000.00
Public debt (Treasury bills) s-t	100,000.00	100,000.00	320,000.00	170,000.00	100,000.00
Credit policies	206,722.15	187,880.85	157,099.65	-22.39	-
Loan s-t	150,000.00	100,000.00	-	4,401.39	4,553.79
TOTAL DEBT	716,722.15	767,880.85	851,987.46	868,367.65	897,167.49

Note: The settlements of revenue and expenditure for 2014 are provisional.

Source: Ministry of Finance

4.2 Commune authorities

Budgeted income for Commune authorities (thousand euros)					
	2010	2011	2012	2013	2014
Canillo	14,163.38	11,956.83	10,565.08	11,451.18	10,395.10
Encamp	31,813.63	29,376.21	25,408.02	24,750.04	25,355.89
Ordino	11,279.95	9,818.81	9,400.88	11,578.32	12,225.79
La Massana	14,194.59	11,608.97	11,057.23	11,973.32	11,930.27
Andorra la Vella	38,898.41	34,908.80	32,079.67	34,044.04	34,287.83
Sant Julià de Lòria	12,875.20	12,600.54	11,278.32	12,203.29	11,630.11
Escaldes-Engordany	27,522.04	22,072.44	20,696.74	20,153.09	19,883.05
Total	150,747.20	132,342.60	120,485.95	126,153.28	125,708.02

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

Budgeted expenditure for Commune authorities (thousand euros)					
	2010	2011	2012	2013	2014
Canillo	14,163.38	11,956.83	10,565.08	11,451.18	10,395.10
Encamp	31,813.63	29,376.21	25,408.02	24,750.04	25,355.89
Ordino	11,279.95	9,818.81	8,409.41	11,578.32	12,225.79
La Massana	14,194.59	10,446.37	10,928.17	11,740.73	11,560.07
Andorra la Vella	38,898.41	34,908.80	32,079.67	34,044.04	34,287.83
Sant Julià de Lòria	12,875.20	12,242.01	11,278.32	12,019.57	11,532.67
Escaldes-Engordany	27,522.04	22,072.44	20,696.74	20,153.09	19,883.05
Total	150,747.20	130,821.47	119,365.42	125,736.97	125,240.38

Budgeted balance for Commune authorities (thousand euros)					
	2010	2011	2012	2013	2014
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	991.47	0.00	0.00
La Massana	0.00	1,162.60	129.06	232.59	370.20
Andorra la Vella	0.00	0.00	0.00	0.00	0.00
Sant Julià de Lòria	0.00	358.53	0.00	183.72	97.44
Escaldes-Engordany	0.00	0.00	0.00	0.00	0.00
Total	0.00	1,521.12	1,120.53	416.31	467.64

Settlements of Commune authorities' revenue (thousand euros)					
	2010	2011	2012	2013	2014
Canillo	11,830.92	11,052.54	10,790.89	13,362.77	12,255.81
Encamp	26,863.35	25,032.66	21,754.77	27,159.63	28,063.12
Ordino	10,760.63	10,262.63	10,170.13	14,227.50	11,336.53
La Massana	12,678.67	11,992.33	11,108.28	12,427.83	12,888.58
Andorra la Vella	33,061.22	33,989.41	35,944.10	32,679.02	35,401.65
Sant Julià de Lòria	12,638.29	15,678.77	11,013.87	11,668.17	12,229.10
Escaldes-Engordany	25,960.05	20,871.10	18,868.24	20,080.11	21,028.71
Total	133,793.13	128,879.44	119,650.28	131,605.03	133,203.50

Settlements of Commune authorities' expenditure (thousand euros)					
	2010	2011	2012	2013	2014
Canillo	11,534.21	10,983.56	11,043.79	9,997.28	8,544.51
Encamp	26,722.23	26,714.16	23,988.28	22,867.92	22,068.49
Ordino	10,146.88	8,844.20	8,704.50	11,683.01	11,114.18
La Massana	11,907.73	10,455.66	10,401.90	10,131.57	10,909.87
Andorra la Vella	31,657.80	32,615.19	30,210.97	32,156.64	30,826.16
Sant Julià de Lòria	12,477.57	14,196.88	10,877.97	12,209.83	12,684.99
Escaldes-Engordany	24,901.25	21,280.53	18,592.76	18,374.39	20,431.51
Total	129,347.68	125,090.17	113,820.15	117,420.65	116,579.71

Commune authorities' surplus/deficit (thousand euros)					
	2010	2011	2012	2013	2014
Canillo	296.71	68.98	-252.90	3,365.49	3,711.30
Encamp	141.11	-1,681.49	-2,233.51	4,291.71	5,994.64
Ordino	613.75	1,418.43	1,465.63	2,544.48	222.35
La Massana	770.94	1,536.68	706.39	2,296.26	1,978.72
Andorra la Vella	1,403.42	1,374.22	5,733.14	522.38	4,575.49
Sant Julià de Lòria	160.72	1,481.89	135.90	-541.66	-455.89
Escaldes-Engordany	1,058.81	-409.43	275.49	1,705.72	597.19
Total	4,445.45	3,789.27	5,830.13	14,184.38	16,623.79

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

Consolidated Commune debt (thousand euros) - (With investees)					
	2010	2011	2012	2013	2014
Canillo	25,642.09	23,871.90	23,366.41	19,295.10	10,811.09
Encamp	39,125.32	39,295.28	38,928.78	35,355.12	30,358.50
Ordino	24,669.72	23,924.99	22,555.12	21,257.47	21,267.30
La Massana	45,686.18	42,405.17	43,552.67	37,893.44	16,375.63
Andorra la Vella	61,081.10	58,348.78	55,124.44	51,887.11	46,146.93
Sant Julià de Lòria	20,584.41	18,474.88	20,378.98	22,617.34	21,290.80
Escaldes-Engordany	37,210.58	35,093.32	32,356.59	29,612.45	26,615.38
Total	253,999.39	241,414.32	236,262.98	217,918.04	172,865.62

Note: 2010-2013 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. 2014 data relating to the debt status presented by the Communes.

Source: Court of Accounts / Commune authorities

4.3 CASS (Andorran Social Security)

Revenue budget for the CASS (thousand euros)					
	2010	2011	2012	2013	2014
Contributions	180,952.00	180,952.00	207,889.97	195,446.52	200,046.44
Other taxes and revenue	1,660.19	1,660.19	1,504.51	2,385.49	1,714.91
Current transfers	1,149.00	1,149.00	47,414.80	36,732.67	34,653.63
Investment income	3,646.34	3,646.34	2,607.55	3,111.65	2,527.69
Total non-financial revenue	187,407.54	187,407.54	259,416.83	237,676.34	238,942.67
Financial assets	17,133.26	17,133.26	2,842.44	2,663.42	2,601.58
Financial liabilities	-	-	-	-	-
TOTAL REVENUE	204,540.80	204,540.80	262,259.27	240,339.76	241,544.24

Expenditure budget for the CASS (thousand euros)					
	2010	2011	2012	2013	2014
Current expenditure	175,611.71	175,611.71	215,673.23	205,714.08	211,008.52
Personnel costs	4,747.21	4,747.21	4,907.56	4,771.86	4,724.18
Consumption of goods and services	2,768.85	2,768.85	2,573.67	2,770.79	2,786.51
Financial expenditure	14.23	14.23	20.62	25.43	20.20
Current expenditure	168,081.41	168,081.41	208,171.38	198,146.00	203,477.63
Capital expenditure	1,400.00	500.00	1,105.91	827.01	1,150.86
Real investment	1,400.00	500.00	1,105.91	827.01	1,150.86
Capital transfers	-	-	-	-	-
Total non-financial expenditure	177,011.71	176,111.71	216,779.14	206,541.09	212,159.38
Financial operations	22,802.19	-	45,477.17	35,698.67	29,384.87
Financial assets	22,802.19	-	45,477.17	35,698.67	29,384.87
Financial liabilities	-	-	-	-	-
TOTAL EXPENDITURE	199,813.90	176,111.71	262,256.30	242,239.76	241,544.24

Non-financial cash surplus or deficit (thousand euros)					
	2010	2011	2012	2013	2014
Non-financial surplus or deficit	10,395.84	11,295.84	42,637.70	31,135.25	26,783.29

Source: CASS / Department of Statistics. Government of Andorra

Settled revenue of the CASS (thousand euros)					
	2010	2011	2012	2013	2014
Contributions	206,069.47	205,505.78	200,618.71	200,151.70	204,357.67
Other taxes and revenue	2,681.34	1,331.56	1,980.62	1,911.25	1,696.45
Current transfers	7,495.57	38,016.49	25,080.05	34,609.48	33,465.53
Investment income	3,780.53	3,204.08	2,527.71	2,366.00	2,472.76
Total non-financial revenue	220,026.93	248,057.91	230,207.09	239,038.44	241,992.42
Financial assets	26,889.37	2,562.32	11,703.36	2,454.45	3,820.63
Financial liabilities	-	-	-	-	-
TOTAL REVENUE	246,916.30	250,620.23	241,910.45	241,492.89	245,813.05

Settled expenditure of the CASS (thousand euros)					
	2010	2011	2012	2013	2014
Current expenditure	188,996.56	193,605.96	196,141.20	203,228.66	211,948.30
Personnel costs	4,588.32	4,631.92	4,505.11	4,508.31	4,583.07
Consumption of goods and services	1,606.83	1,500.95	1,682.13	1,950.54	2,018.96
Financial expenditure	25.05	9.89	0.80	1.06	1.82
Current expenditure	182,776.36	187,463.19	189,953.16	196,768.75	205,344.46
Capital expenditure	1,488.38	2,559.10	659.83	80.90	477.10
Real investment	1,488.38	2,559.10	659.83	80.90	477.10
Capital transfers	-	-	-	-	-
Total non-financial expenditure	190,484.95	196,165.06	196,801.03	203,309.56	212,425.40
Financial operations	56,429.62	49,573.53	44,445.72	35,385.65	31,033.65
Financial assets	56,429.62	49,573.53	44,445.72	35,385.65	31,033.65
Financial liabilities	-	-	-	-	-
TOTAL EXPENDITURE	246,914.56	245,738.59	241,246.75	238,695.20	243,459.05

Non-financial cash surplus or deficit (thousand euros)					
	2010	2011	2012	2013	2014
Non-financial surplus or deficit	29,541.98	51,892.85	33,406.06	35,728.88	29,567.02

Source: CASS / Department of Statistics. Government of Andorra

THE ANDORRAN ECONOMY: SECTORAL STATISTICS

5. PRIMARY SECTOR

Number of establishments					
	2010	2011	2012	2013	2014
Agriculture, livestock, hunting and auxiliary service activities	27	31	37	39	40
Forestry, forest management and auxiliary service activities	1	1	0	0	0
Total	28	32	37	39	40

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Number of companies by number of employees (average)					
	2010	2011	2012	2013	2014
From 1 to 5	93	87	90	105	112
From 6 to 10	5	4	4	4	5
From 11 to 25	2	2	3	2	1
Total	99	94	97	110	118

Number of employees (average)					
	2010	2011	2012	2013	2014
Agriculture, livestock, hunting and auxiliary service activities	139	145	154	163	153
Forestry, forest management and auxiliary service activities	13	14	8	4	1
Total	152	159	162	166	155

Average monthly salaries (euros)					
	2010	2011	2012	2013	2014
Agriculture, livestock, hunting and auxiliary service activities	1,448.04	1,447.75	1,349.75	1,445.67	1,417.98
Forestry, forest management and auxiliary service activities	1,600.41	1,498.27	1,577.68	1,790.08	2,615.19
Average	1,461.48	1,452.10	1,360.44	1,452.93	1,428.94

Source: CASS (Andorran Social Security)

Tobacco crop by parish (kg)					
	2010	2011	2012	2013	2014
Canillo	16,023	16,013	8,716	15,721	15,839
Encamp	27,336	27,407	27,397	26,811	26,754
Ordino	34,517	33,730	33,666	34,114	34,273
La Massana	44,269	45,205	43,864	45,120	45,453
Andorra la Vella	29,156	30,120	30,126	24,423	30,040
Sant Julià de Lòria	74,577	80,680	80,736	77,091	75,402
Escaldes-Engordany	11,607	11,522	11,287	10,897	10,321
Total production	237,485	244,676	235,792	234,176	238,084

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

Livestock census (adult animals)

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Bulls	69	62	72	63	63
Cows	1,496	1,497	1,480	1,449	1,421
Working animals	-	-	-	-	-
Stud animals	196	198	165	170	149
Mares	700	711	688	687	658
Rams	73	75	83	98	103
Ewes	2,291	2,446	2,573	2,559	3,191
Billy goats	32	29	20	27	21
Nanny goats	521	349	344	347	323
Total	5,378	5,367	5,425	5,400	5,929

Number of farms per parish

	2010	2011	2012	2013	2014
Canillo	48	48	52	49	47
Encamp	55	55	54	47	45
Ordino	46	46	48	40	37
La Massana	67	67	69	57	57
Andorra la Vella	49	49	48	37	36
Sant Julià de Lòria	64	64	63	62	62
Escaldes-Engordany	30	30	32	30	30
Total	359	359	366	322	314

Total of farms by type (surface area in m²)

	2010	2011	2012	2013	2014
Hay	5,205,044	5,161,003	5,210,147	5,163,754	5,278,713
Tobacco	1,592,491	1,516,629	1,503,335	1,490,809	1,514,018
Pasture	12,407,330	12,606,943	12,605,792	12,773,491	12,804,556
Potatoes	152,935	234,019	243,456	200,703	175,845
Market garden	127,839	112,590	124,471	117,218	119,395
PAM ⁽¹⁾	-	47,566	40,683	35,047	12,957
Vines	-	96,571	109,875	90,305	85,443
Forage ⁽²⁾	28,570	32,750	26,965	29,634	17,377
Misc. ⁽³⁾	114,753	13,591	9,514	8,674	12,792
Fallow	489,475	473,913	501,455	528,074	485,714
Others	415,595	408,391	418,154	415,051	403,612
Total	20,534,032	20,703,966	20,793,847	20,852,760	20,910,422
Useful agricultural area	19,628,963	19,821,663	19,874,237	19,909,635	20,021,095

(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)**

	2010	2011	2012	2013	2014
Extraction industries	1	1	1	1	1
Manufacturing industries	217	200	192	182	192
Production and distribution of electricity, gas and water	6	6	6	6	7
Total	225	207	199	190	200

Source: CASS (Andorran Social Security)

Number of companies by number of employees (average)					
	2010	2011	2012	2013	2014
From 1 to 5	134	125	121	111	122
From 6 to 10	37	35	37	38	40
From 11 to 25	37	33	26	28	29
From 26 to 100	15	13	12	9	8
Over 100	2	2	3	3	3
Total	225	207	199	190	200

Source: CASS (Andorran Social Security)

Number of establishments					
	2010	2011	2012	2013	2014
Extraction industries	-	1	1	1	1
Activities of services related to oil & gas production, except prospecting	-	1	1	1	1
Manufacturing industries	340	331	321	340	351
Food and beverage processing industries	42	41	42	44	47
Tobacco industries	7	7	7	7	8
Textile industries	10	9	9	6	5
Dressmaking and fur industries	9	9	7	7	7
Wood and cork industries, except furniture; basketware and wickerwork	49	48	48	46	46
Paper industries	-	1	1	1	1
Publishing, graphic arts and reproduction of recorded media	90	92	83	88	92
Chemical industries	4	4	4	4	4
Manufacture of products of rubber and plastic materials	1	1	1	2	2
Manufactures of other non-metallic mineral products	5	5	6	6	6
Metallurgy	1	-	-	1	1
Manufacture of metallic products, except machinery and equipment	34	35	33	32	33
Industries for the construction of mechanical machinery and equipment	31	26	27	31	30
Manufacture of electrical machinery and material	1	1	1	1	2
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	1	1	1	1	1
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	26	25	25	29	32
Manufacture of other transport materials	1	1	-	-	-
Furniture manufacturing; other manufacturing industries	27	24	25	31	31
Recycling	1	1	1	1	1
Production and distribution of electricity, gas and water	4	5	5	5	5
Production and distribution of electricity, gas, steam and hot water	2	3	3	3	3
Collection, purification and distribution of water	2	2	2	2	2
Total	344	337	327	346	357

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Electricity consumption by industry (MWh)					
	2010	2011	2012	2013	2014
Electricity consumption	4,751	4,258	4,294	5,848	4,021

Source: FEDA (Andorran Electricity Co.)

Number of employees (average)

	2010	2011	2012	2013	2014
Extraction industries	3	2	2	2	1
Extraction and agglomeration of antracite, coal, lignite and peat	-	-	-	1	-
Extraction of non-metallic or non-energy minerals	3	2	2	1	1
Manufacturing industries	1,687	1,561	1,450	1,383	1,365
Food and beverage processing industries	233	222	214	220	207
Tobacco industries	274	280	287	283	273
Textile industries	48	27	32	32	24
Dressmaking and fur industries	-	-	1	-	-
Wood and cork industries, except furniture; basketware and wickerwork	188	161	139	123	127
Publishing, graphic arts and reproduction of recorded media	263	240	220	198	191
Chemical industries	92	99	104	110	112
Manufacture of products of rubber and plastic materials	3	1	1	-	9
Manufactures of other non-metallic mineral products	53	44	38	16	21
Metallurgy	-	-	-	-	-
Manufacture of metallic products, except machinery and equipment	157	140	104	105	98
Industries for the construction of mechanical machinery and equipment	162	152	120	117	118
Manufacture of electrical machinery and material	13	8	8	7	7
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	-	-	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	137	130	133	130	139
Manufacture of motor vehicles, trailers and semi-trailers	2	2	2	1	2
Manufacture of other transport materials	-	1	1	-	-
Furniture manufacturing; other manufacturing industries	48	38	32	28	25
Recycling	15	16	15	14	12
Production and distribution of electricity, gas and water	161	168	166	170	166
Production and distribution of electricity, gas, steam and hot water	126	128	126	126	124
Collection, purification and distribution of water	35	40	39	43	42
Total	1,851	1,731	1,617	1,555	1,532

Average monthly salaries (euros)

	2010	2011	2012	2013	2014
Extraction industries	3,036.48	1,404.41	2,312.87	1,770.68	1,320.10
Extraction and agglomeration of antracite, coal, lignite and peat	-	-	-	2,038.57	-
Extraction of non-metallic or non-energy minerals	3,036.48	1,404.41	2,312.87	1,547.44	1,320.10
Manufacturing industries	1,985.78	2,038.43	2,002.55	2,012.72	2,019.12
Food and beverage processing industries	1,606.26	1,677.53	1,629.34	1,589.78	1,573.20
Tobacco industries	2,082.83	2,169.53	2,076.77	2,204.72	2,365.15
Textile industries	1,423.51	1,454.51	1,746.15	1,683.77	1,436.72
Dressmaking and fur industries	-	-	482.24	-	-
Wood and cork industries, except furniture; basketware and wickerwork	1,989.72	1,881.31	1,912.49	1,829.14	1,734.30
Publishing, graphic arts and reproduction of recorded media	1,877.39	1,817.99	1,834.91	1,758.51	1,702.57
Chemical industries	1,755.07	1,792.26	1,814.24	1,901.67	1,923.83
Manufacture of products of rubber and plastic materials	1,697.50	1,877.65	1,630.00	-	1,666.22
Manufactures of other non-metallic mineral products	3,036.82	3,257.32	2,726.99	2,229.71	2,250.50
Metallurgy	-	-	-	-	-
Manufacture of metallic products, except machinery and equipment	2,008.90	2,070.15	2,023.96	2,070.02	1,930.72
Industries for the construction of mechanical machinery and equipment	2,335.78	2,437.31	2,551.51	2,712.01	2,640.34
Manufacture of electrical machinery and material	1,481.88	1,492.09	1,408.32	1,362.13	1,497.59
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	-	-	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	2,200.97	2,477.52	2,418.49	2,430.52	2,438.47
Manufacture of motor vehicles, trailers and semi-trailers	2,126.85	2,115.13	2,186.47	2,253.87	2,272.98
Manufacture of other transport materials	-	1,565.00	1,200.00	-	-
Furniture manufacturing; other manufacturing industries	1,968.58	1,786.48	1,766.04	1,847.21	1,936.74
Recycling	1,957.37	2,029.15	2,002.61	1,839.90	1,969.04
Production and distribution of electricity, gas and water	3,260.46	3,161.40	3,043.73	3,049.26	3,134.23
Production and distribution of electricity, gas, steam and hot water	3,601.73	3,532.31	3,406.80	3,451.96	3,538.73
Collection, purification and distribution of water	2,036.91	1,983.24	1,882.38	1,878.25	1,951.70
Average	2,098.47	2,146.53	2,109.45	2,125.55	2,139.70

Source: CASS (Andorran Social Security)

7. ENERGY

Electricity					
	2010	2011	2012	2013	2014
Exports (MWh)	7	1	9	3	7
Production (MWh)	112,700	91,238	87,858	114,683	126,808
Urban waste thermal production	12,666	12,323	11,676	12,904	13,392
Hydro-electric production	100,034	78,915	76,182	101,779	113,416
Imports (MWh)	497,948	495,796	505,456	467,102	438,902
Total consumption	610,641	587,033	593,306	581,782	565,705

Real electricity consumption by charge band (kWh)					
	2010	2011	2012	2013	2014
Domestic rate - blue	95,267,139	90,455,256	92,213,569	94,742,266	92,837,635
Business rate - blue (up to 20 kW on contract)	53,850,180	50,663,371	48,736,694	48,170,291	47,097,721
Street lighting	-	178,966	299,382	649,502	575,626
Business rate - red (from 25 to 250 kW on contract)	116,429,505	113,183,475	112,336,860	111,378,372	111,111,250
Business rate - green (more than 250 kW on contract)	129,069,468	126,254,384	126,211,494	118,909,680	114,854,301
Total consumption by low-voltage (BT) customers	394,616,292	380,735,452	379,797,999	373,850,111	366,476,534
Charge to other distributors	185,771,007	179,271,641	182,011,144	179,969,996	175,229,956
Total	580,387,299	560,007,093	561,809,143	553,820,107	541,706,490

Electricity consumption by sector (MWh)					
	2010	2011	2012	2013	2014
Domestic use	95,267	90,475	92,253	94,742	92,989
Construction and construction related activities	5,136	4,826	4,361	3,678	3,478
Industries	4,751	4,258	4,294	5,848	4,021
Distribution	76,384	74,799	73,634	70,860	67,483
Hotels and catering	68,381	66,263	64,687	62,398	61,470
Financial services	24,289	23,320	23,179	22,407	21,393
Other services	71,599	68,883	66,706	65,821	66,784
Street lighting	7,480	7,789	7,988	8,602	8,541
Ski resorts	17,221	15,125	17,052	14,010	15,186
Government	23,900	24,997	25,645	25,483	25,132
Other distributors	185,771	179,272	182,011	179,970	175,230
Total	580,179	560,007	561,809	553,820	541,706

Source: FEDA (Andorran Electricity Co.)

Fuel imports (litres)					
	2010	2011	2012	2013	2014
Unleaded petrol	28,563,574	28,080,840	27,191,927	25,478,296	25,113,814
Diesel for vehicles	99,399,880	102,216,532	101,249,226	97,007,606	97,849,613
Domestic fuel oil	66,778,762	54,298,678	55,834,708	57,507,520	51,516,641
Carbureactors	127,936	131,958	93,560	143,075	131,983
Total	194,870,152	184,728,008	184,369,421	180,136,497	174,612,051

Source: Department of Tax and Frontiers. Government of Andorra

Evolution in various forms of energy consumption (TOE)					
	2010	2011	2012	2013	2014
Electricity	135,538	130,321	131,714	129,156	125,590
Petrol	22,194	21,819	21,128	19,797	19,513
Diesel	146,570	138,046	138,548	136,282	131,741
Propane	2,399	2,353	2,116	1,987	1,971
Butane	541	461	422	360	358
Total	307,242	293,001	293,928	287,582	279,173

Source: Department of Industry. Government of Andorra

8.CONSTRUCTION

Number of establishments					
	2010	2011	2012	2013	2014
Construction	837	817	791	789	795

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Number of companies by number of employees (average)					
	2010	2011	2012	2013	2014
From 1 to 5	294	292	286	302	279
From 6 to 10	109	99	96	89	82
From 11 to 25	91	75	64	55	59
From 26 to 100	45	39	28	24	23
Over 100	0	1	1	0	0
Total	539	506	475	470	443

Number of employees (average)					
	2010	2011	2012	2013	2014
Construction	4,657	3,932	3,269	2,847	2,752

Average monthly salaries (euros)					
	2010	2011	2012	2013	2014
Construction	1,919.58	1,952.70	1,923.22	1,860.21	1,864.12

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2010	2011	2012	2013	2014
Construction and related activities	5,136	4,826	4,361	3,678	3,478

Source: FEDA (Andorran Electricity Co.)

Number of authorised projects					
	2010	2011	2012	2013	2014
Total authorised works	-	483	399	460	526

Total authorised m² by category					
	2010	2011	2012	2013	2014
New build	-	109,860.33	127,520.47	75,726.95	65,519.51
Refurbishment	-	75,385.00	37,022.86	69,295.21	48,083.63
Extension	-	10,154.66	6,387.98	5,450.89	6,150.13
Demolition	-	7,862.87	3,504.10	5,153.16	8,094.90
Total	-	203,262.86	174,435.41	155,626.21	127,848.17

Source: Official Architects' Association of Andorra

Surface area authorised for building (square metres)					
	2010	2011	2012	2013	2014
Apartments	13,770	21,475	46,043	26,495	5,616
Houses	13,735	10,265	4,176	5,149	9,125
Other buildings (including offices, stores and hotels)	29,105	41,113	3,263	20,769	5,151
Total	56,610	72,853	53,482	52,413	19,892

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

Surface area authorised for building per parish (square metres)

	2010	2011	2012	2013	2014
Canillo	6,317	5,040	1,250	1,842	3,704
Encamp	18,566	18,816	1,134	4,219	2,214
Ordino	2,363	3,054	29,232	2,517	1,486
La Massana	5,021	6,570	7,121	3,592	2,600
Andorra la Vella	2,244	2,324	2,293	21,163	1,702
Sant Julià de Lòria	3,112	34,866	11,692	4,270	3,015
Escaldes-Engordany	18,987	2,183	760	14,810	5,171
Total	56,610	72,853	53,482	52,413	19,892

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

Imports of building materials (thousand euros)

	2010	2011	2012	2013	2014
Salt, sulphur, earth, stone, plaster, lime, cement (25)	8,481.48	8,003.17	4,594.52	3,904.37	4,985.53
Stone, plaster and mica products (68)	6,429.07	4,739.94	3,927.48	3,542.88	3,962.83
Castings, iron and steel (72)	5,090.63	5,219.65	2,485.25	2,432.71	2,940.12
Cast-iron, iron and steel products (73)	19,160.50	15,213.25	14,304.15	15,049.37	13,669.21
Total	39,161.68	33,176.01	25,311.40	24,929.33	25,557.70

Source: Department of Tax and Frontiers. Government of Andorra

9. SERVICES

Number of establishments

	2010	2011	2012	2013	2014
Commerce and motor vehicle repairs (etc.)	2,682	2,627	2,556	2,573	2,654
Sales, maintenance and repair of motor vehicles (etc.)	357	348	340	345	341
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	904	873	846	863	944
Retail, except sales of motor vehicles (etc.)	1,421	1,406	1,370	1,365	1,369
Hotels & catering	967	963	950	982	984
Transport, storage and communications	404	414	411	402	403
Overland transport; pipeline transport	220	221	214	206	203
Air and space transport	4	4	3	3	3
Transport related activities; travel agency activities	167	175	182	184	188
Post and telecommunications	13	14	12	9	9
Financial system	167	164	163	159	163
Financial activities, except insurance activities	72	69	66	63	65
Insurance activities, except compulsory social security	84	85	87	87	87
Activities related to finance	11	10	10	9	11
Real estate and rental activities; business services	1,236	1,242	1,253	1,376	1,512
Real estate activities	323	309	292	305	320
Hire of machinery & equipment without operator, personal effects, domestic appliances	118	116	113	108	106
Computer activities	92	95	95	127	156
Research and development	-	3	5	7	9
Other business activities	703	719	748	829	921
Public administration, defence and compulsory social security	-	-	-	-	-
Education	65	66	66	76	83
Health and veterinary activities, social services	139	148	156	161	173
Other social activities and community services; personal services	471	470	468	482	504
Public sanitation activities	27	27	27	25	23
Leisure, culture and sports activities	178	180	176	187	200
Miscellaneous personal services activities	266	263	265	270	281
Others	-	-	-	-	-
Total	6,131	6,094	6,023	6,211	6,476

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses (average)					
	2010	2011	2012	2013	2014
Commerce and motor vehicle repairs (etc.)	1,369	1,339	1,298	1,279	1,248
Hotels & catering	691	690	687	678	664
Transport, storage & communications	155	149	149	137	144
Financial system	77	76	73	73	69
Real estate and rentals; business services	775	791	800	831	889
Public administration, defence and compulsory social security	42	42	45	40	37
Education	53	47	46	48	52
Health and veterinary activities, social services	196	202	207	217	236
Other social activities & community services; personal services	377	386	377	361	361
Households employing domestic staff	3,593	3,526	3,460	3,397	3,318
Extraterritorial bodies	9	8	8	7	7
Special regimes ^(*)	-	-	1	1	1
Domestic work for the community (communities of owners)	577	569	567	561	550
Voluntary declaration, no activity (volunteers)	4	-	-	-	-
Total	7,917	7,823	7,717	7,630	7,578

(*) 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)					
	2010	2011	2012	2013	2014
From 1 to 5	6,841	6,768	6,720	6,648	6,586
From 6 to 10	521	498	467	466	485
From 11 to 25	358	361	342	328	315
From 26 to 100	148	149	140	142	144
Over 100	50	48	48	46	49
Total	7,917	7,823	7,717	7,630	7,578

Number of employees (average)					
	2010	2011	2012	2013	2014
Commerce and motor vehicle repairs (etc.)	9,977	9,574	9,235	8,917	8,857
Sales, maintenance and repair of motor vehicles (etc.)	1,219	1,176	1,118	1,069	1,095
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,687	2,549	2,336	2,183	2,185
Retail, except sales of motor vehicles (etc.)	6,071	5,849	5,781	5,665	5,578
Hotels & catering	4,956	4,877	4,684	4,593	4,556
Transport, storage and communications	1,185	1,156	1,107	1,071	1,071
Overland transport; pipeline transport	532	503	472	461	453
Air and space transport	9	9	7	8	6
Transport related activities; travel agency activities	370	376	362	339	345
Post and telecommunications	273	268	266	262	267
Financial system	1,671	1,695	1,724	1,762	1,828
Financial activities, except insurance activities	1,432	1,461	1,491	1,525	1,589
Insurance activities, except compulsory social security	235	229	229	234	238
Activities related to finance	4	4	4	3	2
Real estate and rental activities; business services	4,132	4,076	3,952	4,001	4,220
Real estate activities	609	615	574	554	572
Hire of machinery & equipment without operator, personal effects, domestic appliances	169	177	156	140	149
Computer activities	325	334	324	332	342
Research and development	7	10	6	6	6
Other business activities	3,023	2,940	2,891	2,969	3,151
Public administration, defence and compulsory social security ^(*)	4,487	4,452	4,405	4,414	4,437
Education	584	571	543	528	535
Health and veterinary activities, social services ^(*)	1,762	1,800	1,777	1,774	1,811
Other social activities and community services; personal services	2,419	2,456	2,419	2,529	2,639
Public sanitation activities	70	83	104	142	163
Associational activities	177	196	212	225	235
Leisure, culture and sports activities	1,685	1,694	1,648	1,719	1,809
Miscellaneous personal services activities	487	483	455	443	432
Households employing domestic staff	1,326	1,324	1,294	1,222	1,156
Extraterritorial bodies	26	26	22	19	20
Special regimes ^(**)	-	-	41	76	91
Domestic work for the community (communities of owners)	206	203	202	200	205
Voluntary declaration no activity (volunteers)	1	-	-	-	-
Total	32,733	32,210	31,405	31,106	31,426

(*) 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)					
	2010	2011	2012	2013	2014
Commerce and motor vehicle repairs (etc.)	1,687.64	1,697.23	1,687.50	1,674.93	1,671.45
Sales, maintenance and repair of motor vehicles (etc.)	1,806.81	1,866.87	1,866.49	1,832.43	1,796.67
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,856.97	1,874.47	1,887.74	1,909.33	1,888.66
Retail, except sales of motor vehicles (etc.)	1,588.78	1,585.89	1,571.95	1,554.85	1,561.78
Hotels & catering	1,472.57	1,476.32	1,448.76	1,446.45	1,444.68
Transport, storage and communications	2,181.08	2,223.76	2,193.16	2,165.20	2,181.86
Overland transport; pipeline transport	1,900.39	1,935.49	1,861.03	1,832.96	1,881.61
Air and space transport	3,250.98	3,809.29	4,982.66	4,690.21	4,789.16
Transport related activities; travel agency activities	1,845.46	1,848.24	1,817.87	1,813.79	1,898.94
Post and telecommunications	3,147.29	3,237.62	3,215.27	3,128.98	2,996.74
Financial system	4,380.86	4,535.97	4,539.02	4,697.29	4,920.32
Financial activities, except insurance activities	4,690.79	4,855.41	4,857.91	5,018.74	5,269.80
Insurance activities, except compulsory social security	2,523.18	2,536.91	2,502.11	2,637.15	2,608.66
Activities related to finance	2,469.31	2,402.88	2,146.18	1,881.15	1,845.91
Real estate and rental activities; business services	1,838.15	1,851.16	1,832.42	1,826.62	1,790.61
Real estate activities	2,149.18	2,184.73	2,137.91	2,126.64	2,081.66
Hire of machinery & equipment without operator, personal effects, domestic appliances	1,738.88	1,841.43	1,936.07	1,872.14	1,718.21
Computer activities	2,545.08	2,469.91	2,347.51	2,352.23	2,349.15
Research and development	1,707.03	1,707.75	2,542.44	2,931.35	3,351.29
Other business activities	1,705.39	1,712.13	1,706.88	1,707.51	1,677.79
Public administration, defence and compulsory social security^(*)	2,417.51	2,449.42	2,433.21	2,413.70	2,400.11
Education	2,070.55	2,083.17	2,149.44	2,203.99	2,165.90
Health and veterinary activities, social services^(*)	2,306.96	2,318.05	2,290.48	2,196.36	2,178.13
Other social activities and community services; personal services	1,683.36	1,622.66	1,649.98	1,630.46	1,665.19
Public sanitation activities	1,792.09	1,706.92	1,571.26	1,569.74	1,513.69
Associational activities	1,506.36	1,370.98	1,351.79	1,333.69	1,310.56
Leisure, culture and sports activities	1,751.95	1,686.60	1,741.61	1,702.48	1,750.73
Miscellaneous personal services activities	1,495.04	1,486.19	1,474.90	1,521.22	1,556.81
Households employing domestic staff	1,217.26	1,236.93	1,201.38	1,194.01	1,222.27
Extraterritorial bodies	2,407.69	2,411.81	2,628.89	2,447.52	2,517.54
Special regimes^(**)	-	-	1,003.15	850.67	929.81
Domestic work for the community (communities of owners)	1,142.74	1,149.60	1,201.97	1,159.11	1,187.05
Voluntary declaration no activity (volunteers)	1,182.19	-	-	-	-
Average	1,947.42	1,969.53	1,964.90	1,964.93	1,979.64

(*) 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)					
	2010	2011	2012	2013	2014
Distribution	76,384	74,799	73,634	70,860	67,483
Hotels and catering	68,381	66,263	64,687	62,398	61,470
Financial services	24,289	23,320	23,179	22,407	21,393
Other services	71,599	68,883	66,706	65,821	66,784
Street lighting	7,480	7,789	7,988	8,602	8,541
Ski resorts	17,221	15,125	17,052	14,010	15,186
Government	23,900	24,997	25,645	25,483	25,132
Other distributors	185,771	179,272	182,011	179,970	175,230
Total	475,025	460,447	460,902	449,552	441,219

Source: FEDA (Andorran Electricity Co.)

9.1 Commerce

Number of establishments					
	2010	2011	2012	2013	2014
Sales, maintenance and repairs of motor vehicles (etc.)	357	348	340	345	341
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	904	873	846	863	944
Retail, except sales of motor vehicles (etc.)	1,421	1,406	1,370	1,365	1,369
Total	2,682	2,627	2,556	2,573	2,654

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses (average)					
	2010	2011	2012	2013	2014
Commerce and motor vehicle repairs (etc.)	1,369	1,339	1,298	1,279	1,248

Number of businesses by number of employees (average)					
	2010	2011	2012	2013	2014
From 1 to 5	997	985	975	964	936
From 6 to 10	197	186	166	167	169
From 11 to 25	116	111	105	99	95
From 26 to 100	44	40	37	34	33
Over 100	15	16	16	15	16
Total	1,369	1,339	1,298	1,279	1,248

Number of employees (average)					
	2010	2011	2012	2013	2014
Sales, maintenance and repairs of motor vehicles (etc.)	1,219	1,176	1,118	1,069	1,095
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,687	2,549	2,336	2,183	2,185
Retail, except sales of motor vehicles (etc.)	6,071	5,849	5,781	5,665	5,578
Total	9,977	9,574	9,235	8,917	8,857

Average monthly salaries (euros)					
	2010	2011	2012	2013	2014
Sales, maintenance and repairs of motor vehicles (etc.)	1,806.81	1,866.87	1,866.49	1,832.43	1,796.67
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,856.97	1,874.47	1,887.74	1,909.33	1,888.66
Retail, except sales of motor vehicles (etc.)	1,588.78	1,585.89	1,571.95	1,554.85	1,561.78
Average	1,687.64	1,697.23	1,687.50	1,674.93	1,671.45

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2010	2011	2012	2013	2014
Distribution sector	76,384	74,799	73,634	70,860	67,483

Source: FEDA (Andorran Electricity Co.)

9.2 Financial sector

Number of establishments					
	2010	2011	2012	2013	2014
Financial activities, except insurance activities	72	69	66	63	65
Insurance activities, except compulsory social security	84	85	87	87	87
Activities related to finance	11	10	10	9	11
Total	167	164	163	159	163

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses (average)					
	2010	2011	2012	2013	2014
Financial system	77	76	73	73	69

Source: CASS (Andorran Social Security)

Number of businesses by number of employees (average)					
	2010	2011	2012	2013	2014
From 1 to 5	50	49	46	46	42
From 6 to 10	12	10	10	9	10
From 11 to 25	9	11	11	11	10
From 26 to 100	1	1	1	1	2
Over 100	5	5	5	5	5
Total	77	76	73	73	69

Number of employees (average)					
	2010	2011	2012	2013	2014
Financial activities, except insurance activities	1,432	1,461	1,491	1,525	1,589
Insurance activities, except compulsory social security	235	229	229	234	238
Activities related to finance	4	4	4	3	2
Total	1,671	1,695	1,724	1,762	1,828

Average monthly wages (euros)					
	2010	2011	2012	2013	2014
Financial activities, except insurance activities	4,690.79	4,855.41	4,857.91	5,018.74	5,269.80
Insurance activities, except compulsory social security	2,523.18	2,536.91	2,502.11	2,637.15	2,608.66
Activities related to finance	2,469.31	2,402.88	2,146.18	1,881.15	1,845.91
Average	4,380.86	4,535.97	4,539.02	4,697.29	4,920.32

Source : CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2010	2011	2012	2013	2014
Financial services	24,289	23,320	23,179	22,407	21,393

Source: FEDA (Andorran Electricity Co.)

Number of bank branches					
	2010	2011	2012	2013	2014^(*)
Number of bank branches	56	50	44	38	34

Note: 2014 data do not include the branches of Banca Privada d'Andorra.

Number of employees in the banking sector					
	2010	2011	2012	2013	2014^(*)
Number of employees in the banking sector	1,703	2,078	2,281	2,449	2,248

Note 1: Includes employees in Andorra and abroad.

Note 2: 2014 data do not include the number of employees of Banca Privada d'Andorra.

(*) On 10 March 2015 the US administrative authority, the Financial Crimes Enforcement Network (FinCEN), classified Banca Privada d'Andorra, SA (BPA) as "a financial institute of primary money laundering concern". Based on this classification the Andorran National Institute of Finance put the entity into administration with the aim of protecting its stability and operability. In April 2015, according to the provisions of the new Law on emergency measures to introduce mechanisms for the restructuring and resolution of banking entities, it was approved to open the process of resolution of the entity. The fundamental content of the resolution plan lies in the segregation of all assets and liabilities in BPA considered lawful.

Due to these exceptional circumstances, the audited annual accounts of Banca Privada d'Andorra are not available for the 2014 financial year.

Source: Association of Andorran Banks

Bank deposits (million euros)					
	2010	2011	2012	2013	2014^(*)
Andbank Group	2,494.88	2,603.37	2,580.51	2,690.73	3,675.58
Banca Privada d'Andorra	1,210.33	1,484.68	1,621.48	1,516.24	-
MoraBanc Group	1,867.28	1,851.03	1,682.73	1,689.06	1,855.56
Crèdit Andorrà Group	4,181.70	4,315.61	4,454.88	4,447.27	4,775.75
BancSabadell d'Andorra	417.66	357.44	388.81	442.06	492.56
Total	10,171.86	10,612.12	10,728.40	10,785.35	10,799.44

Net credit investment of the banking entities (million euros)					
	2010	2011	2012	2013	2014^(*)
Andbank Group	1,611.23	1,684.14	1,792.92	1,727.66	1,853.80
Banca Privada d'Andorra	909.50	1,077.96	1,124.66	975.37	-
MoraBanc Group	1,066.57	1,096.39	977.33	928.11	1,050.93
Crèdit Andorrà Group	3,084.62	3,090.78	3,071.82	3,006.86	2,909.20
BancSabadell d'Andorra	390.30	399.45	416.84	391.33	369.87
Total	7,062.21	7,348.72	7,383.58	7,029.33	6,183.79

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)					
	2010	2011	2012	2013	2014^(*)
Andbank Group	40,778	54,246	56,581	64,080	64,269
Banca Privada d'Andorra	25,154	18,528	17,596	20,541	-
MoraBanc Group	50,629	46,687	45,175	42,375	40,187
Crèdit Andorrà Group	77,816	70,628	70,862	71,241	71,544
BancSabadell d'Andorra	6,135	6,452	6,624	6,960	7,268
Total	200,512	196,541	196,838	205,197	183,268

(*) On 10 March 2015 the US administrative authority, the Financial Crimes Enforcement Network (FinCEN), classified Banca Privada d'Andorra, SA (BPA) as "a financial institute of primary money laundering concern". Based on this classification the Andorran National Institute of Finance put the entity into administration with the aim of protecting its stability and operability. In April 2015, according to the provisions of the new Law on emergency measures to introduce mechanisms for the restructuring and resolution of banking entities, it was approved to open the process of resolution of the entity. The fundamental content of the resolution plan lies in the segregation of all assets and liabilities in BPA considered lawful.

Due to these exceptional circumstances, the audited annual accounts of Banca Privada d'Andorra are not available for the 2014 financial year.

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

9.3 Tourism

Number of establishments					
	2010	2011	2012	2013	2014
Hotels & catering	967	963	950	982	984

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses (average)					
	2010	2011	2012	2013	2014
Hotels & catering	691	690	687	678	664

Source: CASS (Andorran Social Security)

Number of businesses by number of employees (average)					
	2010	2011	2012	2013	2014
From 1 to 5	455	449	444	439	427
From 6 to 10	92	92	104	105	110
From 11 to 25	93	98	93	87	81
From 26 to 100	51	49	45	46	45
Over 100	1	1	2	2	2
Total	691	690	687	678	664

Number of employees (average)					
	2010	2011	2012	2013	2014
Hotels & catering	4,956	4,877	4,684	4,593	4,556

Average monthly wages (euros)					
	2010	2011	2012	2013	2014
Hotels & catering	1,472.57	1,476.32	1,448.76	1,446.45	1,444.68

Source: CASS (Andorran Social Security)

Electricity consumption (MWh)					
	2010	2011	2012	2013	2014
Hotels & catering	68,381	66,263	64,687	62,398	61,470
Ski resorts	17,221	15,125	17,052	14,010	15,186

Source: FEDA (Andorran Electricity Co.)

Total visitors (any non-resident visiting the country)						
	2010	2011^(*)	2012	2013	2014^(**)	
Total by nationalities	Spanish	4,951,063	3,976,718	3,863,167	3,687,002	3,696,405
	French	3,387,767	3,471,122	3,464,619	3,275,190	3,383,300
	Others	212,434	535,039	572,654	714,040	717,065
Sant Julià de Lòria	Spanish	4,769,427	3,681,354	3,591,673	3,414,449	3,484,792
	French	354,579	272,941	250,733	280,530	278,686
	Others	130,173	346,291	382,985	571,623	539,839
Pas de la Casa	Spanish	181,636	295,364	271,494	272,553	211,613
	French	3,033,188	3,198,181	3,213,886	2,994,660	3,104,614
	Others	82,261	188,748	189,669	142,417	177,226
Total visitors (tourists and day-trippers)	8,551,264	7,982,879	7,900,440	7,676,232	7,796,770	

(*) 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 workes 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.

(**) In December 2014, a new methodology was introduced for calculating the number of visitors to Andorra. This improves the estimation of visitors entering by bus taking into account the type of service (regular/private) and also, for light vehicles, improves the estimation of visitors from other sources other than neighbouring countries, who enter in Spanish-registered rental cars, through the Sant Julià de Lòria border.

Source: Department of Statistics. Government of Andorra

Tourists (any visitor who spends more than one day, i.e. at least one night, in this country)						
		2010	2011^(*)	2012	2013	2014^(**)
Total by nationalities	Spanish	1,414,298	1,588,909	1,570,604	1,636,841	1,682,709
	French	310,800	341,484	345,898	393,646	331,329
	Others	82,903	311,169	321,437	297,637	349,398
Sant Julià de Lòria	Spanish	1,351,951	1,459,230	1,448,821	1,517,929	1,619,370
	French	76,285	63,171	59,479	94,136	92,039
	Others	52,782	212,547	224,565	236,331	284,452
Pas de la Casa	Spanish	62,347	129,679	121,783	118,912	63,339
	French	234,515	278,313	286,419	299,510	239,290
	Others	30,121	98,622	96,872	61,306	64,946
Total tourists		1,808,001	2,241,562	2,237,939	2,328,124	2,363,436

Day-trippers (any visitor who only spends one day in the country)						
		2010	2011^(*)	2012	2013	2014^(**)
Total by nationalities	Spanish	3,536,765	2,387,809	2,292,563	2,050,161	2,013,696
	French	3,076,967	3,129,638	3,118,721	2,881,544	3,051,971
	Others	129,531	223,870	251,217	416,403	367,667
Sant Julià de Lòria	Spanish	3,417,476	2,222,124	2,142,852	1,896,520	1,865,422
	French	278,294	209,770	191,254	186,394	186,647
	Others	77,391	133,744	158,420	335,292	255,387
Pas de la Casa	Spanish	119,289	165,685	149,711	153,641	148,274
	French	2,798,673	2,919,868	2,927,467	2,695,150	2,865,324
	Others	52,140	90,126	92,797	81,111	112,280
Total day-trippers		6,743,263	5,741,317	5,662,501	5,348,108	5,433,334

Number of overnight stays per type of accommodation					
	2010	2011^(*)	2012	2013	2014^(**)
Hotel	-	4,308,035	4,415,393	4,537,000	4,453,428
Aparthotel	-	271,390	289,389	344,884	200,803
Holiday apartment	-	672,008	651,581	655,395	783,562
Campsite	-	234,842	127,110	151,838	113,969
Friends' or family's house	-	527,561	723,980	816,015	677,427
Own or rental property	-	316,834	308,582	393,761	416,198
Other	-	184,189	120,244	76,974	134,678
Total	-	6,514,859	6,636,279	6,975,867	6,780,065

(*) 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 workes 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.

(**) In December 2014, a new methodology was introduced for calculating the number of visitors to Andorra. This improves the estimation of visitors entering by bus taking into account the type of service (regular/private) and also, for light vehicles, improves the estimation of visitors from other sources other than neighbouring countries, who enter in Spanish-registered rental cars, through the Sant Julià de Lòria border.

Source: Department of Statistics. Government of Andorra

9.4 Transport and communications

Number of establishments					
	2010	2011	2012	2013	2014
Overland transport; pipeline transport	220	221	214	206	203
Air and space transport	4	4	3	3	3
Transport related activities; travel agency activities	167	175	182	184	188
Post and telecommunications	13	14	12	9	9
Total	404	414	411	402	403

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

Source: Department of Commerce and Consumption. Government of Andorra / Department of Statistics. Government of Andorra

Number of employees (average)					
	2010	2011	2012	2013	2014
Overland transport; pipeline transport	532	503	472	461	453
Air and space transport	9	9	7	8	6
Transport related activities; travel agency activities	370	376	362	339	345
Post and telecommunications	273	268	266	262	267
Total	1,185	1,156	1,107	1,071	1,071

Average monthly salaries (euros)					
	2010	2011	2012	2013	2014
Overland transport; pipeline transport	1,900.39	1,935.49	1,861.03	1,832.96	1,881.61
Air and space transport	3,250.98	3,809.29	4,982.66	4,690.21	4,789.16
Transport related activities; travel agency activities	1,845.46	1,848.24	1,817.87	1,813.79	1,898.94
Post and telecommunications	3,147.29	3,237.62	3,215.27	3,128.98	2,996.74
Average	2,181.08	2,223.76	2,193.16	2,165.20	2,181.86

Source: CASS (Andorran Social Security)

Number of vehicles					
	2010	2011	2012	2013	2014
Vehicles with normal registration plates					
Cars	52,336	52,284	52,038	52,237	53,105
Light goods vehicles	982	966	950	924	938
Medium goods vehicles	3,343	3,288	3,273	3,108	3,160
Public transport vehicles	208	207	206	219	222
Heavy goods vehicles	954	896	852	809	812
Semitrailers	311	284	269	253	249
Industrial trailers	10	9	11	11	12
Private trailers	3,095	3,097	3,119	3,225	3,267
Motorbikes (50cc+)	10,255	10,415	10,572	10,722	11,405
Agricultural vehicles	358	357	354	366	375
Total	71,852	71,803	71,644	71,874	73,545
Vehicles with special registration plates					
Mopeds (< 50cc)	2,836	2,711	2,582	2,173	2,111
Special vehicles	2,004	1,984	1,965	1,981	2,024
Snowbikes	471	453	425	466	478
Total	5,311	5,148	4,972	4,620	4,613
TOTAL NUMBER OF VEHICLES	77,163	76,951	76,616	76,494	78,158

Number of vehicles per 1,000 inhabitants					
	2010	2011	2012	2013	2014
Vehicles /1,000 inhabitants	1,098	1,103	1,098	1,093	1,108

Note: Data calculated on the base of estimated population.

Source: Department of Industry. Government of Andorra

Subscriptions to telecommunications services (units)

	2010	2011	2012	2013	2014
Land lines	49,765	49,171	48,166	47,983	47,075
Telephone lines	38,171	38,401	38,320	38,572	38,237
ISDN channels	11,594	10,770	9,846	9,411	8,838
Mobile telephones	65,495	65,044	63,865	63,931	66,241
Mobiland contract ⁽¹⁾	40,020	41,269	43,352	45,727	49,186
Mobiland Clic pre-pay ⁽²⁾	25,475	23,775	20,513	18,204	17,055
Data lines	409	-	-	-	-
Commutated lines ⁽³⁾	135	-	-	-	-
Specialised lines	274	-	-	-	-
Total contracted capacity in Kbps⁽³⁾	350,568	-	-	-	-
Point-to-point data access	-	824	734	695	682
Ipsilon (copper)	-	368	218	88	11
Business Intranet (FTTH)	-	456	516	607	671
Broadband Internet	24,502	25,763	26,905	27,734	28,770
ADSL	13,264	8,337	5,238	2,191	148
Internet via fibre optic	11,238	17,426	21,667	25,543	28,622

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.

Telephone traffic

	2010	2011	2012	2013	2014
TELEPHONE TRAFFIC (minutes)					
National total	183,263,474	175,724,899	163,847,511	155,793,112	146,572,914
Land line network ⁽¹⁾	137,971,339	131,684,410	122,801,051	116,916,699	104,901,337
Telephones -land lines ⁽¹⁾	132,359,694	-	-	-	-
Internet (analogue access)	5,320,153	-	-	-	-
Internet (digital access)	291,492	-	-	-	-
Mobile network ⁽¹⁾	45,292,135	44,040,489	41,046,460	38,876,414	41,671,577
International incoming	54,194,186	49,913,074	46,584,158	43,540,545	39,506,110
International outgoing	60,107,157	55,404,485	51,736,346	47,478,671	44,746,910
TELEPHONE TRAFFIC (Gb)					
Broadband Internet -National	106,500	259,074	404,996	827,525	2,040,528
Via ADSL	53,222	99,590	111,145	130,960	161,510
Via fibre optic	53,278	159,484	293,851	696,565	1,879,018
Broadband Internet -International	3,834,043	4,757,016	6,081,298	7,542,793	8,210,832
Via ADSL	2,314,292	1,980,786	1,312,668	869,287	443,791
Via fibre optic	1,519,751	2,776,230	4,768,630	6,673,507	7,767,041

(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)					
	2010	2011	2012	2013	2014
01 Live animals	265.43	151.51	115.41	143.56	104.27
02 Meat and edible meat offal	24,945.34	25,262.38	25,328.68	25,106.85	26,055.37
03 Fish and crustaceans, molluscs and others	11,136.75	11,187.21	10,648.24	10,312.62	11,310.82
04 Dairy produce; birds eggs and natural honey	22,486.40	22,504.96	22,821.17	22,779.09	23,095.79
05 Products of animal origin	104.79	96.62	127.50	116.66	119.18
06 Live plants and floricultural products	1,574.34	1,471.13	1,387.10	1,329.74	1,327.56
07 Edible vegetables, plants and certain roots and tubers	10,751.06	9,514.59	9,192.92	9,400.61	8,862.73
08 Edible fruit and nuts; peel of citrus fruit or melons	4,878.50	4,892.72	5,071.74	5,209.65	5,060.57
09 Coffee, tea, maté and spices	5,565.53	5,423.05	5,264.22	5,597.05	4,270.89
10 Cereals	444.29	378.41	397.97	371.83	364.75
11 Products of the milling industry: malt; starches, etc.	815.18	871.80	850.88	844.75	852.35
12 Seeds and fruits; industrial or medicinal plants, etc.	482.63	474.21	549.61	524.10	428.12
13 Gums, resins and other vegetable saps and extracts	12.75	84.15	115.18	112.19	61.33
14 Vegetable plaiting materials and other vegetable products	25.83	4.45	46.01	6.45	7.38
15 Animal or vegetable fats and oils; waxes	4,433.04	4,774.08	4,638.52	4,721.19	4,987.23
16 Preparations of meat, fish or crustaceans, etc.	12,961.99	13,641.94	13,682.17	14,793.18	15,470.25
17 Sugars and sugar confectionery	7,943.72	8,208.04	6,449.09	6,537.53	6,679.31
18 Cocoa and cocoa preparations	8,311.59	8,765.06	8,090.37	8,655.22	9,286.71
19 Preparations of cereals, flour, etc.; pastry-cooks' products	16,873.48	17,140.29	16,912.87	16,509.64	17,084.80
20 Preparations of vegetables, fruit, etc.	8,417.46	8,384.84	7,800.92	8,192.82	8,709.10
21 Miscellaneous edible preparations	22,043.64	23,043.44	23,393.35	24,632.09	27,299.30
22 Beverages, spirits and vinegar	59,444.14	62,321.94	63,776.93	66,004.95	70,114.64
23 Residues and waste from the food industries, etc.	2,272.05	2,683.18	2,874.47	3,146.67	3,377.88
24 Tobacco and manufactured tobacco substitutes	31,416.58	30,970.58	31,075.35	32,869.19	30,373.80
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	8,481.48	8,003.17	4,594.52	3,904.37	4,985.53
26 Ores, slag and ash	0.20	0.55	2.99	8.52	9.87
27 Mineral fuels, oils and waxes; bituminous substances	117,361.45	141,742.78	156,283.29	143,502.24	127,443.97
28 Inorganic chemical products	640.31	669.03	620.35	653.62	714.50
29 Organic chemical products	772.14	783.49	646.58	683.81	636.26
30 Pharmaceutical products	27,235.70	28,920.61	28,326.08	27,785.00	29,433.23
31 Fertilizers	372.00	372.51	378.29	339.05	348.21
32 Paints and varnishes; putty and other mastics; inks	5,423.52	5,637.95	5,465.35	5,552.46	5,099.87
33 Perfumery, cosmetic and toilet preparations	85,257.67	90,267.28	72,369.37	74,863.19	80,737.62
34 Soap, organic products, waxes, candles	10,424.17	11,282.96	12,121.64	12,493.72	13,579.39
35 Albuminoidal substances; glues; enzymes	463.71	386.21	356.75	376.46	425.63
36 Explosives; pyrotechnic products; certain combustible preparations	978.06	336.21	312.51	268.88	315.67
37 Photographic or cinematographic goods	714.89	434.96	415.84	459.07	769.40
38 Miscellaneous chemical products	4,963.95	4,808.57	3,989.35	4,287.30	4,691.93
39 Plastics and articles thereof	14,508.06	13,639.48	14,569.62	14,558.69	15,322.38
40 Rubber and articles thereof	11,539.72	11,572.14	10,021.04	10,817.44	10,496.91
41 Raw hides and skins (other than furskins) and leather	9.71	2.11	5.07	15.01	14.62
42 Articles of leather; saddlery and harness, etc.	15,362.86	15,664.40	14,340.90	14,640.81	15,989.00
43 Furskins and artificial fur; manufactures thereof	686.60	956.66	606.38	496.52	594.28
44 Wood and articles of wood; wood charcoal	8,408.10	6,861.77	5,878.93	6,452.05	7,685.61
45 Cork and articles of cork	18.93	3.81	5.90	11.58	32.60
46 Articles of esparto or basketwork	250.53	127.89	79.01	62.72	115.77
47 Pulp of wood or of other fibrous cellulosic material	3.37	1.31	3.25	46.48	24.65
48 Paper and paperboard	16,030.10	16,658.58	15,800.38	15,803.47	15,795.55
49 Printed books, newspapers, pictures and other products of the printing industry	11,663.16	10,675.37	9,559.69	9,712.16	9,383.27
50 Silk	25.05	20.20	7.99	13.30	39.05
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	70.12	77.47	80.96	65.17	73.03
52 Cotton	124.22	141.56	136.02	133.56	137.89
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	15.26	11.25	12.26	9.24	10.35
54 Man-made filaments	443.40	683.29	455.98	459.19	161.51
55 Man-made staple fibres	891.65	1,175.51	1,135.72	1,272.40	1,465.63
56 Wadding, felt and nonwovens, cordage, ropes and cables	1,354.47	1,219.31	1,073.19	1,052.06	840.48
57 Carpets and other textile floor coverings	645.53	429.96	367.99	336.21	611.95
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	161.15	181.89	220.84	232.27	180.15

Imports by products (thousand euros) - Continuation

	2010	2011	2012	2013	2014
59 Textile articles of a kind suitable for industrial use	185.42	134.82	164.21	212.38	137.48
60 Knitted or crocheted fabrics	35.71	37.69	74.74	48.71	34.59
61 Articles of apparel and clothing accessories, knitted or crocheted	33,430.38	31,935.70	29,403.15	30,624.28	32,209.22
62 Articles of apparel and clothing accessories, not knitted or crocheted	72,158.72	72,324.60	65,758.76	62,049.54	64,653.32
63 Other made up textile articles; sets, etc.	9,009.64	7,517.88	5,883.02	5,816.39	6,203.69
64 Footwear, gaiters and the like; parts of such articles	30,499.75	30,414.07	25,209.02	26,502.40	28,640.11
65 Headgear and parts thereof	6,105.91	5,932.40	4,773.37	4,748.19	6,467.84
66 Umbrellas, sun umbrellas, walking sticks, etc.	628.13	601.20	819.30	523.99	642.13
67 Feathers, artificial flowers, articles of human hair	113.46	121.04	167.35	116.71	120.32
68 Articles of stone, plaster, cement, asbestos, mica	6,429.07	4,739.94	3,927.48	3,542.88	3,962.83
69 Ceramic products	5,892.26	4,773.77	4,462.12	3,675.72	4,174.17
70 Glass and glassware	4,492.23	4,457.31	4,717.70	3,524.38	3,647.73
71 Pearls, precious stones and metals, imitation jewellery; coin	10,382.63	11,478.72	8,291.36	22,368.39	28,563.49
72 Iron and steel	5,090.63	5,219.65	2,485.25	2,432.71	2,940.12
73 Articles of iron or steel	19,160.50	15,213.25	14,304.15	15,049.37	13,669.21
74 Copper and articles thereof	506.26	562.54	398.51	258.82	329.28
75 Nickel and articles thereof	-	1.77	0.39	-	0.09
76 Aluminium and articles thereof	6,971.00	6,256.31	6,145.99	4,706.71	5,345.08
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	10.99	2.54	20.38	3.84	19.75
79 Zinc and articles thereof	125.63	53.66	67.39	60.52	48.18
80 Tin and articles thereof	10.82	19.77	15.98	1.66	3.09
81 Other base metals; cermets	1.71	10.80	16.31	46.83	84.82
82 Tools, implements, cutlery	4,278.30	4,120.94	3,487.40	3,961.45	3,854.94
83 Miscellaneous articles of base metal	3,572.28	3,580.01	3,568.67	3,310.69	3,445.65
84 Nuclear reactors, boilers, mechanical appliances	53,548.14	50,280.33	55,883.49	58,716.93	56,076.92
85 Electrical machinery and equipment, etc.	93,504.43	86,289.39	81,323.12	81,829.53	78,692.64
86 Railway locomotives and equipment of all kinds	75.88	120.47	133.84	167.14	420.66
87 Vehicles, tractors, motorbikes, bicycles	85,386.08	80,593.03	67,510.32	80,337.27	104,969.29
88 Aircraft, spacecraft	59.60	159.35	8.99	61.03	192.16
89 Ships, boats and floating structures	277.09	2,492.11	1,621.54	990.09	953.37
90 Optical, photographic, cinematographic and measuring apparatus, etc.	22,496.47	21,988.47	20,177.93	20,947.17	23,519.38
91 Clocks and watches and parts thereof	19,739.15	22,074.96	24,100.14	24,736.42	24,509.19
92 Musical instruments	1,424.13	921.66	870.04	783.72	702.84
93 Arms and ammunition	986.01	965.35	1,065.85	923.15	832.57
94 Furniture; lamps and lighting fittings	26,855.90	23,325.60	19,710.87	18,917.30	22,711.15
95 Toys, games and sports requisites; parts and accessories thereof	28,721.64	24,973.86	17,971.55	18,001.25	20,399.39
96 Miscellaneous manufactured articles	3,853.85	3,534.89	5,903.44	5,996.14	6,585.29
97 Works of art, collectors' pieces and antiques	654.47	781.71	992.86	2,119.90	1,149.76
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	-	341.97	390.30	647.67	664.22
Total	1,159,582.05	1,164,354.37	1,102,681.01	1,128,046.90	1,175,045.84

Source: Department of Tax and Frontiers. Government of Andorra

Exports by products (thousand euros)

	2010	2011	2012	2013	2014
01 Live animals	70.82	48.91	29.45	45.38	150.88
02 Meat and edible meat offal	340.19	264.63	195.67	5.49	1.83
03 Fish and crustaceans, molluscs and others	-	14.24	2.34	2.65	-
04 Dairy produce; birds eggs and natural honey	2.81	-	0.98	2.60	0.16
05 Products of animal origin	1.34	5.06	4.48	6.55	7.69
06 Live plants and floricultural products	-	-	-	0.91	-
07 Edible vegetables, plants and certain roots and tubers	-	-	-	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	0.05
10 Cereals	-	-	-	-	-
11 Products of the milling industry: malt; starches, etc.	-	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	-	-	-	-	-
15 Animal or vegetable fats and oils; waxes	21.18	40.73	59.49	105.64	99.29
16 Preparations of meat, fish or crustaceans, etc.	-	2.44	-	0.54	2.06
17 Sugars and sugar confectionery	7.81	13.33	2.95	0.02	1.87
18 Cocoa and cocoa preparations	-	0.05	14.98	0.11	1.65
19 Preparations of cereals, flour, etc.; pastry-cooks' products	-	0.43	1.59	-	7.50
20 Preparations of vegetables, fruit, etc.	0.86	0.47	5.19	-	3.14

Exports by products (thousand euros) - Continuation

	2010	2011	2012	2013	2014
21 Miscellaneous edible preparations	3.00	9.42	14.95	4.23	8.15
22 Beverages, spirits and vinegar	55.84	89.55	568.50	130.51	254.76
23 Residues and waste from the food industries, etc.	-	0.07	1.06	0.48	-
24 Tobacco and manufactured tobacco substitutes	54.38	44.04	61.65	47.57	95.78
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	248.97	161.97	235.73	195.81	283.64
26 Ores, slag and ash	11.72	7.41	7.26	3.09	4.90
27 Mineral fuels, oils and waxes; bituminous substances	1.20	2.43	78.72	94.07	81.57
28 Inorganic chemical products	-	2.86	2.64	0.20	0.84
29 Organic chemical products	-	8.14	2.08	17.04	99.44
30 Pharmaceutical products	17.19	219.54	20.53	32.39	39.37
31 Fertilizers	0.02	-	-	-	0.04
32 Paints and varnishes; putty and other mastics; inks	17.31	65.06	94.52	99.70	33.17
33 Perfumery, cosmetic and toilet preparations	1,893.58	3,493.76	2,560.07	1,132.64	578.27
34 Soap, organic products, waxes, candles	11.26	66.26	30.40	24.22	20.93
35 Albuminoidal substances; glues; enzymes	7.59	3.17	1.45	0.05	0.53
36 Explosives; pyrotechnic products; certain combustible preparations	0.13	0.27	9.81	6.84	10.73
37 Photographic or cinematographic goods	2.20	4.29	9.21	1.52	5.36
38 Miscellaneous chemical products	30.55	30.58	7.63	30.08	34.36
39 Plastics and articles thereof	856.20	1,002.06	1,112.42	1,294.76	1,756.76
40 Rubber and articles thereof	79.67	76.07	133.44	73.81	67.22
41 Raw hides and skins (other than furskins) and leather	36.66	49.38	50.10	60.07	64.56
42 Articles of leather; saddlery and harness, etc.	632.72	680.15	688.33	506.47	496.90
43 Furskins and artificial fur; manufactures thereof	21.48	7.20	35.30	13.15	7.98
44 Wood and articles of wood; wood charcoal	898.74	785.51	803.50	955.31	724.08
45 Cork and articles of cork	-	0.15	-	-	-
46 Articles of esparto or basketwork	-	2.51	-	0.69	-
47 Pulp of wood or of other fibrous cellulosic material	1,061.63	1,317.14	1,175.03	907.25	868.74
48 Paper and paperboard	890.89	963.39	1,137.11	1,000.33	1,449.28
49 Printed books, newspapers, pictures and other products of the printing industry	1,302.54	1,287.73	1,385.56	4,565.85	875.34
50 Silk	-	-	-	-	-
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	-	-	-	-	-
52 Cotton	2.97	-	-	0.78	-
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	2.77	-	-	-	-
54 Man-made filaments	0.87	1.75	0.78	2.75	0.50
55 Man-made staple fibres	-	0.91	0.46	-	-
56 Wadding, felt and nonwovens, cordage, ropes and cables	936.27	796.71	585.83	321.74	126.70
57 Carpets and other textile floor coverings	115.58	117.69	90.70	73.90	58.12
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	463.74	486.69	340.68	314.38	239.49
59 Textile articles of a kind suitable for industrial use	131.04	173.90	217.48	169.40	187.93
60 Knitted or crocheted fabrics	-	-	-	3.19	0.80
61 Articles of apparel and clothing accessories, knitted or crocheted	1,181.34	1,220.84	3,566.90	839.02	782.98
62 Articles of apparel and clothing accessories, not knitted or crocheted	2,110.12	2,451.59	3,469.98	2,231.71	3,244.68
63 Other made up textile articles; sets, etc.	2,573.15	2,268.06	1,373.70	269.72	732.50
64 Footwear, gaiters and the like; parts of such articles	884.03	1,767.56	1,395.59	1,502.64	1,237.75
65 Headgear and parts thereof	711.71	955.50	761.96	667.08	654.16
66 Umbrellas, sun umbrellas, walking sticks, etc.	0.27	1.23	1.69	1.32	8.75
67 Feathers, artificial flowers, articles of human hair	1.09	0.32	0.48	0.73	3.07
68 Articles of stone, plaster, cement, asbestos, mica	151.57	77.90	39.82	20.66	49.13
69 Ceramic products	48.64	46.19	27.21	30.33	50.46
70 Glass and glassware	317.07	256.95	211.52	175.82	157.74
71 Pearls, precious stones and metals, imitation jewellery; coin	3,302.17	5,520.98	7,354.13	5,090.22	2,734.01
72 Iron and steel	1,599.73	1,748.84	1,630.37	1,336.76	1,678.65
73 Articles of iron or steel	2,619.26	2,016.10	2,086.32	1,847.88	1,171.41
74 Copper and articles thereof	707.41	513.47	726.68	530.99	478.94
75 Nickel and articles thereof	-	-	-	-	-
76 Aluminium and articles thereof	516.47	547.84	501.56	467.24	466.87
77 (Reserved for possible future use)	-	-	-	-	-
78 Lead and articles thereof	6.24	8.83	0.09	-	0.16
79 Zinc and articles thereof	8.67	2.13	-	-	-
80 Tin and articles thereof	0.16	0.75	0.97	2.38	1.47
81 Other base metals; cermets	-	0.10	-	0.01	0.12
82 Tools, implements, cutlery	174.68	216.64	116.17	79.19	96.31
83 Miscellaneous articles of base metal	9.82	19.55	13.58	2.24	14.68
84 Nuclear reactors, boilers, mechanical appliances	3,216.41	5,051.43	3,829.89	2,959.02	2,978.87
85 Electrical machinery and equipment, etc.	18,777.48	17,164.00	19,399.14	17,658.66	16,615.11
86 Railway locomotives and equipment of all kinds	19.63	2.00	-	-	-
87 Vehicles, tractors, motorbikes, bicycles	9,955.50	15,252.57	10,656.27	12,333.96	14,188.59
88 Aircraft, spacecraft	31.20	77.70	104.55	355.85	62.28
89 Ships, boats and floating structures	73.36	1,242.49	58.54	42.34	250.00

Exports by products (thousand euros) - Continuation

	2010	2011	2012	2013	2014
90 Optical, photographic, cinematographic and measuring apparatus, etc.	7,291.41	6,837.40	6,595.58	7,082.02	10,347.39
91 Clocks and watches and parts thereof	871.19	1,514.24	3,358.49	3,601.79	3,992.05
92 Musical instruments	427.30	236.86	211.15	224.06	138.32
93 Arms and ammunition	102.96	109.31	64.67	80.78	96.73
94 Furniture; lamps and lighting fittings	1,072.28	776.30	1,113.87	729.45	596.64
95 Toys, games and sports requisites; parts and accessories thereof	304.29	448.23	568.77	820.33	623.87
96 Miscellaneous manufactured articles	42.55	138.23	867.73	613.43	329.55
97 Works of art, collectors' pieces and antiques	536.98	220.45	3.05	147.25	746.00
98 Coding unassigned	-	-	-	-	-
99 Specific movements of goods	0.26	716.63	496.22	481.13	455.98
Total	69,899.84	81,781.38	82,408.35	74,489.60	73,737.59

Source: Department of Tax and Frontiers. Government of Andorra

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

	2010	2011	2012	2013	2014
AE United Arab Emirates	50.25	0.87	0.83	40.91	102.97
AF Afghanistan	-	-	-	6.89	0.60
AI Anguilla	-	-	-	42.16	-
AL Albania	1.04	22.76	40.23	128.73	32.50
AM Armenia	9.31	20.46	39.28	97.97	157.59
AR Argentina	147.60	190.81	21.45	17.28	10.89
AT Austria	4,767.19	4,458.64	4,239.91	4,576.82	6,461.86
AU Australia	118.99	217.51	292.28	215.19	156.91
AZ Azerbaijan	-	-	-	0.46	1.40
BA Bosnia-Herzegovina	41.22	87.32	21.13	22.68	17.59
BB Barbados	-	-	-	0.20	-
BD Bangladesh	1,040.39	1,746.18	2,046.23	2,002.23	2,346.57
BE Belgium	4,382.21	4,906.75	4,568.76	4,000.29	4,060.05
BF Burkina Faso	-	-	0.54	-	-
BG Bulgaria	615.29	493.76	469.70	593.52	732.37
BH Bahrain	2.40	0.80	9.78	-	-
BI Burundi	-	-	-	4.14	13.53
BN Brunei	0.79	0.51	0.64	3.62	0.63
BO Bolivia	0.82	3.74	8.36	4.05	-
BR Brazil	749.82	547.39	657.95	635.16	178.05
BS Bahamas	70.27	37.26	3.35	-	2.07
BT Bhutan	-	-	-	-	0.17
BW Botswana	-	-	-	-	0.19
BY Belarus	-	2.04	-	-	92.31
CA Canada	330.90	342.34	318.04	316.66	195.60
CD Democratic Republic of Congo	3.79	1.93	-	-	-
CF Central African Republic	0.46	7.35	-	-	-
CH Switzerland	11,487.06	13,768.96	15,728.15	17,825.14	34,398.76
CI Ivory Coast	-	-	-	7.45	0.56
CL Chile	21.48	15.99	5.61	14.57	4.71
CM Cameroon	-	0.48	-	0.66	0.76
CN China	47,303.93	48,806.40	40,964.94	41,867.53	48,595.61
CO Colombia	1.67	13.15	23.15	5.51	35.37
CR Costa Rica	3.33	3.62	5.66	5.37	2.46
CU Cuba	1,809.52	1,965.66	1,981.96	2,489.60	1,802.40
CY Cyprus	8.67	-	-	0.86	-
CZ Czech Republic	1,191.80	1,324.89	2,262.45	1,268.48	1,608.10
DE Germany	52,034.89	50,588.03	39,067.65	35,028.00	45,189.74
DK Denmark	1,017.88	1,521.07	1,262.46	1,008.90	1,023.05
DM Dominica	-	-	22.65	0.19	0.56
DO Dominican Republic	917.47	685.76	613.65	583.47	409.07
DZ Algeria	-	2.73	3.05	34.41	6.68
EC Ecuador	0.16	0.10	0.69	-	0.59
EE Estonia	18.17	24.75	9.45	28.08	16.89
EG Egypt	83.89	74.64	45.27	19.32	262.20
ER Eritrea	-	-	31.93	-	21.87

Imports by country of origin (thousand euros) - Continuation

		2010	2011	2012	2013	2014
ES	Spain	691,560.81	698,786.61	668,188.36	697,178.26	722,772.36
ET	Ethiopia	11.46	3.17	4.33	-	5.15
FI	Finland	595.00	454.09	555.26	575.00	489.49
FJ	Fiji	-	-	-	0.13	380.63
FK	Falkland Islands	-	-	-	0.05	0.32
FR	France	203,488.58	201,837.42	193,015.16	185,774.50	181,817.70
GA	Gabon	-	-	-	-	3.04
GB	United Kingdom	15,805.04	16,565.78	18,294.07	14,700.39	15,442.33
GE	Georgia	0.75	48.22	-	1.66	2.55
GH	Ghana	-	0.37	-	-	-
GI	Gibraltar	0.27	-	-	-	-
GR	Greece	150.92	196.27	295.17	258.74	269.32
GT	Guatemala	8.24	54.42	9.04	1.19	13.69
GY	Guyana	49.99	15.10	-	-	-
HK	Hong Kong	646.95	505.21	909.75	1,016.93	199.37
HN	Honduras	23.60	22.36	53.93	8.88	28.63
HR	Croatia	56.58	61.44	55.50	44.78	54.28
HU	Hungary	534.82	530.48	361.17	351.23	265.24
ID	Indonesia	2,065.70	1,731.30	1,304.57	1,515.50	1,848.00
IE	Ireland	1,265.20	1,659.43	1,727.48	1,757.97	1,370.54
IL	Israel	149.54	18.73	131.66	66.43	8.45
IN	India	3,846.45	4,035.19	3,944.10	3,813.51	4,203.18
IR	Iran	4.35	6.87	5.17	11.22	1.67
IS	Iceland	10.65	27.56	31.22	26.47	30.17
IT	Italy	32,612.28	28,990.41	26,128.63	30,119.14	27,072.92
JM	Jamaica	9.25	15.58	-	5.50	3.37
JO	Jordan	2.14	10.65	1.93	1.55	3.60
JP	Japan	10,569.86	8,688.07	7,256.46	5,110.73	3,673.42
KE	Kenya	0.45	-	0.10	63.59	0.20
KG	Kyrgyzstan	-	0.18	-	-	-
KH	Cambodia	161.46	120.08	164.31	488.19	506.19
KM	Comoros	-	-	0.01	1.39	0.03
KP	North Korea	9.65	19.22	31.56	0.27	1.69
KR	South Korea	4,342.64	3,883.20	3,073.19	6,005.50	3,980.49
KW	Kuwait	-	-	-	0.71	-
KZ	Kazakhstan	106.19	14.14	16.51	1.38	0.94
LA	Laos	2.42	0.15	6.18	10.26	9.69
LB	Lebanon	-	-	5.27	7.57	-
LC	Saint Lucia	-	-	-	-	4.25
LI	Liechtenstein	0.39	0.10	-	-	-
LK	Sri Lanka	210.21	268.80	173.04	235.72	212.62
LT	Lithuania	11.77	22.78	71.69	100.00	80.21
LU	Luxembourg	1,272.79	3,765.29	2,491.03	2,017.09	2,356.69
LV	Latvia	6.79	22.98	47.28	124.04	45.23
MA	Morocco	1,053.05	551.97	562.82	637.57	1,179.85
MD	Moldavia	85.09	107.08	66.85	18.64	30.63
MG	Madagascar	13.30	26.12	47.57	44.35	31.41
MK	Macedonia	11.39	6.20	12.37	8.98	17.96
ML	Mali	-	0.17	0.41	-	0.41
MM	Myanmar (former Burma)	13.59	19.57	17.91	18.81	20.22
MN	Mongolia	-	-	0.13	-	0.33
MO	Macao	28.88	3.78	2.99	0.50	-
MR	Mauritania	28.14	2.91	0.09	-	1.62
MT	Malta	11.36	-	6.31	5.77	7.57
MU	Mauritius	158.23	72.95	43.44	11.90	2.44
MW	Malawi	0.43	1.26	0.04	0.14	-
MX	Mexico	351.12	421.65	371.53	265.08	304.73
MY	Malaysia	440.51	945.45	1,188.52	528.66	275.64
NA	Namibia	-	-	0.51	4.61	-
NE	Niger	4.26	0.82	13.36	-	-
NG	Nigeria	0.06	2.50	0.59	0.17	-
NI	Nicaragua	41.25	13.17	23.47	65.53	6.76
NL	Netherlands	11,412.36	9,713.73	11,079.34	11,245.87	12,161.66
NO	Norway	30.06	40.34	336.83	16.18	35.77
NP	Nepal	15.22	15.51	0.51	0.97	7.18
NR	Nauru	-	25.77	-	-	-
NZ	New Zealand	31.04	10.62	0.69	0.17	21.81
OM	Oman	11.36	8.65	-	6.34	-
PA	Panama	1.75	7.78	0.04	15.95	8.77
PE	Peru	111.63	148.29	37.62	8.97	20.83

Imports by country of origin (thousand euros) - Continuation

	2010	2011	2012	2013	2014
PF French Polynesia	-	28.75	-	-	-
PG Papua New Guinea	-	22.49	-	-	-
PH Philippines	176.94	327.21	218.88	181.94	233.38
PK Pakistan	207.67	445.87	338.69	353.42	623.68
PL Poland	5,649.67	3,288.60	3,832.62	4,215.60	4,140.97
PT Portugal	10,753.08	10,491.74	12,403.25	10,526.92	11,206.82
QA Qatar	-	16.13	-	1.41	13.85
RO Romania	1,456.24	1,641.81	1,397.70	1,465.32	1,544.85
RU Russia	120.54	22.98	24.00	18.30	13.66
RW Rwanda	-	0.16	-	-	-
SA Saudi Arabia	0.70	-	-	1.27	1.26
SB Solomon Islands	-	-	-	21.01	-
SC Seychelles & dependencies	-	-	-	0.06	-
SE Sweden	1,950.28	2,516.54	2,495.96	1,097.04	1,952.64
SG Singapore	1,812.68	38.98	93.43	507.24	352.97
SI Slovenia	407.24	328.24	373.80	234.49	38.48
SK Slovakia	714.39	427.78	408.57	326.73	225.24
SL Sierra Leone	4.63	2.38	3.60	0.74	76.52
SM San Marino	0.04	0.08	0.07	-	-
SN Senegal	-	-	3.17	-	-
SO Somalia	-	-	-	1.48	-
SR Surinam	0.98	-	0.20	-	-
SV El Salvador	6.56	10.41	3.61	5.79	239.93
SY Syria	-	1.79	-	0.15	-
TC Turks and Caicos I.	-	-	0.24	1.95	-
TH Thailand	1,903.01	2,606.14	1,755.97	1,247.76	841.69
TM Turkmenistan	-	-	2.49	-	-
TN Tunisia	1,026.47	1,408.49	944.85	1,002.47	1,141.83
TR Turkey	2,030.98	2,414.73	2,466.17	2,249.62	4,224.24
TT Trinidad & Tobago	-	-	-	3.19	5.88
TW Taiwan	1,431.23	1,625.76	1,275.58	1,602.74	1,606.66
TZ Tanzania	-	2.44	6.89	1.04	2.69
UA Ukraine	225.64	432.66	421.28	437.32	468.73
UG Uganda	35.14	0.72	-	0.02	6.76
US United States of America	6,733.40	8,402.58	7,025.62	5,921.71	6,656.96
UY Uruguay	5.91	10.77	0.19	13.86	165.82
UZ Uzbekistan	-	-	0.93	-	-
VA Vatican City	-	-	-	0.05	-
VE Venezuela	55.46	40.71	23.13	3.21	1.66
VI Virgin Islands (U.S.)	0.51	-	4.13	4.21	0.16
VN Vietnam	3,876.38	4,341.28	3,609.68	4,370.86	5,579.25
WF Wallis & Futuna Islands	-	-	-	4.79	-
WS Samoa	1.13	1.03	22.74	-	-
YE Yemen	-	-	-	12.56	-
ZA South Africa	7.93	16.81	1.29	9,879.04	79.07
ZW Zimbabwe	-	-	-	-	5.75
Others	7,307.25	7,025.74	6,588.00	5,134.45	4,357.93
Total	1,159,582.05	1,164,354.37	1,102,681.01	1,128,046.90	1,175,045.84

Source: Department of Tax and Frontiers. Government of Andorra

Exports by country of destination (thousand euros)

	2010	2011	2012	2013	2014
AE United Arab Emirates	9.62	59.04	95.57	33.88	92.55
AF Afghanistan	-	0.21	-	-	0.61
AG Antigua and Barbuda	-	-	0.04	-	-
AL Albania	-	-	-	0.26	3.04
AM Armenia	26.77	17.60	10.50	-	0.08
AN Netherlands Antilles	-	-	-	28.44	117.46
AO Angola	10.58	3.09	47.19	-	-
AR Argentina	281.94	177.31	123.57	121.99	37.83
AT Austria	16.18	132.15	113.34	168.04	51.41
AU Australia	1.83	23.08	3.51	15.49	82.03
AW Aruba	6.07	-	0.80	-	0.38
AZ Azerbaijan	173.97	35.37	361.53	239.06	58.05
BA Bosnia & Herzegovina	-	-	-	2.50	0.00
BB Barbados	-	-	-	-	0.03
BD Bangladesh	-	-	-	1.50	-
BE Belgium	180.00	511.11	309.65	212.84	773.03

Exports by country of destination (thousand euros) - Continuation

	2010	2011	2012	2013	2014
BF Burkina Faso	3.28	5.94	-	-	0.01
BG Bulgaria	0.79	2.32	28.76	38.48	12.49
BH Bahrain	21.04	-	0.59	-	-
BM Bermuda	3.64	-	-	-	-
BN Brunei	-	0.19	0.05	-	0.25
BO Bolivia	-	-	0.23	0.80	-
BR Brazil	1.15	12.76	13.12	8.81	58.75
BS Bahamas	-	-	-	1.04	0.88
BY Belarus	-	1.50	-	-	0.40
BZ Belize	-	-	-	-	0.02
CA Canada	1.47	4.35	4.69	11.17	20.89
CD Democratic Republic of Congo	-	-	---	-	4.45
CH Switzerland	3,191.43	3,563.36	3,647.95	2,434.23	1,127.70
CI Ivory Coast	0.34	-	-	2.87	-
CL Chile	166.82	108.06	79.29	48.42	204.18
CM Cameroon	8.89	-	3.41	-	-
CN China	22.17	-	-	20.67	473.87
CO Colombia	0.58	207.57	33.52	56.72	91.85
CR Costa Rica	1.06	-	0.36	14.50	43.52
CU Cuba	0.28	0.90	-	-	0.21
CV Cape Verde	3.90	-	0.03	-	-
CY Cyprus	0.21	48.30	-	6.77	1.06
CZ Czech Republic	14.36	31.54	59.06	344.09	30.99
DE Germany	317.39	1,988.45	1,893.24	1,893.89	987.09
DJ Djibouti	0.06	-	-	8.50	-
DK Denmark	8.17	4.68	5.25	17.29	15.75
DZ Algeria	-	10.81	34.74	-	-
EC Ecuador	0.03	0.13	0.04	0.01	-
EE Estonia	0.19	1.55	3.07	1.16	25.88
EG Egypt	45.03	8.88	-	0.14	24.97
ER Eritrea	2.13	-	-	-	-
ES Spain	42,706.54	45,612.17	44,295.97	39,097.92	40,858.80
FI Finland	5.84	12.64	12.37	8.76	3.81
FJ Fiji	-	-	-	0.03	-
FO Faroe Islands	-	-	-	-	0.09
FR France	10,871.73	14,926.35	13,187.70	13,194.56	12,724.28
GA Gabon	0.29	0.21	9.11	-	-
GB United Kingdom	203.04	171.24	52.15	3,366.28	644.61
GE Georgia	8.26	83.84	16.85	79.60	4.17
GI Gibraltar	5.85	11.02	-	0.17	4.74
GN Guinea	-	-	3.60	108.41	-
GO Equatorial Guinea	23.09	34.94	11.74	-	107.02
GR Greece	7.37	5.23	3.01	5.77	12.18
GT Guatemala	76.21	114.59	100.25	109.91	117.42
GY Guyana	46.17	24.54	48.17	55.36	31.51
HK Hong Kong	96.59	713.68	3,133.39	2,593.01	2,211.66
HN Honduras	17.83	17.16	-	5.24	13.63
HR Croatia	1.12	1.18	0.03	2.88	2.32
HU Hungary	1.75	0.09	0.35	11.30	4.79
ID Indonesia	-	0.90	-	8.81	77.41
IE Ireland	5.91	7.30	3.97	13.68	15.99
IL Israel	1.63	482.14	9.86	32.07	29.01
IN India	-	-	9.12	0.48	0.34
IQ Iraq	-	-	-	-	0.20
IR Iran	0.11	15.92	25.83	-	99.65
IS Iceland	0.03	-	-	0.05	0.49
IT Italy	442.80	442.31	2,082.33	1,911.57	1,325.58
JM Jamaica	-	-	-	0.02	0.16
JO Jordan	2.72	6.45	17.50	30.50	0.20
JP Japan	39.50	1.95	7.25	38.73	16.31
KE Kenya	56.83	125.27	93.90	4.98	-
KG Kyrgyzstan	-	-	-	-	3.30
KH Cambodia	-	-	-	143.24	72.15
KI Kiribati	-	1.88	-	-	-
KM Comores	-	-	-	-	0.01
KN Saint Christopher & Nevis	-	-	-	-	0.03
KR South Korea	23.12	20.00	488.15	14.18	17.30
KW Kuwait	0.79	7.33	-	3.11	3.13
KY Cayman Islands	-	-	-	1.04	-
KZ Kazakhstan	-	-	-	0.61	6.41
LB Lebanon	73.00	5.80	-	24.94	20.44
LI Liechtenstein	-	0.10	-	3.47	-
LK Sri Lanka	-	-	0.02	-	-

Exports by country of destination (thousand euros) - Continuation

	2010	2011	2012	2013	2014
LS Lesotho	-	-	0.02	-	-
LT Lithuania	-	-	1.43	4.53	3.51
LU Luxembourg	30.29	3.97	39.75	8.55	11.42
LV Latvia	1.49	1.58	0.38	4.38	4.44
LY Libya	-	-	42.60	26.97	-
MA Morocco	3.21	10.83	10.21	76.48	71.72
MD Moldavia	-	-	-	7.85	1.76
MK Macedonia	-	-	-	0.02	-
ML Mali	-	-	7.50	10.35	-
MN Mongolia	-	-	-	-	10.00
MO Macao	-	-	1.24	1.12	4.54
MR Mauritania	0.28	0.32	-	-	-
MT Malta	6.94	0.99	0.38	0.80	0.64
MU Mauritius	-	-	0.02	-	0.03
MV Maldives	-	-	-	-	0.78
MX Mexico	14.38	10.78	6.00	13.02	15.65
MY Malaysia	-	0.22	0.07	0.07	0.79
MZ Mozambique	-	11.72	17.92	-	-
NA Namibia	-	3.71	-	-	-
NC New Caledonia & dependencies	-	1.65	0.63	1.82	16.00
NG Nigeria	-	-	-	2.00	0.20
NI Nicaragua	31.49	42.64	98.28	-	-
NL Netherlands	681.77	785.97	744.15	606.77	1,064.30
NO Norway	3,026.84	4,054.28	4,846.86	1,833.53	4,254.63
NZ New Zealand	-	-	0.47	1.69	2.65
OM Oman	0.09	12.15	7.10	-	-
PA Panama	11.34	-	181.60	0.26	39.29
PE Peru	0.22	0.12	12.65	1.31	0.64
PF French Polynesia	-	-	6.02	2.85	0.97
PH Philippines	-	-	0.07	0.22	0.72
PK Pakistan	-	-	0.03	-	-
PL Poland	20.70	5.91	82.55	6.21	4.11
PM Saint Pierre & Miquelon	-	-	-	-	1.59
PT Portugal	434.60	297.75	336.34	76.81	112.02
PY Paraguay	23.49	3.25	20.04	12.07	10.50
QA Qatar	-	0.36	23.83	0.07	1.49
RO Romania	19.23	3.15	0.93	9.48	10.49
RU Russia	77.41	101.50	346.28	460.63	195.40
RW Rwanda	-	-	27.30	18.89	15.60
SA Saudi Arabia	91.02	66.20	15.36	0.99	9.09
SC Seychelles & dependencies	-	0.26	0.16	-	-
SE Sweden	68.64	169.93	2.23	56.74	47.11
SG Singapore	13.71	-	0.11	0.62	5.73
SI Slovenia	4.65	2.34	1.10	2.50	3.59
SK Slovakia	28.93	27.30	6.70	17.46	9.16
SM San Marino	-	0.49	0.03	0.02	0.15
SN Senegal	0.89	8.46	0.04	219.14	34.40
SV El Salvador	1.95	-	-	-	26.61
SY Syria	19.00	-	-	-	-
SZ Swaziland	-	-	-	-	0.02
TG Togo	-	0.17	-	-	-
TH Thailand	-	0.40	0.23	13.38	0.03
TJ Tajikistan	21.16	71.62	37.95	-	-
TN Tunisia	0.10	38.79	75.52	0.16	5.59
TO Tonga	-	3.13	-	-	-
TR Turkey	0.05	0.05	0.26	8.81	70.78
TW Taiwan	6.68	4.77	0.40	35.09	2.56
TZ Tanzania	2.16	1.48	-	-	-
UA Ukraine	-	0.53	4.25	2.15	1.04
US United States of America	34.93	44.61	193.60	346.95	1,213.21
UY Uruguay	0.35	37.25	66.81	8.77	35.63
UZ Uzbekistan	16.53	-	25.09	48.24	-
VE Venezuela	0.11	0.66	0.19	7.28	-
VG British Virgin Islands	-	0.71	-	-	0.16
VN Vietnam	4.66	-	-	0.02	0.06
WF Wallis & Futuna Is.	-	-	-	-	0.43
YT Mayotte	-	-	-	63.75	-
ZA South Africa	0.15	0.87	-	0.08	0.09
Others	5,960.94	6,142.06	4,629.96	3,864.50	3,645.39
Total	69,899.84	81,781.38	82,408.35	74,489.60	73,737.59

Source: Department of Tax and Frontiers. Government of Andorra

ENGLISH



CAMBRA
DE COMERÇ
INDÚSTRIA I SERVEIS
D'ANDORRA

economic report 2014