

economic report 2015



CAMBRA
DE COMERÇ
INDÚSTRIA I SERVEIS
D'ANDORRA

With the support of



ASSOCIACIÓ DE BANCS ANDORRANS

number

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EDITED BY

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and Services of Andorra

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PRELIMINARY NOTE

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

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

INTRODUCTION

In 2015, the international context was marked by further episodes of instability in the political and geopolitical spheres and the financial markets. In the political sphere, tensions in Greece during the first half of the year were notable, faced with the fears of a potential exit from the Eurozone. In the geopolitical sphere, the conflict in Ukraine was overshadowed by the Syrian refugee crisis and the terrorist threat in Europe. Moreover, the trend in the financial markets was also marked by major downturns in the summer and at the end of the year, due to growing doubts about the Chinese economy and the prospect of rising interest rates in the US.

As a result, the rate of world economic growth experienced a slowdown in 2015 to 3.1%, three tenths less than in 2014. The emerging economies are those that saw the greatest growth (4%), despite being also the main causes of the global economic slowdown. Emerging and developing countries were affected by various circumstances: on the one hand, the slowdown in the Chinese economy and the consequent drop in prices of oil and raw materials; on the other hand, due to more restrictive financing conditions and finally, by the changes in orientation in US monetary policy, which reduced the outflow of capital towards emerging countries.

The advanced economies continued to see lower GDP growth (1.9%) than in the emerging and developing economies, but this differential fell for the fourth consecutive year. In general, the gradual recovery seen in the advanced economies stands on four pillars: expansionary monetary policy (interest rate at historic lows), falling oil prices, a relaxation in austerity policy and a gradual improvement in investor confidence, enabling an increase in employment.

Equally, the intensity of economic improvements in developed countries is different according to the area. For example, in 2015, the increase in GDP in the USA was 2.4%, exactly the same as in the previous year, while in the Eurozone it accelerated 0.8 points, reaching almost double the growth of the previous year. Outside the Eurozone, the good rate of economic growth in the United Kingdom stands out (2.2% in 2015), if lower than in 2014, contrasting with the anaemic growth of 0.5% seen by Japan.

In the particular case of our neighbouring economies, Spain and France, the economic situation also improved

in 2015. After three years of very weak activity, the French economy renewed growth, but at a rate (1.3%) that was still lower than the Eurozone average. Together with the said external driving forces – low oil prices, euro depreciation and interest rates at historic lows – France has based its strategy on two fundamental pillars: aiding businesses to improve their competitiveness – 41,000 million planned tax and social contribution cuts from 2014 to 2017 – and stopping growth in public spending.

Equally, the Spanish economy showed great dynamism. In 2015, it was characterised by growth in employment in the four main economic sectors – even construction, which sees the first increase since the start of the crisis – and also the good dynamics in the foreign sector, which reached a new record in exports of goods and services. All this resulted in increased confidence among consumers and businesses, reflected in the good trend in consumption and investment. So, Spanish GDP closed 2015 with annual growth of 3.2%, 1.8 points higher than the 2014 rate and the highest since 2007.

In this context, the trend in the Andorran economy in 2015 was fairly positive, although the activity rate slowed in relation to 2014. The official GDP figures show 0.8% growth in real terms, slower than in 2014 (2.3%). In any case, it is notable that the economy is growing for the third consecutive year after seven years of economic crisis and economic losses that still put the current real GDP value at 2002-2003 levels.

Many of the main available indicators of activity saw positive behaviour, although there are some notable exceptions, such as imports which fell 0.6%. The international context of recovery, above all in the Eurozone and more particularly in Spain, is one of the key factors driving the growth of the Andorran economy. Nevertheless, official Andorran GDP growth in 2015 was lower than GDP in Europe (1.6%), Spain (3.2%) and France (1.3%), contrasting with 2014, so Andorra has been unable to continue recovering relative positions in relation to its neighbouring countries, in terms of wealth levels. According to official figures, per capita GDP in Andorra stood at 35,342 euros in nominal terms, 1.2% less than in 2014, so the current level is similar to that of 2012-2013.

As for demand, many indicators can be seen of improvements in consumption and investment, although the levels are still modest. As for supply, >

the impetus in activity is led by services, especially by activities linked to commerce and tourism. Manufacturing also evolved positively, while construction almost stabilised and agriculture remains in negative territory.

2015 was not a positive year for agricultural activity. The tobacco harvest saw modest growth of 1.9% in relation to the previous year, very similar to 2014 (1.7%), and the number of livestock fell 7.5%. The other indicators show rather undynamic trends. Despite the difficulties, farmers and livestock farmers continue to make efforts to introduce improvements, diversify production and acquire seals of quality, to tackle the strong foreign competition.

In 2015, the change in trend in the industrial sector which began timidly in 2014 was confirmed, after years of serious crisis. The improvement in industrial activity can be seen in the growth in nominal GVA in manufacturing activities (2.5%), the number of businesses (2.3%) and employees (2%), increases that exceeded the increases seen in 2014. The results of the Chamber's situation survey also indicate that business activity in the industrial sector is gradually improving, especially in the final part of 2015, to the point that it presented the highest positive balance since 2006. In the second half of 2015, production also increased, but at a slower rate than one year before, adding some uncertainty about the strength of the recovery.

In 2015, the sector of construction and related industries showed the first signs of improvement after eight years of uninterrupted falls, although it advanced very slowly and is still at very low levels of activity. The rate of decline in GVA in construction slowed greatly, to see a slight nominal downturn of 0.2%, so it appears that the sector is reaching a turning point. The available indicators of activity in the sector match this profile, with increases in employees (0.9%), businesses (3%), electricity consumption (6.9%) and square metres authorised for building (128%), contrasting with the falls seen in 2014. Moreover, the rate of growth in imports of building materials accelerated (7.2%), as did establishments (which increased 1.6%). Moreover, wages in the sector stabilised after a long period of cuts. However, the activity rate is weak. The results of the Chamber's surveys also show that the dynamic of contraction in construction is still slowing, with an evaluation of business activity that has reached positive territory for the first time since 2006 and renewed containment of the falling trend in contracted and executed works.

In parallel, services also showed more dynamic behaviour than in 2014, led by the improvement in activities related to commerce and tourism. This improvement was driven by the strong increase in the numbers of tourists (13%). In this context, employees in hotels and catering increased 1.4%, while stabilising in commerce, after nine consecutive years of falls. At the same time, the number of establishments increased 0.7% in hotels and catering and 5.5% in commerce. Moreover, the results of the 2015-2016 ski season were quite positive, with a 4.4% increase in the number of ski days sold, to reach 2.45 million, the highest figure in the last ten years. The slow but progressive recovery in tourism and commercial activities was also reflected in the Chamber's surveys, with better evaluations of business activity than those of 2014, an increase in the sales figure in hotels and catering (3.2%) and a slowdown in the rate of decline in commerce (-0.3%), together with increases in investment in both sectors. As a result, the GVA in commerce grew 4.3% after seven consecutive years of falls, and the branch of hotels and catering saw an increase in GVA of 0.9%, breaking with seven years of declining activity.

The financial subsector was the only branch of services that saw a negative trend, with a decline in GVA of 3.5%, contrasting with the strong growth seen in the last three financial years, and largely explaining the deceleration in Andorran economic growth in 2015. Despite this, financial and insurance activities remain by far the most important sector of the economy, at 22.2%. Moreover, they continued to create jobs, with a 7.1% increase in the number of employees, to which are added the increases in the numbers of businesses (12.5%) and volume of deposits (3%). In contrast, a reduction in lending (-1.3%) and profits (-8%) was seen, although these data need to be taken in the special context that marked the last year and a half, relating to the intervention in the Andorran bank, Banca Privada d'Andorra (BPA), by the Andorran National Institute of Finance (INAF). This was after 10 March 2015, when the US administrative authority, the Financial Crimes Enforcement Network (FinCEN) classified the Andorran bank Banca Privada d'Andorra, SA (BPA) as a "financial institution of primary money laundering concern". This has been a hard test which has already been overcome by the sector, which showed soundness and solvency in a national and international economic context which, despite slowly improving, is still quite complex, especially for the banking sector.

The contribution from the public sector in 2015 was characterised by a new relaxation in the fiscal policy of the central government, with accelerated growth in operating costs. To this was added a highly significant increase in settled real investment (14.2%) and, to a lesser extent, capital transfers. Together this brought a 7.2% increase in non-financial expenditure, which resulted in a significant increase in the public deficit, to -0.5% of GDP. Along the same line, the communes applied an expansionary policy, with an increase in non-financial expenditure of 8.2%. Within this expenditure is notably the strong growth in real investment (75.2%), so the aggregate non-financial surplus of the communes fell two tenths to represent 0.9% of GDP. So, the aggregate real investment of the public sector (central government plus communes) grew 26.8% and aggregate operating costs 2.6%. These data mean that we can state that, as a whole, the behaviour of the public sector was clearly expansionary, contrasting with the more restrictive focus in recent years.

As for economic prospects in 2016, on an international scale this year began with major tensions in the financial markets and increased uncertainty about the situation in China and the fear of a new world recession. These tensions eased from mid-February partly due to slowing capital outflows from China, oil price consolidation and the decisions taken by the main central banks. So, the Federal Reserve announced that it was temporarily stopping rises in interest rates, and the ECB adopted new monetary expansion measures at the Governing Council on 10 March. Specifically, the Central Bank decided to lower to zero the interest rate for principal financing transactions, reduce the interest rate on deposit facilities by 10 basis points to -0.4% and raise the monthly volume of asset buying to 80,000 million euros, with a new programme of corporate bonds. Instability returned to the markets at the end of June due to the result of the referendum in favour of the United Kingdom's exiting the EU, held on 23 June.

Nevertheless, the world recovery continued in the first half of 2016, but at an ever slower and more fragile rate. In fact, the IMF, in the report presented in April, lowered the forecasts made in January for all the major world economies, whether developed or emerging, except for China. The same report warns of the risk that the world economy might fall into a generalised secular stagnation, like the one suffered by Japan for years. Currently, the main reason for uncertainty is the potential economic consequences of the United Kingdom's exit from the European Union.

In this context, the economic prospects in Andorra for 2016 are quite positive. The Chamber's surveys indicate that the recovery in activity will continue to strengthen throughout this year, but that it will also be greatly contained, encouraging the idea that in 2016, the Andorran economy will continue to see modest growth. By sectors, industry continues to improve but at a slower rate, and construction, with a slight intensification in the rate of fall in activity, will continue to struggle to address a clear recovery. As for the other branches, both in retail trade and above all in hotels and catering, more significant advances are expected in turnover, if within a profile of low activity. Specifically, this improved climate in hotels and catering will allow a notable increase in the volume of investment in this sector, while the levels of investment in industry and retail trade will remain practically stable. Finally, businesses in the construction sector are the only ones that expect continued cuts in investment plans.

In 2016, the improvement in economic activity in the Principality will continue to be greatly influenced by the dynamics of demand from Spain, and to a lesser extent from other European countries, and could be moderated a little by political instabilities affecting our European neighbours. In any case, we should trust that the impetus from abroad will continue to favour Andorran economic activity and allow for a new increase in GDP to be seen in 2016, although there are doubts that the 2015 levels could be surpassed.

The main available indicators of activity about the first months of 2016 indicate a sustained activity rate within still modest levels. In particular, employment grew 1.5% in the first four months of the year, a little below the 2.1% increase seen over the same period in 2015. On the other hand, there are also key indicators that are accelerating, such as imports and the number of visitors. In contrast, car registrations and energy consumption are slowing. In conclusion, it appears that the Andorran economy maintains a slowly rising activity rate and the risks of a downturn are receding, although the trend will continue to be greatly influenced by events in the European environment, especially Spain.

Finally, as in every year, I would like to express my thanks personally and as president of the Chamber, to all those who make the preparation and editing of this report possible, which this year reaches its twenty-first edition. 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

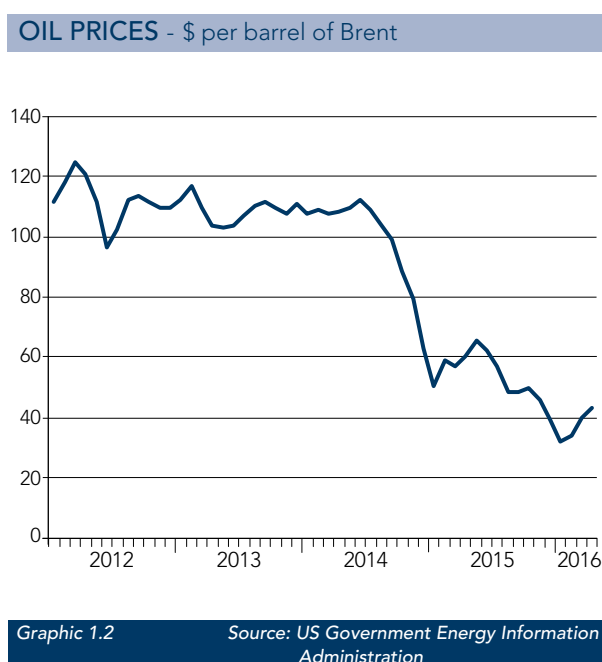
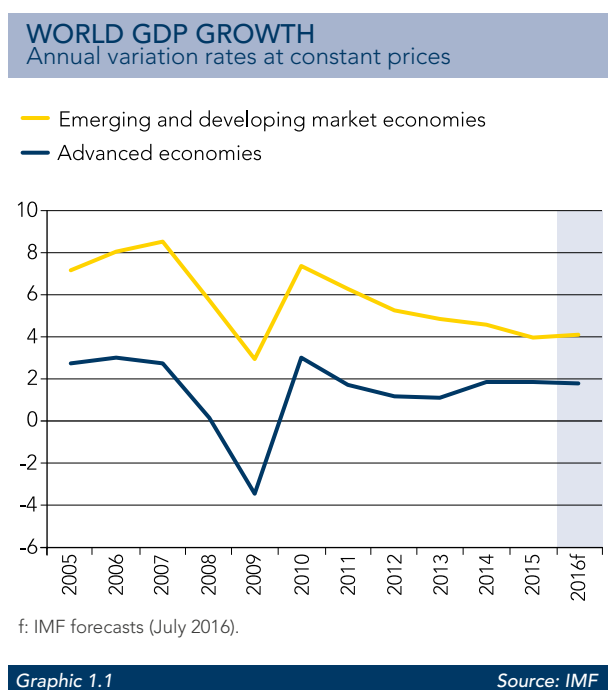
1. THE INTERNATIONAL ECONOMY

1.1. The main features of economic development in 2015

2015 was marked by further episodes of instability in the political and geopolitical spheres and the financial markets. In the political sphere, tensions in Greece during the first half of the year were notable, faced with the fears of a potential exit from the Eurozone. In the geopolitical sphere, the conflict in Ukraine was overshadowed by the Syrian refugee crisis and the terrorist threat in Europe. Moreover, the trend in the financial markets was also marked by major downturns in the summer and the end of the year, due to growing doubts about the Chinese economy and the prospect of rising interest rates in the US.

As a result, the rate of world economic growth experienced a slowdown in 2015. According to the estimates of the International Monetary Fund (IMF), world GDP grew 3.1% in that year, three tenths less than in 2014. Parallel to the slowdown in world growth, world trade in goods and services also slowed down, as it slipped from 3.7% growth in 2014 to 2.6% in 2015.

The emerging economies are those that saw the greatest growth, despite being also the main causes of the global economic slowdown. So, the emerging and



developing economies, with global growth of 4.6% in 2014, grew 4% in 2015, while developed economies maintained the same rate of growth as the previous year, if slower than that of the emerging economies (1.9% in 2014 and 2015).

Emerging and developing countries were affected by the slowdown in the Chinese economy and the consequent drop in prices of oil and raw materials, due to more restrictive financing conditions and also changes in orientation in US monetary policy, which reduced the outflow of capital towards emerging countries.

As for the advanced economies, the Eurozone saw a dynamic recovery, while the USA maintained similar growth to the previous year and Japan continued to experience economic stagnation.

With regards to exchange rates, the differences in orientation of US monetary policy (less expansionary) and that of the Eurozone (more expansionary), and the greater economic strength of the US economy, resulted in major depreciation of the euro against the dollar, for the second consecutive year. So, in December 2015, the euro reached a rate of 1.088 dollars, 11.7% below the value of one year before (1.232 dollars). This drop in the euro's value is added to that of the previous year, which was 10%.

Oil prices also continued to drop in 2015. Specifically, between June 2014, when the price of a barrel reached 82.4 euros, and December 2015, when it reached a low of 35.7 euros, the accumulated fall was 57%. This fall is added to the one in the previous year (of -37% in euros). The steep drop in oil prices in 2015 was the result of strong competition from OPEC countries and Russia, the expectation of increased production from Iran and slowing global demand, especially from the second world economy (China).

Weak global economic growth and the falling prices of raw materials and oil explain the low rates of inflation seen in all the main economic areas in 2015, despite the context of expansionary monetary policy. As a result, average inflation in developed countries diverged further from the European central banks' targets – reaching a global figure of 0.3% in 2015 (1.4% in the previous year) – and the average inflation in emerging countries was 0% (0.4% in 2014).

In this context, the European Central Bank (ECB) adopted a series of measures for additional relaxation

RISK PREMIUM OF EUROZONE PERIPHERAL COUNTRIES

German bond differential, in percentage points



Graphic 1.3

Source: Macrobond

of monetary policy to encourage inflation. Specifically, it introduced an extensive programme of purchasing assets and reduced the marginal rate on deposits again to -0.30%. In contrast, in the US, the Federal Reserve approved its first increase in the official interest rate in >

IMF ECONOMIC PROSPECTS FOR THE WORLD ECONOMY

	2014	2015	2016f	2017f
World GDP	3.4	3.1	3.1	3.4
Advanced economies	1.9	1.9	1.8	1.8
USA	2.4	2.4	2.2	2.5
Eurozone	0.9	1.7	1.6	1.4
Germany	1.6	1.5	1.6	1.2
France	0.6	1.3	1.5	1.2
Italy	-0.3	0.8	0.9	1.0
Spain	1.4	3.2	2.6	2.1
Japan	0.0	0.5	0.3	0.1
United Kingdom	3.1	2.2	1.7	1.3
Canada	2.5	1.1	1.4	2.1
Emerging and developing countries	4.6	4.0	4.1	4.6
Sub-Saharan Africa	5.1	3.3	1.6	3.3
Emerging economies in Europe	2.8	3.6	3.5	3.2
Commonwealth of Independent States	1.1	-2.8	-0.6	1.5
Russia	0.7	-3.7	-1.2	1.0
Developing Asia	6.8	6.6	6.4	6.3
China	7.3	6.9	6.6	6.2
India	7.2	7.6	7.4	7.4
Middle East & North Africa	2.7	2.3	3.4	3.3
Latin America & Caribbean	1.3	0.0	-0.4	1.6
World trade (goods and services)	3.7	2.6	2.7	3.9

f: forecasts.

Chart 1.1

Source: IMF, July 2016

nine years, at the end of the year, of 0.25 basis points, putting it in a band between 0.25%-0.50%.

Finally, instability returned to capital markets in 2015, especially in August and December, leading most of the global financial markets to close the year with losses. The IBEX-35 of the Spanish market saw a downturn of 7.2% (between December 2014 and December 2015), after two continuous years of gains. In the US, the Dow Jones Index also closed the year with losses (-2.2% interannual), while the Eurostoxx index was revalued by 3.8% and the Japanese Nikkei, 9.1%.

Despite the degree of financial instability experienced at specific times in 2015, the sovereign debt risk premiums of the peripheral countries (Italy, Portugal and Spain) remained at very low levels, except Greece, where the focus of instability originated in the first half of the year due to the failure to agree with European institutions on refinancing the public debt and the referendum was called which resulted in new general elections.

1.2. Evolution of the principal advanced countries

The advanced economies continued to see lower GDP growth than the emerging and developing economies, but this differential has decreased for the fourth consecutive year. This is because GDP growth in emerging countries slowed six tenths this year, but remained the same in the advanced economies. In general, the gradual recovery seen in advanced economies was driven by the reactivation in domestic demand, a reactivation that in turn is based on four

pillars: expansionary monetary policy (interest rate at historic lows), falling oil prices, a relaxation in austerity policy and a gradual improvement in investor confidence, enabling an increase in employment.

Equally, the intensity of economic improvements in developed countries is different according to the area. For example, in 2015, the increase in GDP in the USA was 2.4%, exactly the same as in the previous year, while in the Eurozone it accelerated 0.8 points, reaching almost double the growth of the previous year. Outside the Eurozone, the good rate of economic growth in the United Kingdom stands out (2.2% in 2015), if lower than in 2014, contrasting with the anaemic growth of 0.5% seen by Japan.

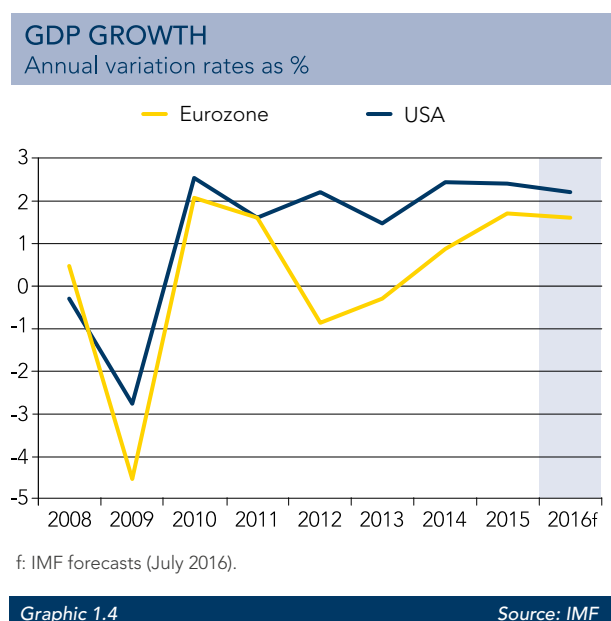
1.2.1. The USA

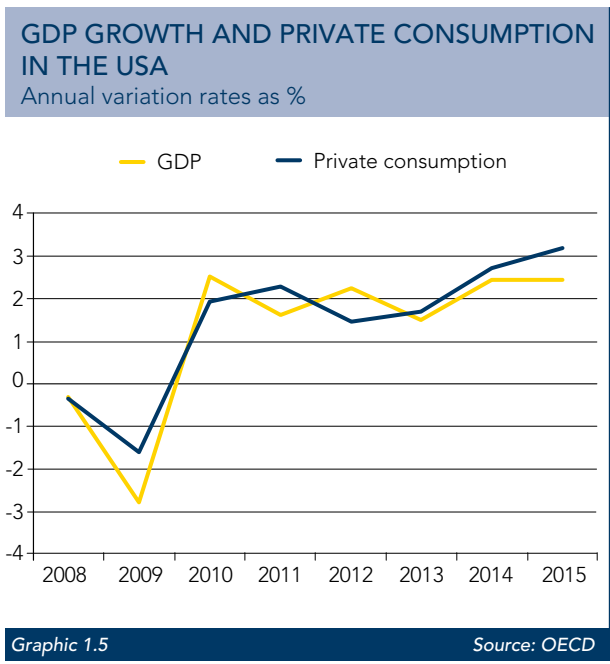
In 2015, the US economy managed to consolidate its recovery, with positive growth for the seventh consecutive year. The annual rate of growth was 2.4%, surpassing the pre-crisis GDP level by 10%.

The driving force behind growth, yet again, was private domestic demand, especially consumption and residential investment, considering that growth in public spending was still low in 2015. Unlike the previous year, residential investment saw major growth which outstripped that of non-residential investment. Consumption received an impetus from the improvement in employment and disposable income – the latter as a result of the falling prices of oil and imported goods – and also historically low interest rates.

The contribution from external demand to growth was negative (-0.7 points) and, moreover, half a point greater than in the previous year. Dollar appreciation and the increase in oil imports due to falling prices, substituting domestic energy production, pushed imports above exports and consequently increased the foreign sector's negative contribution to growth. The deficit in the current account balance also rose after three consecutive years of falls – reaching 2.7% of GDP in 2015, compared with 2.2% in the previous year.

The recovery in the US economy resulted in a continuous improvement in the labour market. The annual rate of growth in employment was 2.1%, putting the annual unemployment rate at 5% at the end of the year, a level that can be considered close to full employment.





For its part, inflation continued to be very low throughout 2015, some months with occasional falls, due to lower prices for energy and imported goods. On annual average, consumer prices increased 0.1%, far from the 2% target fixed by the Federal Reserve. Wages also saw a very modest improvement despite job creation. Despite low inflation, the Federal Reserve decided to raise the benchmark interest rate on 16 December 2015 by 0.25 points, the first rise since 2006, fulfilling its promise to do so when the unemployment rate reached 5%. In this manner, a period of close-to-zero interest rates came to an end, although global economic uncertainty delayed the new rate rises expected at the end of three months.

Finally, the recovery in the US economy allowed for the public deficit adjustment rate to be raised. In 2015, the public accounts balance was negative and equal to 4.4% of GDP, 0.6 percentage points below the level of last year, a stronger adjustment than in the previous year, which had gone from 5.5% in 2013 to 5.0% in 2014.

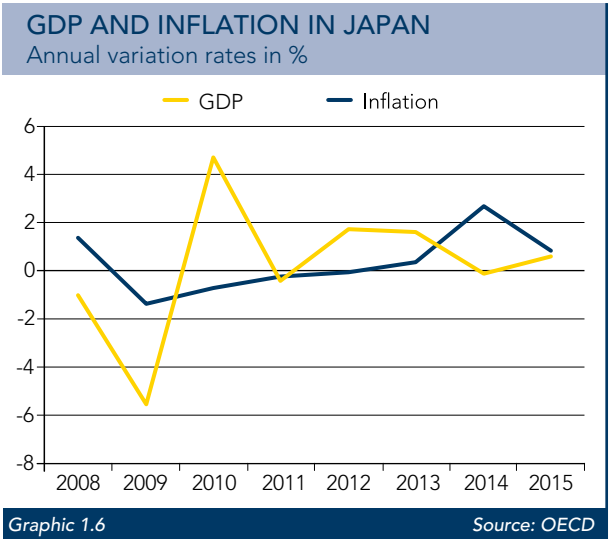
1.2.2. Japan

In 2015, Japan saw very modest growth, due to the slowdown in the Chinese economy and falling private consumption, partly due to the increase in VAT – from 5% to 8% - which came into force in April. Moreover, the cheap yen also reduced the purchasing power of SMEs and did not benefit exports as in previous periods.

The Japanese economy entered negative territory in interannual rates in the second quarter of 2014 and did not re-emerge until the second quarter of 2015. For 2015 as a whole, Japanese GDP saw growth of 0.5%, according to the IMF, after the stagnation of the previous year, with downturns in private consumption, private residential investment and public investment, offset by a slight increase in non-residential private investment and the foreign sector, which added four tenths to growth. In 2015, the exchange rate of the Japanese yen against the dollar remained depreciated at a more-or-less stable value of around 120 yen/\$, contrasting with the steep depreciation it saw in the previous year. In the labour market, employment grew an annual 0.4% and the unemployment rate reached 3.3% by the end of the year, the lowest value since 1997.

The risk of deflation, which had been averted in the previous year, revived due to falling oil prices. Consumer prices rose a mere 0.2% interannual in December 2015. So, expansionary monetary policy could not overcome deflation despite the Japanese Central Bank keeping the interest rate between 0.0% and 0.1% throughout the year to stimulate the economy. Faced with a forecast from official bodies of very weak growth for the Japanese economy in 2016 (0.3% according to the IMF), it is likely that the Bank of Japan will intensify monetary expansion throughout 2016 with the basic objective of reducing the high debt-to-GDP ratio and permanently low inflation.

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 third consecutive year, so that the public deficit fell from >



6.2% in 2014 to 5.4% of GDP in 2015, although it is still one of the developed countries with the highest public deficit ratio. At the same time, the public debt-to-GDP ratio continued to climb to reach a historic high of 230%, the highest in the world and more than twice the average of OECD countries.

1.2.3. Eurozone

In 2015, the Eurozone economy saw a more positive trend than in the previous year, based fundamentally on four factors: euro depreciation, falling oil prices, low interest rates and the relaxation of restrictive fiscal policy.

Equally, the growth profile for the Eurozone in 2015 shows slight moderation, from the 0.6% interquarterly which it saw in the first quarter to 0.3% in the third and 0.4% in the fourth. For the year as a whole, GDP growth was 1.6% according to Eurostat (0.9% in 2014), the highest rate of growth since 2011. In 2015, the Eurozone recovered the level of GDP it had before the crisis, despite taking eight years to do so (double the time of the US).

By components, the recovery in the Eurozone was the result of the progressive improvement in domestic demand, especially in private consumption, which saw annual growth of 1.7%. Public consumption also increased, but a little less (1.3% on annual average). Gross capital investment grew at a good rate (2.6%), but in some countries it was still very much affected by economic and political uncertainties and also in some countries, by excessive debt (public and private). On the other hand, foreign demand started the year with a neutral contribution and ended by deducting 0.6 points from GDP growth. This situation is the result of accelerated growth in imports (5.7%), based on the recovery in domestic demand, which exceeded the increase in exports (4.9%) favoured by euro depreciation. Despite this, the current account balance of payments surplus for the whole of the Eurozone increased from 3.1% of GDP in 2014 to 3.8% in 2015, the highest percentage achieved in recent decades.

The economic recovery contributed to growth in employment in 2015. Specifically, the number of employees rose about 1% per year, exceeding the 0.6% growth of the previous year and allowing for a reduction in the unemployment rate from 11.3% at the end of 2014 to 10.5% in December 2015, for the second consecutive year since the start of the crisis. For

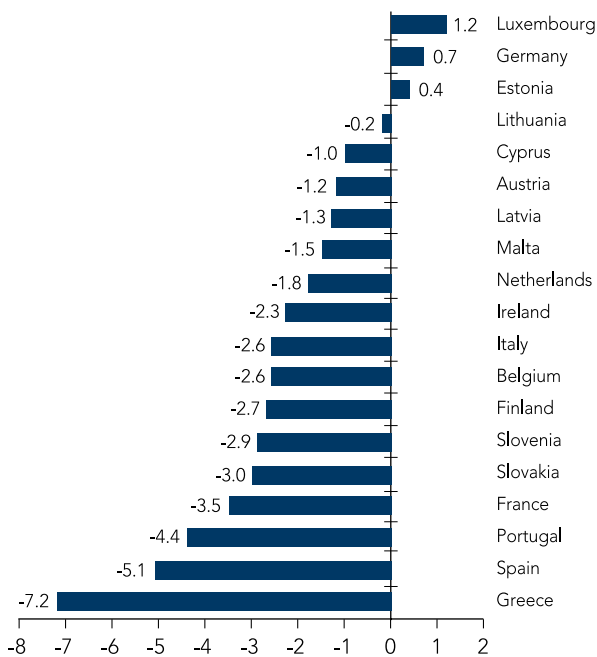
their part, unit labour costs grew 0.7% as a result of a wage increase per worker of 1.2% and a productivity increase of 0.6%. Now, real labour costs, once the GDP deflator is discounted, fell 0.6%, demonstrating that the Eurozone economy gained competitiveness over the year.

The fall in prices at the start of 2015 gradually corrected itself over the year, as a result of a weaker fall in oil prices than in the previous year and also thanks to the recovery in consumption. Prices started the year by falling 0.6% in January and ended with a slight increase of 0.2% in December. On annual average, inflation was zero, compared with 0.4% in the previous year. All Eurozone economies saw negative or positive annual inflation rates, but below 1.2%. The greatest falls in prices were seen in Cyprus (-1.5%) and Greece (-1.1%), while the countries with the highest increases – if moderate – were Malta (1.2%), Austria (0.8%), Belgium (0.6%) and Portugal (0.5%).

Monetary policy was conditioned by the described context of weak economic recovery and falling prices. So, with the aim of averting the risk of deflation and providing momentum to the economy, the ECB adopted a series of additional relaxation measures in monetary policy at the meeting held in December 2015. This package of measures consisted of charging a 0.3% interest rate to financial entities with deposits at the ECB, expanding the assets that the Central Bank can acquire within the programme of quantitative easing, and maintaining the official interest rate at the minimum level of 0.05%.

Finally, fiscal policy continued to be restrictive for the fifth consecutive year and, consequently, the global deficit of countries in the Eurozone fell from 2.6% of GDP in 2014 to 2.1% in 2015. In the last year, the reduction in the deficit can be explained more by a moderate adjustment in spending than an increase in revenue, as revenue remained at a practically constant percentage of GDP (46.6%). All member countries with a public deficit reduced their negative balance in GDP terms, except Greece, which increased it from 3.5% in 2014 to 7.2% in 2015. In 2015, the countries that made the greatest effort to reduce the deficit were Cyprus, Slovenia, Ireland, Austria and Spain. On the other hand, the only three EMU countries with a public account surplus were Luxembourg, Germany and Estonia (between 1.2% and 0.4% of GDP). In 2015, the public debt-to-GDP ratio fell in the Eurozone for the first time since the crisis started, to 92.9% of GDP,

**PUBLIC DEFICIT OF EMU COUNTRIES.
ESTIMATES FOR 2015 - As % of GDP**



Graphic 1.7

Source: European Commission

thanks to the economic recovery (growth in nominal GDP) and the low rates of interest.

Finally, it should be remembered that Lithuania joined the Eurozone on 1 January 2015, so there are now nineteen countries using the single currency.

1.3. Evolution of the principal emerging and developing countries

In 2015, emerging and developing economies grew at the lowest rate since the global financial crisis, in a context of suddenly falling prices of raw materials, major capital outflows and growing volatility in the financial markets.

Despite the slowdown in China, the Asian emerging and developing countries were still the region with the highest growth (6.6%). The Chinese economy saw growth of 6.9%, four tenths less than the previous year, and it is expected that this moderation will continue in 2016 (6.6%, according to the IMF). The other Asian emerging countries benefited from falling oil prices, as they are mostly oil-importing countries. It should be noted that the weakening of the Chinese economy was the result of correction after a long period of very rapid growth. Given China's size, opening up and high rate of investment and also the high level of

imports in its investment and its volume of exports, the slowdown had a major contagion effect on the whole world through commercial channels. These commercial effects are both direct (reduction in the demand for products from commercial partners) and indirect (repercussions on world prices of certain goods imported by China, for example, raw materials) and influence the exchange rates and stock markets of other countries.

In 2015, the emerging economies that saw a more unfavourable trend were oil and raw material exporting countries. Falling prices of raw materials had a negative effect on Latin American economies, an area that stagnated globally in 2015, contrasting with the 1.3% growth of the previous year. The greatest decline was experienced by the Brazilian economy (-3.8%), while other countries continued to see robust growth, such as Mexico (2.5%). This area also faces more restrictive financial conditions, marked by the depreciation which some of its currencies have seen due to the rise in the interest rate adopted by the Federal Reserve. On the other hand, falling prices in raw materials also affected Sub-Saharan Africa, where growth decelerated from 5.1% in 2014 to 3.3% in 2015.

On the European continent, the downward trend in the Russian economy stands out (-3.7%), affected by both falling oil prices and political conflicts in the region, while growth accelerated eight tenths to 3.6% in developing European countries.

Finally, growth continued to weaken in the Middle East and North Africa, progressing 2.3% in 2015, four tenths less than in the previous year, in a context marked by falling oil prices, persistent conflicts in the region and continued political uncertainty.

1.4. Prospects

2016 started with major tensions in the financial markets and increased uncertainty about the situation in China and the fear of a new world recession. These tensions eased from mid-February partly due to slowing capital outflows from China, oil price consolidation and the decisions taken by the main central banks. So, the Federal Reserve announced that it was temporarily stopping rises in interest rates, and the ECB adopted new monetary expansion measures in the Governing Council meeting on 10 March. Specifically, the Central Bank decided to >

lower to zero the interest rate for principal financing transactions, reduce the interest rate on deposit facilities by 10 basis points to -0.4% and raise the monthly volume of asset buying to 80,000 million euros, with a new programme of corporate bonds. Instability returned to the markets at the end of June due to the result of the referendum in favour of the United Kingdom's exiting the EU, held on 23 June.

As for economic activity, the world recovery continued in the first half of 2016, but at an ever slower and more fragile rate. In fact, the IMF, in the report presented in April, lowers the forecasts made in January for all the major world economies, whether developed or emerging, except for China – raised by two tenths – and warns of the risk that the rate of growth might stagnate and the world economy fall into a generalised secular stagnation, like the one suffered by Japan for years. Currently, the main reasons for uncertainty are the potential economic consequences of the United Kingdom's exit from the EU.

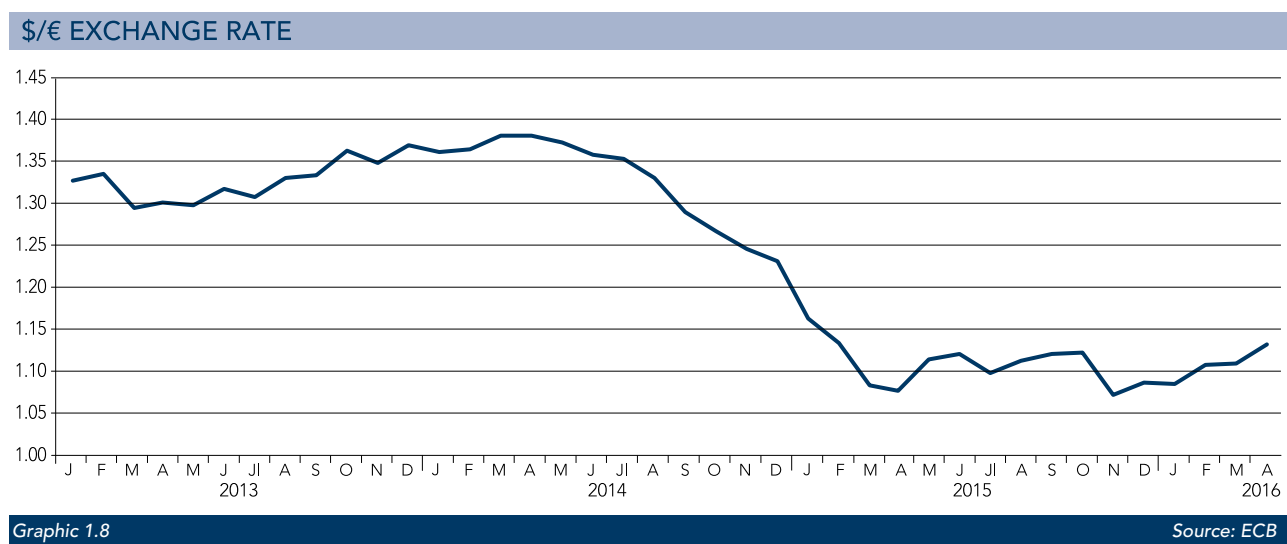
According to the International Monetary Fund's (IMF) economic outlook report in July, in 2016 world growth will remain at 3.1%, the same as in 2015. This trend can be explained by the acceleration in growth in developing economies by one tenth, which could grow 4.1% in 2016. In contrast, it is forecasted that advanced countries will grow one tenth less due to the Brexit effect, i.e. 1.8%. The forecasts indicate stability in the rate of growth in the United States and also the Eurozone and Japan. On the other hand, prospects in emerging countries vary according to areas. While Russia and the Latin American region will see a downturn in terms of GDP – the latter affected by the recession in Brazil and Argentina and the political

crisis in Venezuela – the Asian driving forces, China and India, will continue to grow at rates of 6-7%, just a few tenths below the previous year.

In the US, in the first quarter of 2016, GDP saw the same interannual rate of growth as the previous quarter, of 2%. Private consumption, favoured by the good performance in the labour market, and residential investment still drive the recovery, while imports grow much more than exports. During the first five months of 2016, interannual accumulated growth in employment was 1.9% (769,000 new jobs), and the unemployment rate fell to 4.7% in May, the lowest rate since 2007. This trend favoured an improvement in confidence among consumers, rising above the historic average. Inflation, on the other hand, began to revive in the first five months of 2016 due to the gradual disappearance of the knock-on effect of the steep fall in oil prices, and also greater wage pressure, resulting from the improvement in the labour market. In this context, the Federal Reserve decided to keep the official interest rate between 0.25% and 0.50% in the first half of the year, a level it imposed in December 2015.

Official bodies differ in their forecasts for the US economy for 2016. While the OECD predicts a slowdown of six tenths, to 1.8%, above all due to the strength of the dollar and increase in export prices, the IMF predicts higher growth, of 2.2%, based on consumption (sustained by the good performance in the labour market), investment and fiscal policy.

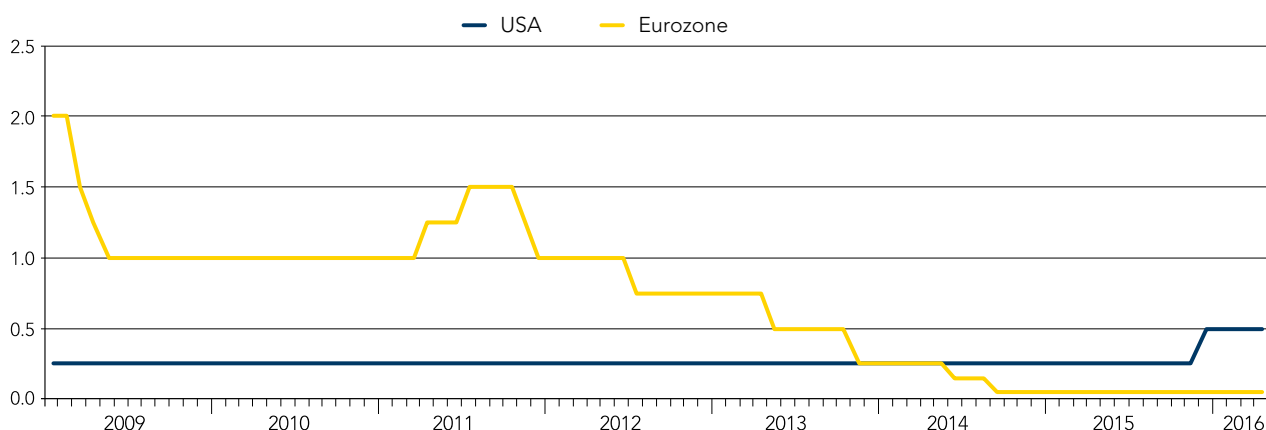
In the Eurozone, the recovery continues to progress slowly. Strengthening domestic demand, favoured by the low oil prices, negative real interest rates and



Graphic 1.8

Source: ECB

OFFICIAL INTEREST RATES IN THE USA AND EUROZONE - As %



Graphic 1.9

Source: Federal Reserve and ECB

gradual recovery in the labour market, is offsetting the weakening foreign momentum. The most recent data on the trend in GDP present a slight upturn in the Eurozone economy (from 0.3% in the fourth quarter of 2015 to 0.6% in the first quarter of 2016), instilling new hopes that the currency facilities are having an effect on the dynamics of the economy, although the potentially negative effects of Brexit have to be taken into account. By country, growth is weaker than expected in Italy, while the recovery is exceeding expectations in Spain. Inflation in the Eurozone remained negative or at very low levels in the first few months of the year, but the trend will rise throughout the year due to the knock-on effect of falling oil prices in 2015. So, it is expected that inflation will be supported by the recovery in the economy and the ECB's measures to inject liquidity. The forecast for 2016 as a whole is that prices will grow by about 0.2% on annual average.

The prognosis for GDP growth in the Eurozone in 2016 made by the OECD, the European Commission and also the IMF is 1.6%, similar to that of the previous year and which could remain the same in 2017. The IMF indicates in its report that, besides the short-term effects of forces both favourable (accommodative monetary policy, low raw materials prices and a depreciated euro) and unfavourable (deceleration in some emerging countries and financial and political uncertainty), it is necessary to supplement the ECB's expansionary measures with structural reforms which would allow long-term growth.

By country, the European Commission foresees an increase in GDP in Germany of 1.6%, and France of 1.3%. For its part, in 2016 Spain will still be one of the economies that grows most (2.6%), although its rate of increase will be more moderate than in the previous >

OECD ECONOMIC PROSPECTS FOR THE MAIN DEVELOPED COUNTRIES

	GDP % annual variation			INFLATION ⁽¹⁾ % annual variation			UNEMPLOYMENT RATE ⁽²⁾ % active population			CURRENT ACC. BALANCE % of GDP			PUBLIC DEFICIT % of GDP		
	2015	2016f	2017f	2015	2016f	2017f	2015	2016f	2017f	2015	2016f	2017f	2015	2016f	2017f
USA	2.4	1.8	2.2	0.1	1.1	2.0	5.3	5.0	4.7	-2.7	-2.5	-2.5	-4.4	-4.3	-3.7
Japan	0.6	0.7	0.4	0.8	0.1	2.1	3.4	3.2	3.1	2.9	3.4	3.7	-5.4	-5.1	-4.0
Eurozone	1.6	1.6	1.7	0.0	0.2	1.2	10.9	10.2	9.8	3.8	3.8	3.6	-2.1	-1.8	-1.4
Germany	1.4	1.6	1.7	0.1	0.3	1.5	4.6	4.4	4.6	8.6	9.2	8.5	0.7	0.3	0.4
France	1.2	1.4	1.5	0.1	0.1	0.8	10.4	9.8	9.7	-0.1	-0.7	-0.8	-3.5	-3.4	-3.0
Spain	3.2	2.8	2.3	-0.6	-0.5	1.0	22.1	19.8	18.4	1.4	1.1	0.9	-5.1	-3.7	-2.7
OECD	2.1	1.8	2.1	0.7	1.1	1.8	6.8	6.4	6.2	0.1	0.2	0.2	-3.1	-2.9	-2.4

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

(2) Unemployment rate calculated with national definitions, not harmonised.

f: forecasts.

Chart 1.2

Source: OECD, July 2016

year. All the Eurozone economies except Greece will see GDP growth. In most of these countries, domestic demand is starting to pick up and will complement the foreign sector's positive/negative contribution to growth. The relaxation of targets for reducing the public deficit will also contribute to the economic recovery. The labour market will continue to recover and this will allow the unemployment rate to fall six tenths to 10.3% in 2016. As for the public deficit, the Commission predicts that it will continue to shrink but the speed of the adjustment will slow: the forecast is that it will reach 1.9% of GDP in 2016 and 1.6% in 2017.

Finally, the Japanese economy weakened in the first quarter of 2016, having seen a rise in quarterly GDP of 0.5%, putting interannual growth at 0% (1.7% annualised interannual). This economic growth is due, above all, to private consumption, which represents 60% of GDP, and grew 0.6% interannual, while investment (residential, non-residential and public) fell, and exports saw a slight increase of 0.6% as a result of stronger-than-expected yen appreciation. In this context, the Bank of Japan decided to avoid any changes to the annual rate of quantitative easing at 80 billion yen and the official interest rate – situated

between 0% and 0.1% since 2010 – and the Japanese Government deferred the second tax increase (VAT was raised to 8% in the first and it was planned to raise it to 10% in the second). Forecasts for growth in the Japanese economy in 2016 indicate a still weak increase in GDP (of 0.3% according to the IMF and 0.7% according to the OECD).

In summary, the global economic context is still one of low momentum but, at the same time, the financial tensions which arose in the first two months of the year eased off for a few months, but revived again after the favourable Brexit referendum. The Chinese economy is behaving better than expected and oil prices are a little higher. However, the global economy is not free of risks or unexpected changes in dynamics, as was seen with Brexit. So, official bodies advise continuing the expansionary monetary policy in the main advanced economies and the measures adopted in 2016 by the European Central Bank are rated positively, as is the Federal Reserve's delay in raising interest rates. However, international bodies insist on the need for these measures to be backed up with more expansionary fiscal policy (aimed at productive public investment) and more decisive action in applying structural reforms.

2. THE FRENCH ECONOMY

2.1. The main features of economic development in 2015

After three years of very weak activity, the French economy renewed growth, but at a rate that was still lower than the Eurozone average. Together with the existing external driving forces – low oil prices, euro depreciation and interest rates at historic lows – France has based its strategy on two fundamental pillars: aiding businesses to improve their competitiveness – 41,000 million planned tax and social contribution cuts from 2014 to 2017 – and stopping growth in public spending.

GDP growth in 2015 was mostly driven by private consumption, which benefited from low oil prices and better economic prospects. On the other hand, investment in construction continued to detract from GDP for the fourth consecutive year, although this year it was offset by a positive contribution from investment in capital goods. Finally, in 2015 the net contribution

from the foreign sector to GDP was negative despite euro depreciation and the relatively strong growth in exports, due to more dynamic imports.

Throughout the year, the French economy followed an erratic trajectory: the first quarter was the best of the year, while the second saw a slight decline, then it grew again in the third and fourth at a quarterly rate of 0.4%. It should be remembered that on 13 November, the Islamic State (IS) committed a terrorist attack in Paris from which 129 people died and hundreds were wounded. In response, France started offensives in IS-dominated parts of Syria and strengthened security in the country. However, the economic impact of the attacks was very limited, both from the point of view of economic paralysis in the Paris area and in relation to the increase in public spending to guarantee the defence and security of France against the terrorist threat.

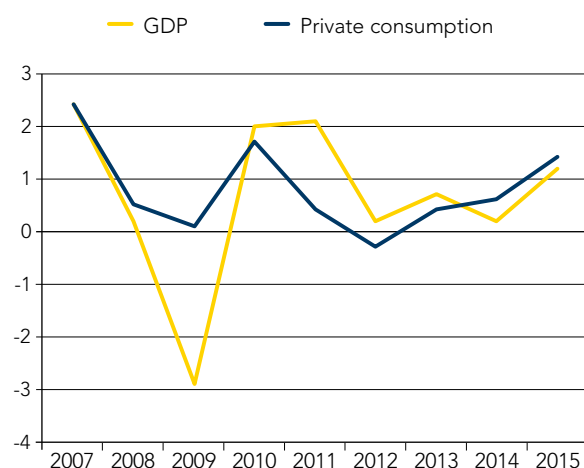
According to INSEE, GDP grew 1.3% over the whole of 2015, after three years of very modest growth rates

(0.5% on annual average). Due to this recovery, the French economy, which is the second in the Eurozone and the fifth in the world, has narrowed the growth gap with the rest of the Eurozone (1.6% in 2015). In contrast, the level of GDP per capita in relation to the European average (EU=100) fell one tenth (from 107 in 2014 to 106 in 2015), meaning that per capita income in France is 6% higher than the European average. It should be noted that the crisis did not affect France's real degree of convergence with the EU, since in 2008 it already had a very similar index to that of 2015.

By components, economic growth in 2015 was led by domestic demand which, excluding stock variations, contributed 1.4 points to growth, after adding 0.6 points in 2014. All the components of domestic demand showed positive behaviour except household investment (-0.8%) and public investment (-3.8%). The rate of growth in private consumption accelerated from 0.7% in 2014 to 1.5% in 2015, as did public consumption (to a rate of 1.4%). Household consumption benefited from the increase in disposable income resulting from job creation and also low energy prices. Finally, business investment also recovered strongly: from 1.6% growth in 2014 to 2.8% in 2015, from both the improvement in economic activity and the reduction in social contributions approved in the so-called Responsibility and Solidarity Pact. It should be remembered that in April 2015, the French government introduced a 2,500 million plan to promote business investment, including an additional special 40% tax deduction on investment carried out between 15 April 2015 and 15 April 2016, for all businesses irrespective of their sector of activity.

The foreign trade flows of goods and services saw a more positive trend than in the previous year, favoured by euro depreciation and the increased competitiveness of French businesses thanks to containment of labour and energy costs. Specifically, exports went from 3.3% growth in 2014 to 6.1% in 2015. Compared with other European countries, the behaviour of French exports was more positive, demonstrating the competitiveness gained this year. For example, exports increased 5.4% in Spain and Germany, 4.3% in Italy and 5% for the Eurozone as a whole. The volume of imports also increased (from 4.7% in 2014 to 6.6% in 2015) due to the recovery in domestic demand (consumer and investment). The fact that growth was slightly higher in imports than exports meant that the foreign sector's contribution

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



Graphic 2.1

Source: European Commission

to growth in the French economy is negative for the third consecutive year (-0.2 points in 2015 and -0.5% in 2014). The increase in exports is due to exports of both goods and services, especially the latter, with annual growth of 5% and 7.2%, respectively, higher than the 2.1% and 3.1% in 2014. The upturn in imports is also due to imports of goods and services, with growth of 6% and 7.5% in 2015 (2.4% and 7.9% respectively in 2014). The current account deficit fell from -0.9% of GDP in 2014 to -0.1% in 2015, according to the OECD.

With regards to the supply, a disparate trend is seen in sectoral GVA. On the one hand, the industrial sector saw a more positive trend, with growth of 3.8% in relation to the previous year. As for services, growth in the branch of information and communications (4.1%) stands out, followed by commerce, transport and hotels and catering (2.8%), and scientific and professional activities (2.2%). However, two sectors saw a negative trend: construction (with a deepening decline from -1.5% in 2014 to -4.4% in 2015) and financial activities (a sector that slipped from 4.3% growth in 2014 to a decline of -0.2% in 2015). Finally, real estate activities, non-market services and other services saw growth of about 1%. In all three cases, the increase seen in the previous year slowed slightly.

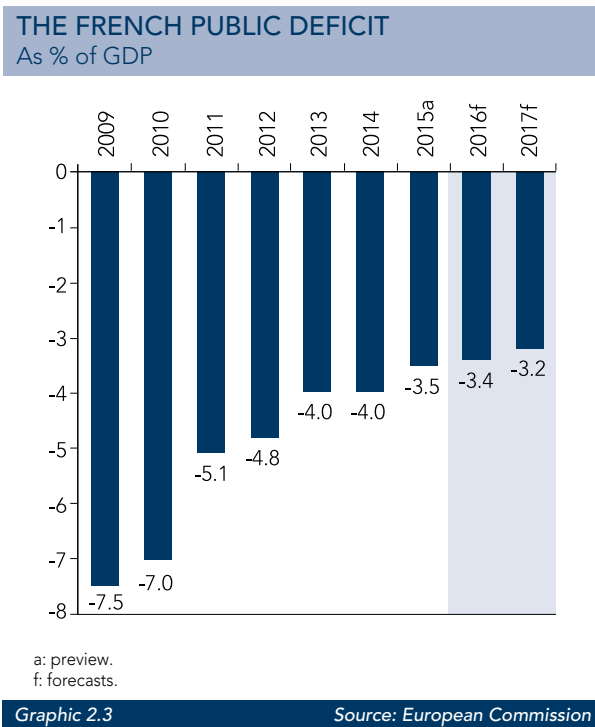
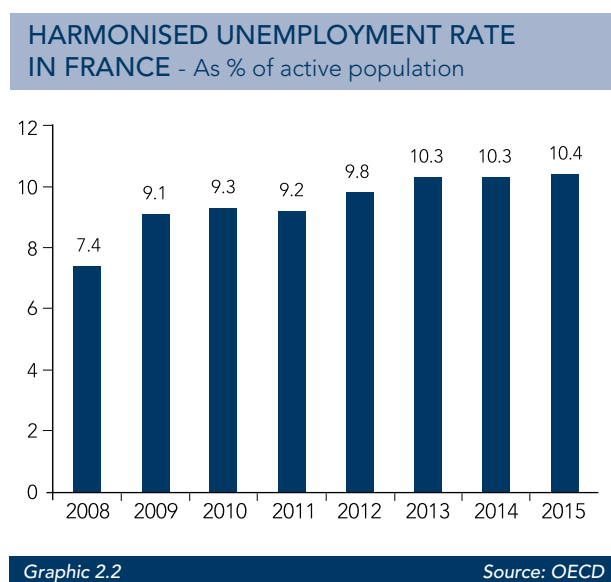
The recovery in the French economy this year allowed for net job creation in the non-agricultural market sector for the first time since 2011 (+82,000 in 2015 after -63,000 in 2014). In particular, employment was created in the fourth quarter, increasing by 32,000 in the tertiary market sector, which more than offset the >

fall in employment in the industrial and construction sectors. Growth in employment benefited from the improved economic situation and the cuts in social contributions approved in 2014 and 2015, within the framework of the Responsibility and Solidarity Pact.

In annual variation rates, growth in employment was 0.4% in 2015, one tenth more than in the previous year. However, the harmonised unemployment rate rose one tenth and reached 10.4% annual average. The youth are the most negatively-affected group, with an unemployment rate of more than double the population as a whole (24%).

Despite the progressive improvement in the labour market, the unemployment rate refused to fall, which meant that nominal wage increases were more moderate than in previous years (1.2% in 2015 compared with 1.4% in 2014). Labour productivity, for its part, increased 0.8% and consequently, unit labour costs (ULC) grew 0.4% in nominal terms (compared with 1.5% in the previous year), but fell 0.9% in real terms (after discounting prices), as in the majority of European countries (in the Eurozone they fell 0.6% on average), allowing for greater business competitiveness.

It should be remembered that France is one of the member states where the cost of labour is higher due to the high fiscal pressure on work. For this reason, in recent years the French government approved various cuts in social contributions, which meant a saving for businesses of 30,000 million euros (1.5% of GDP), through which it aimed to narrow the gap between social security contributions from businesses in France and the average for Eurozone countries.



Prices saw a negative trend in the first three months of 2015, then turned positive, if close to zero, for the rest of the year, following the example of other countries. As a result, harmonised inflation slowed, on annual average, from 0.6% in 2014 to 0.1% in 2015. This trend is the result of oil prices and weak wage growth. Underlying inflation, which more faithfully reflects the trend in the nucleus of prices because it excludes volatile components (unprocessed food and energy) had a slightly more positive trend than the general index due to the recovery in household consumption.

In 2015, the public sector continued its policy of fiscal consolidation for the sixth consecutive year and, moreover, increased the rate of adjustment. The deficit of the public administrations reached 3.5% of GDP, after ending 2014 at 4.0% of GDP. As a proportion of GDP, revenue fell very slightly from 53.4% to 53.2% - although it is still the second highest level in the whole of Europe, only behind Finland and Denmark - but spending fell more, from 57.3% to 56.8%, partly as a result of the increase in nominal GDP and the steep reduction in spending on interest payments. In fact, in 2015, total spending excluding interest rose 1.6%, much higher than inflation which remained close to zero this year. Therefore, a slowdown in growth in public spending was achieved thanks to the implementation of the Responsibility and Solidarity Pact approved by the French government, which provides for a cut in public spending of 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). Revenue was also affected by other measures included in the Pact, such as the continued cut in social contributions paid by businesses (a reduction of 14% in 2014 and an additional 6% in 2015). In total, a reduction for businesses of 41,000 million in tax and social contributions is planned over three years, with the aim of improving competitiveness and job creation. At the same time households will benefit from 5,000 million in tax cuts for low-income taxpayers (it is calculated that 9 million will benefit) throughout the period 2015-2016.

Financing the deficit has caused a further increase in the public debt of 0.4 points of GDP in 2015, to 95.8%, exceeding the average level of debt in the 19 Eurozone member states for the second consecutive year (92.9% of GDP), according to the European Commission.

2.2. Prospects

Economic activity in France continued to accelerate in the first few months of 2016 as a result of the increase in family purchasing power and the gradual recovery in business investment. However, the foreign sector continues to provide a negative contribution to growth. After a long period of economic stagnation and very weak growth, considerable growth close to that of the Eurozone could be achieved in 2016. Moreover, correction of the deficit will continue according to the 2016 budgets and -3% could be achieved in 2017.

In the first quarter of 2016, GDP increased 0.6% in relation to the previous quarter, two tenths more than the fourth quarter of 2015. By components, household consumer spending recovered strongly (1% interquarterly after stagnating over the last three quarters), and also investment (1.6% quarterly). In general, domestic demand, excluding stock variations, added one point to GDP growth, while it only contributed 0.3 points in the previous quarter. On the other hand, the foreign trade balance made a negative contribution of two tenths to activity, as a result of export stagnation (0%) and moderate import growth (0.6%). Finally, the changes in inventories made a negative contribution of 0.2 points.

The production of goods and services continued to accelerate in the first quarter. However, while production slowed in the manufacturing industry, it accelerated in the energy and market services sectors, and remained almost stable in construction.

Job creation will continue to increase in 2016, although the effects on employment of the fiscal benefits introduced in the Competitiveness and Employment Plan (CICE) and the Responsibility and Solidarity Pact (PRS) will be progressively lower because the scalability of the CICE has already been completed and the new tax reduction on wages, carried out from 1 April as set out in the Emergency Plan to promote employment, will have a limited effect since it is not directed at the lowest wages. In effect, the European Commission predicts that employment will grow by an anaemic 0.5% in 2016, and that the unemployment rate will not fall from 10% (it could reach an average of 10.2% in 2016).

In this context, the harmonised rate of inflation was negative between February and April, and only one positive tenth in May. For the year as a whole, forecasts indicate that inflation will be around zero, since the effect of falling oil prices would be offset by the inflationary import pressure deriving from euro >

FRANCE. MAIN MACROECONOMIC AGGREGATES Interannual variation rates

	2013	2014	2015
Components of demand			
Private consumption	0.5	0.7	1.5
Public consumption	1.5	1.2	1.4
Gross fixed capital formation	-0.8	-0.3	1.0
Domestic demand without inventories (a)	0.4	0.6	1.4
Inventories (a)	0.3	0.5	0.1
Exports of goods & services	1.9	3.3	6.1
Imports of goods & services	2.1	4.7	6.6
Components of supply			
Agriculture	-9.4	7.5	2.0
Industry	2.1	0.2	3.8
Construction	2.1	-1.5	-4.4
Commerce, transport & hotels & catering	0.4	0.3	2.8
Information & communications	-0.4	-0.8	4.1
Financial activities	5.8	4.3	-0.2
Real estate activities	1.0	1.3	1.0
Scientific activities & professional services	0.6	1.4	2.2
Public admin., Health & social services	2.2	1.8	1.1
Other services	2.2	1.2	1.1
GDP at market prices	0.6	0.6	1.3

(a) Contribution to GDP growth at market prices.

Chart 2.1

Source: INSEE

depreciation. However, it is expected in 2017 that the inflation rate will rise again to about 1%.

The public deficit will continue to shrink in 2016, but only by 0.1 percentage points, to 3.4% of GDP, as the impact of higher growth in GDP, and therefore the increase in tax bases, will be largely offset by the additional measures announced in the 2016 budget and the negative impact of low inflation on public finances. Among the measures announced in 2016, the Emergency Plan to promote employment stands out, with 2,000 million euros. Of these, 1,000 million will be destined for work training for 500,000 unemployed, and the rest, for a quarterly grant of 500 euros for two years for each worker contracted (in long-term unemployment) by a business of less than 250 workers with wages of at least 1.3 times the minimum wage. It also includes measures for farmers and wage increases for public employees. It is expected that by the end of the year, businesses will have benefited from 33,000 million, as well as other credit facilities.

According to 2016 budgets, public spending will only rise 1.3%. Ministries must cut spending by 5,100 million, except for priorities such as education, research, culture and defence. In relation to revenue, the French government has announced tax cuts for more than eight million households for a total of above 2,000 million euros. These tax cuts will mostly affect income tax, continuing the reduction started in the previous year. The new tax cut will be financed through savings in public spending to meet the budget deficit target. The high level of deficit and low nominal growth in GDP will bring an increase in the public debt-to-GDP ratio, which could reach 96.4%.

3. THE SPANISH ECONOMY

3.1. The main features of economic development in 2015

In 2015, there were signs of economic dynamism in Spain, characterised by growth in employment in the four main economic sectors – even in construction, which saw the first increase since the start of the crisis – and dynamism in the foreign sector, with a new record in exports of goods and services. All this resulted in rising confidence among consumers and businesses, reflected in the positive trend in consumption and investment. Equally, the flow of new credit to households and small

It should be added that, to make the economy more competitive, the French government announced a labour reform which generated opposition from unions and major popular rallies in protest. Among other measures, the reform proposes increasing the length of the working week within the framework of businesses' negotiations, currently fixed at 35 hours, and allows for collective dismissals, with discounted compensation when the business has financial problems.

European Commission and OECD forecasts for 2016 as a whole are for growth at about 1.3%-1.4%, similar to that of the previous year. Although it is expected that tax policy will be less restrictive this year, the deterioration in the foreign environment may halt economic growth. At the same time, it is expected that the support from inventories will gradually disappear since, as a percentage of GDP at the end of 2015, they reached the highest level in almost 40 years.

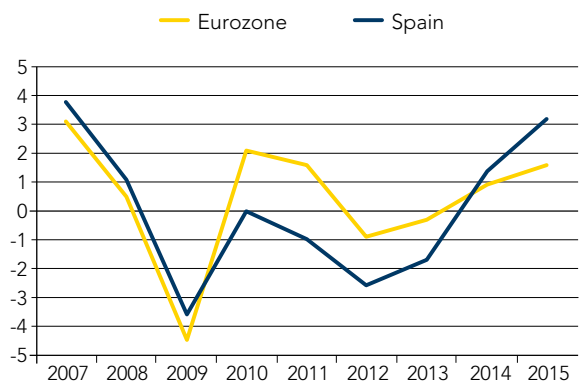
Effectively, in 2016 GDP growth will be driven mostly by private consumption, which will benefit from rising employment, a cut in the energy bill and low inflation. In contrast, the foreign sector contribution will be negative because the improvement in exports resulting from euro depreciation will be limited and in any case lower than import growth. As for investment, it is expected that low oil prices, the reduction in social contributions and the public policies of promoting investment will gradually strengthen businesses' profit margins and their capacity to invest as well as their foreign competitiveness, while the already favourable credit conditions may be even more accessible through the ECB's accommodative monetary policy.

and medium-sized businesses began to swell, but within a general framework of debt reduction.

In this context, Spanish GDP ended 2015 with annual growth of 3.2%, 1.8 points higher than the 2014 rate and the highest since 2007, according to national accounts data from the National Institute of Statistics. Throughout the year, GDP saw ever more positive rates until it reached interquarterly growth of 0.8% in the fourth quarter of 2015. In interannual terms, GDP growth also accelerated to 3.5% in the last quarter of the year, representing the highest rate since the fourth quarter of 2007 (3.6%).

GDP GROWTH IN SPAIN AND THE EUROZONE

Annual variation rates as %



Graphic 3.1

Source: Eurostat

National demand was consolidated as a driving force for growth – adding 3.7 percentage points to GDP growth, compared with 1.6 points in 2014 – thanks to the dynamism in private consumption and productive investment. In contrast, net foreign demand took half a point off growth, due to a greater upturn in imports than in exports. Throughout this year almost half a million jobs equivalent to full-time were created, representing 3% growth against the previous year. Of all the major developed countries, the Spanish economy grew most, more than double the Eurozone average, and was also one of the ones that created most employment.

So, the economic recovery is stronger in Spain than in the EU as a whole and, because of this, the Spanish per capita GDP index measured as purchasing power parity in relation to the EU-28 average (equal to 100) rose one tenth, from 91 in 2014 to 92 in 2015, but still far from the 103 it reached in 2007, just before the crisis. In effect, Eurostat data show the major downturn in Spain in the process of real convergence with European economies, although it started to recuperate slightly in 2015.

Among the components of national demand, the highest rate of growth related to investment in capital goods (10.2%), followed by investment in construction, with an annual rate of 5.3%, positive for the first time since 2007. The start of the recovery in investment in construction reflects the stabilisation in the real estate sector which has already seen an increase in sales this year as well as in housing prices. On the other hand, public works fell in 2015, after an increase in the previous year. For its part, household consumption increased 3.1%, compared with 1.2% in the previous year. The determining factors in this readjustment in

consumption were job creation and the increase in financial wealth. Finally, public consumption grew 2.7% after stabilising in the previous year, reflecting a relaxation in the fiscal effort partly due to general elections being called on 20 December 2015.

In relation to foreign demand, real exports of goods and services rose 5.4% in 2015, three tenths more than in 2014, and imports accelerated 1.1 points to a rate of 7.5%, explaining the increase in the negative contribution from net foreign demand to GDP growth in 2015. The greater dynamism in exports is due to exports of both goods and services, closing 2015 with annual rates of 4.9% and 6.7%, respectively. The acceleration in imports is also due to imports of goods and services, which were driven by growth in domestic demand, especially the consumption of durable goods and investment in capital goods, which incline towards imports.

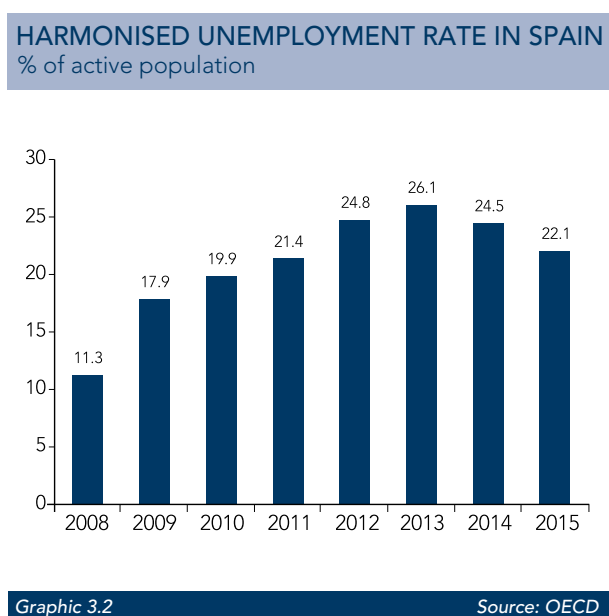
According to the data for the balance of payments, the financing capacity of the Spanish economy in 2015 increased to 2.1% of GDP, 0.5 percentage points more than where it closed in 2014, as a result of the improvement in the revenue balance and the effect of falling oil prices on the energy bill, while the non-energy trade balance worsened.

From the perspective of supply, activity grew in 2015 in the four main branches of activity, but the main contribution to global GDP growth was from services (2.1 percentage points of the total 3.2 points), followed by industry, with 0.5 points, and construction, with 0.3 points. For its part, agriculture made a negligible contribution (and the rest was made by net taxes on products). As for services, activity only fell in the sector of financial activities and insurance, due to the process of bank restructuring. In contrast, the increase was notable in professional activities (5.8%), commerce, transport and hotels and catering (4.8%) – to a large extent thanks to the results of the tourism sector, which saw significant growth both in the number of foreign tourists and tourism spending – and information and communication activities (4.7%).

In line with the trend in GDP, the growth in the number of workers, in terms of jobs equivalent to full-time, accelerated by almost two points, so an annual rate of 3% was registered in 2015. The higher rate of job creation is mostly due to employment, which went from 1.4% growth in 2014 to 3.4% in 2015. Productivity per employee increased slightly by 0.2%, one tenth >

less than in 2014, and wages per employee grew 0.5%, after a decline of 0.6% in the previous year, so unit labour costs increased 0.3%, breaking the falling trend of recent years. It should be remembered that between 2009 and 2014, unit labour costs fell 6.4%, allowing for the recuperation of about 80% of the cost competitiveness against the EU that was lost in the previous decade. This gain in competitiveness is one of the reasons for the good performance in Spanish exports.

For the second consecutive year since the start of the crisis, the level of unemployment fell in Spain. Specifically, in the fourth quarter of 2015 the total number of unemployed was 4,779,500, the lowest level since the fourth quarter of 2010. The trend in the interannual variation in unemployment was -12.4% that quarter. The total number of unemployed fell by 678,200 in one year, with a fall of 436,100 men and 242,100 women, representing the largest annual decline in the number of unemployed in the historical series. The unemployment rate also fell to 20.9% at the end of 2015, the lowest since the second quarter of 2011. By age, the reduction in unemployment affected all groups but is mostly concentrated among the 25-54 age group (547,800 less unemployed). On the other hand, the groups most affected by unemployment are still youth (under 25), immigrants and long-term unemployed (unemployed for more than a year), already 58% of the total unemployed. The persistence of such a high unemployment rate is one of the main factors explaining the rising income inequality occurring in Spain in recent years, which is greater than in the other EU member states.



In 2015, the decline in the active population continued, for the third consecutive year, due to negative net migratory flows. In fact, the reduction in the number of unemployed in 2015 (by 554,400) can be explained both by an increase in the number of employed in that year (by 521,900) and a reduction in the active population (by 32,600).

In 2015, the dynamism in employment was centred on temporary workers, with an increase of 8.3%, compared with 1.9% for permanent workers, raising the temporary contract rate to 25.7% by the end of the year, almost four percentage points above the level at the start of 2013, when the rate reached its cyclical low. Finally, 2015 was marked by an increase in the number of employees in the public sector, which grew 1.7% compared with the previous year, after three years of consecutive falls.

As for inflation, the trend was influenced by falling energy and oil prices. In 2015, the CPI saw an annual average decline of 0.5%, three tenths greater than that of 2014 (-0.2%), while underlying inflation accelerated six tenths to 0.6%, as a result of the recovery in consumption. In comparison with the Eurozone, prices saw a more marked decline in Spain (-0.5% compared with +0.1% in the EMU), which had a positive effect on the competitiveness of Spanish exports.

In the field of public finances, in 2015 the Spanish economy continued its process of fiscal consolidation which it started five years before, although the intensity of the adjustment slowed in comparison with the previous year. The deficit for the whole Spanish private sector reached 5.1% of GDP (5.9% in 2014), with a deviation of almost one percentage point in relation to the official target of 4.2% of GDP. The fall of 0.79 GDP percentage points in the public deficit of 2015 (excluding the bailout of the financial sector) in relation to 2014 can be explained by the reduction in the central government deficit and, to a lesser extent, by the falling deficit of the autonomous communities, while the Social Security Fund increased its deficit and the surplus of local corporations moderated. For its part, the public debt-to-GDP ratio reached 99.2%, slightly below that of 2014 (99.3%).

The favourable economic situation which framed the 2015 budgets was reflected both in public revenue, due to the dynamism in tax revenue, and in public spending, through the decrease in the entry for unemployment benefits due to the improvement in



the labour market. To this must be added the savings generated in the public debt interest entry. In effect, the improvement in the balance for the whole of the public administrations in 2015 can be explained by an increase in non-financial resources (2.9%), higher than in spending (1.2%, once financial aid is discounted). As for revenue, taxes increased 5.2% due to the impetus from tax bases, which saw a positive rate for the second consecutive year, after six years of uninterrupted falls. This increase in tax revenue occurred despite the impact on revenue from cuts in direct tax which came into force in 2015 (one in January and the other in July).

It should be remembered that there were elections for the Spanish parliament on 20 December, from which a very fragmented parliament emerged with the rise of two new political parties. Due to the lack of agreement between the political groups to form a government, new elections were called which took place on 26 June 2016.

3.2. Prospects

The rate of growth of the Spanish economy began to weaken in the first quarter of 2015, but still has high growth rates which are higher than those of most of the Eurozone member states. The slowdown that is expected for the whole of 2016 is the result of the gradual disappearance of the external driving forces that favoured growth in 2015, such as falling oil prices and euro depreciation.

In the first quarter of 2016, the Spanish economy saw 0.8% growth in relation to the previous quarter, putting the interannual rate of GDP at 3.4%, one tenth less

than in the previous quarter, as a result of a lower contribution from national demand to aggregate growth (3.8 points), partly offset by a less negative contribution from foreign demand (-0.4 points). Of note is the growth that was seen in household consumption (3.7%) due to the improvement in the labour market and economic prospects and the cut in the IRPF (personal income tax) which came into force at the beginning of the year. Growth in investment, on the other hand, slowed both in the construction and capital goods components, although the latter still shows great dynamism (9.8%). As for foreign demand, growth in both exports and imports slowed.

On the other hand, employment and unemployment figures confirm that the process of recovery in the labour market continued during the first quarter of 2016. Employment shows interannual growth of 3.2%, two tenths above that of the preceding quarter (3.0%). This trend represents a net increase, in one year, of 533,000 jobs equivalent to full-time.

Consumer prices followed a falling trend in the first four months of the year, to reach -1.1% in April and -1% in May, the lowest rates seen since February 2015. Low energy prices and falling prices in leisure and culture explain this negative price trend.

As for the public accounts, the Spanish government sets out a new deficit target for 2016 in the 2016-2019 Stability Programme, equivalent to 3.6% of GDP, requiring a reduction in the deficit of 1.5 GDP percentage points in relation to 2015. For 2017, the proposed deficit target is 2.9% of GDP. In this way, Spain would come out of the excess deficit procedure in 2017, and defer for a year the reduction of the deficit to under the 3% threshold as in the 2013 recommendation. Fiscal strategy in terms of income and expenditure for all the public administrations consists of keeping the income-to-GDP ratio slightly above 38% of GDP, with an upward trend over the period, at the same time reducing the spending-to-GDP ratio by more than 3 points, from 43.2% of GDP in 2015 (without financial aid) to 40.1% in 2019. For its part, the public debt will continue the decline begun in 2015 and fall to 96% of GDP in the last planned year of the Programme, with a growing annual reduction thanks to GDP growth and the favourable trend in the primary balance.

According to the estimates of official bodies, the expansionary phase of the Spanish economy will >

SPAIN. MAIN MACROECONOMIC AGGREGATES

Interannual variation rates

	2013	2014	2015
Components of demand			
Private consumption	-3.0	1.2	3.1
Public consumption	-2.8	0.0	2.7
Gross fixed capital formation	-2.5	3.5	6.4
Domestic demand (a)	-3.1	1.6	3.7
Exports of goods and services	4.3	5.1	5.4
Imports of goods and services	-0.3	6.4	7.5
Components of supply			
Agriculture, livestock and fishing	16.5	-3.7	1.9
Industry	-5.2	1.2	3.4
Construction	-9.8	-2.1	5.2
Commerce, transport and hotels and catering	0.1	3.2	4.8
Information and communications	0.7	4.7	4.7
Financial activities and insurance	-7.7	-1.0	-0.9
Real estate activities	1.6	1.2	0.8
Professional activities	-1.9	3.4	5.8
Public administration, health and education	-1.1	-0.4	1.7
Artistic, leisure and other activities	-0.7	4.4	4.2
GDP at market prices	-1.7	1.4	3.2

(a) Contribution to GDP growth at market prices.

Chart 3.1

Source: National Institute of Statistics (INE)

In summary, forecasts indicate that growth in the Spanish economy will continue to strengthen thanks to the recovery in domestic demand, which is benefiting from the improvement in the labour market, although the rate of growth will gradually slow as the effects of external driving forces (oil prices, euro depreciation and tax cuts) fade. However, despite the improvement in the economic cycle, there are still major structural problems in the Spanish economy, such as the high level of public debt and high unemployment rate. To this is added the potential impact on the economy, and especially on investor confidence, of the situation of political instability until a stable government is formed, having already repeated the general elections, and also the effect that Brexit could have on both the financial markets – through a fall in the Spanish stock market and an increase in the risk premium – and the real economy – exports and tourism.

continue over the next few years but will continue to gradually lose impetus. The IMF predicts GDP growth of 2.6% for 2016, while the OECD and the European Commission raise this to 2.8%. In 2017, another reduction in the growth rate is expected, to 2.3%, due to the loss of impetus from temporary effects such as falling oil prices and the budget stimuli introduced in 2015 and 2016 (tax cut in the IRPF). As in 2015, 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 the field of prices, it is estimated that in 2016 these will remain stable and it will not be until 2017 that they might grow 1%, according to the trend in oil prices and a gentle, gradual rise in underlying inflation. For its part, employment will continue to grow in a context of economic reactivation. In effect, the Commission forecasts a 2.5% increase in employment and that the Spanish unemployment rate will fall to 20%, still the second highest in Europe after Greece.

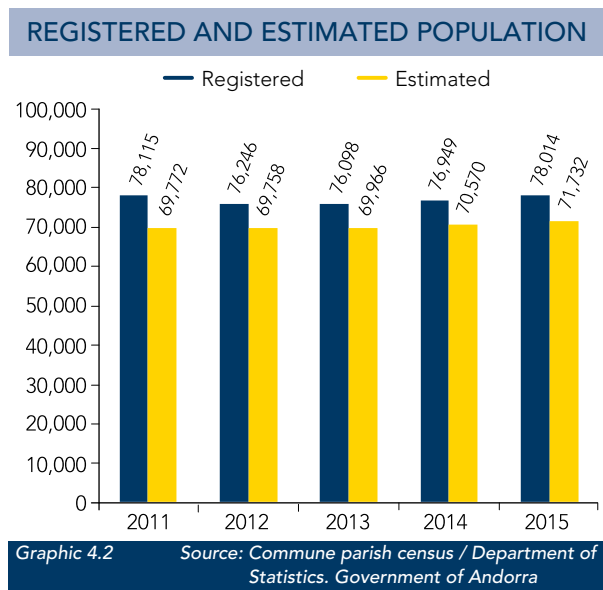
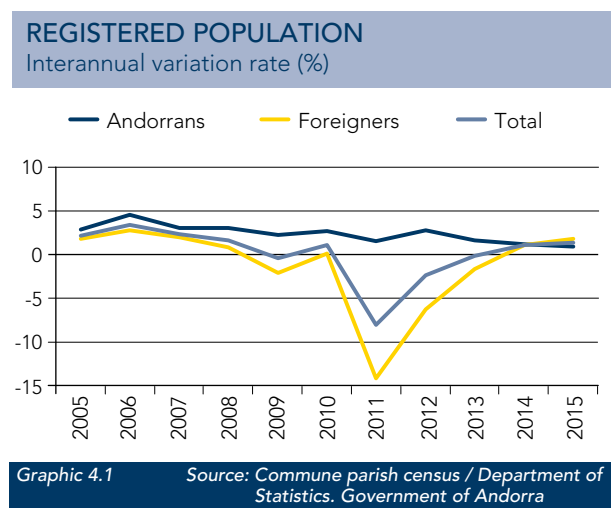
THE ANDORRAN ECONOMY: OVERALL TRENDS

4. POPULATION, EMPLOYMENT AND EDUCATION

4.1. Population and migratory flows

The registered population in Andorra at the end of 2015 was 78,014, 1.4% more than in the previous year (an additional 1,065) and the highest figure since 2011. This indicates an acceleration in the rising trend that started in 2014 (1.1%), after three consecutive years of contraction, to a large extent due to the census check carried out by the Communes (local authorities) in each parish. This clearing of the census began at the beginning of 2011 but, in reality, reflects a population adjustment that began in 2008, as the economic crisis deepened. This caused many foreigners who lost their jobs to leave the country, a trend which reversed in 2014 and rose faster in 2015 due to a more positive economic context.

In parallel, the estimated population figures published by the Department of Statistics (a different concept to the registered population of the communes, mentioned in the previous paragraph), also reflect an increase in population, of 1.6%, putting the Andorran population at 71,732 in 2015. 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. The comparison between both sources still shows a significant disparity of more than 6,000 people, the equivalent of the registered population being 8.8% higher than the estimate but, in any case, the trend in 2015 rose in both cases. Equally,



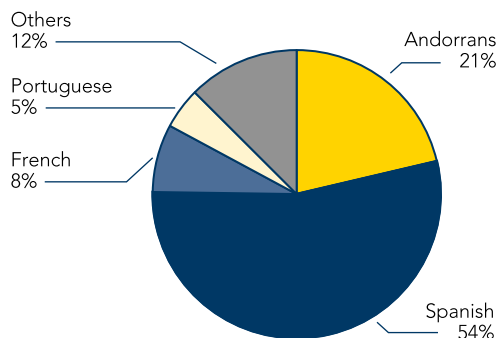
it should be noted that this estimate is not wholly exact as the numbers of residents of Andorran nationality have not yet been validated.

The distribution by nationalities reflects that the rise in registered population in Andorra can be explained by the increase in both Andorrans and foreigners, continuing the pattern observed in the previous year and contrasting with the trend in the period 2011-2013, when the number of foreigners fell while the number of Andorrans continued to grow. More specifically, the number of Andorrans grew 1%, two tenths less than in 2014 and the slowest increase in the historical series (available since 1980), while the foreign population advanced 1.8%, i.e. more than the Andorrans, something which had not happened since 2004. This trend demonstrates an acceleration in relation to the growth seen in 2014 (1%) and confirms that the population adjustment caused by the economic crisis has halted and Andorra has again become an attractive market for foreign workers.

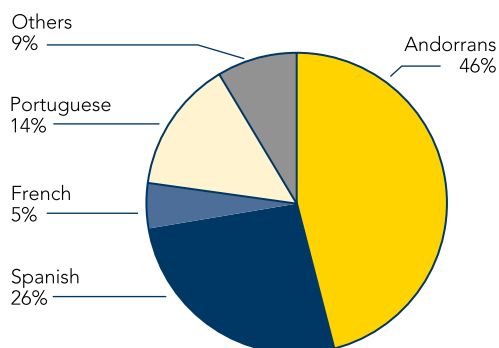
The increase in foreigners was spread across the main nationalities in the country. Specifically, the Spanish, who are the largest group, increased 1.4%, maintaining their share at 26.4% of the total population. The increase in the French was more significant (3.7%) while the number of Portuguese stabilised after six consecutive years of falls. Moreover, foreigners of other nationalities again grew the most >

REGISTERED POPULATION OF ANDORRA BY NATIONALITIES

1987



2015



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

(4.7%), so accumulating eight years with a better trend than the other three groups of foreigners, raising their percentage of the total population to 9.1%. So it would seem that the tendency continues for the labour sources to diversify.

In summary, the proportion of foreigners in the total registered population rose two tenths to 54.2%, so

breaking the trend of ten years of decline, although still far from the high reached in 1987 (78.7%). In parallel, the percentage of the group of Andorrans fell to 45.8% but, even then, the current situation is much more balanced than it had been in the past.

As for the natural population movement, natural growth of 377 was recorded in 2015, 3.9% more than in the previous year and 5.3 per thousand of the estimated population, a trend that contrasts with the steep falls in the last four years. This trend in the natural population growth was the result of an increase in the number of births (3.1%), greater than in deaths (2.2%), so that both the birth rate and the death rate increased, to 9.2 and 3.9 per thousand, respectively. To these data should be added the positive balance of migratory movement, of 785 persons, calculated on the basis of estimated population, which saw a net total increase of 1,162 persons.

By parish, according to estimated population data, a tendency can be seen for the distribution of the population to stabilise between the high, less populated parishes and the low parishes. This situation contrasts with the trend of the former to gain in percentage in recent years, seen in the registered population data from the start of the nineties until 2011. So, in the last six years (2010-2015) the percentage of the estimated population in the high parishes hovers between 38.5%-38.7%, below the 40.2% obtained from the registered population data, but well above the 29.1% they represented at the start of the nineties. In contrast, the low parishes concentrate 61.3% of the estimated population, a percentage that falls to 59.8% in the registered population data. In any case, the commune census check made it clear that the process of redistribution

NATURAL MOVEMENT OF THE ESTIMATED POPULATION

	2014	2015
Births	639	659
Deaths	276	282
Natural growth	363	377
Birth rate (per thousand)	9.055	9.187
Death rate (per thousand)	3.911	3.931
Rate of natural growth (per thousand)	5.144	5.256
Increase from migration or census regularisation	241	785
Total increase in population*	604	1,162
Marriages	271	285

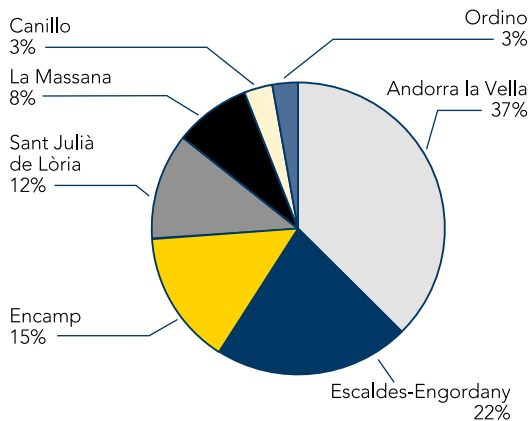
*Natural growth plus increase from migration.

Chart 4.1

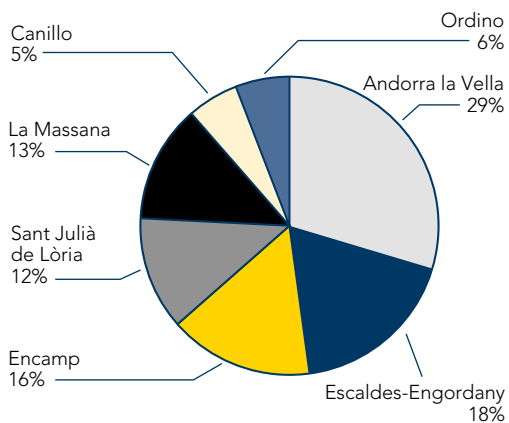
Source: Department of Statistics. Government of Andorra

REGISTERED POPULATION OF ANDORRA BY PARISHES

1991



2015



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

of the population in Andorra was not as intense as data first showed and that, in fact, it has stopped in recent years.

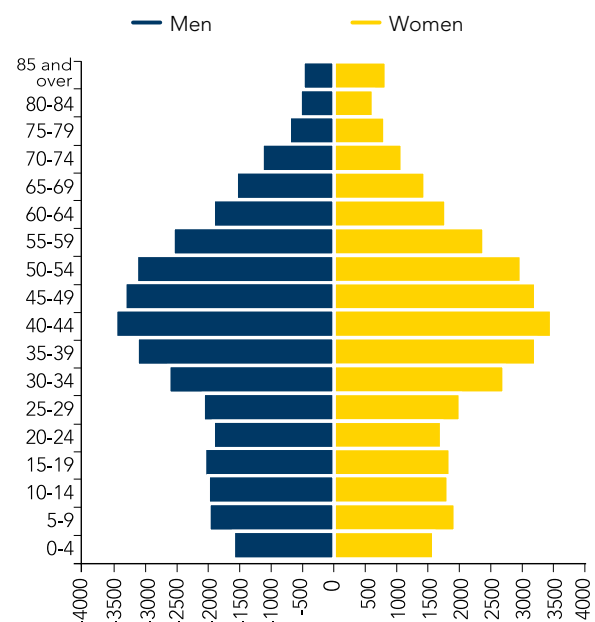
More specifically, as occurred in 2014, the increase in estimated population was generalised, with the highest increases in Canillo (2.8%) and La Massana (2.1%). Sant Julià de Lòria (1.9%) and Escaldes-Engordany (1.8%) also had above-average growth. Andorra la Vella, Encamp and Ordino remained below average. Nevertheless, Andorra la Vella remains by far the most populated parish, with 29.9% of the total Andorran estimated population (29.3% if we take into account the registered population data) and Canillo is still the least populated parish (4.7% of the total estimated population and 5.3% of the registered population).

As for the population structure by gender, the census check and publication of the estimated population data revealed that the male population is tending to become less predominant. However, considering

the estimated population data, men still outnumber women in all working age brackets, except for the 30-39 age bracket and the over-75 age bracket. As a result, the difference between the percentages of the male and female populations is one percentage point. 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 30, according to registered population data. In contrast, the proportion of Andorrans is much more predominant in the age brackets: 0-9 (81.2%), 10-19 (75.6%) and 20-29 (60.5%); in contrast, the presence of Andorrans is limited to 32.4% in the group of individuals over the age of 65, one tenth less than the previous year.

Finally, the distribution by ages shows that the increase in the registered population was only notable from the age of 15, as occurred in 2014. So, the population up to the age of 14 fell 0.7%, lowering its percentage of the total by three tenths, to 14.7%. In contrast, the group aged 65 and over increased by 4.4%, raising its share of the total by four tenths to 13.8%. In between, the working age population (ages 15-64) increased 1.3%, reducing its percentage of the total a little, to 71.5%. As a result, in 2015 the average age of the Andorran population rose from 40.2 to 40.6 and reached a new historic high.

STRUCTURE OF THE ESTIMATED POPULATION BY AGE AND SEX. 2015



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

4.2. Employment and unemployment

The situation in the Andorran labour market evolved favourably in 2015, reaffirming the change in trend that characterised 2014, after seven consecutive years of falling employment. This trend is framed by a context of improvement in the general economic situation and the continued application of the employment stimulus measures started in 2012, with a new version of the programmes to promote temporary work for the benefit of society and the three programmes aimed at the private sector that existed in 2014:

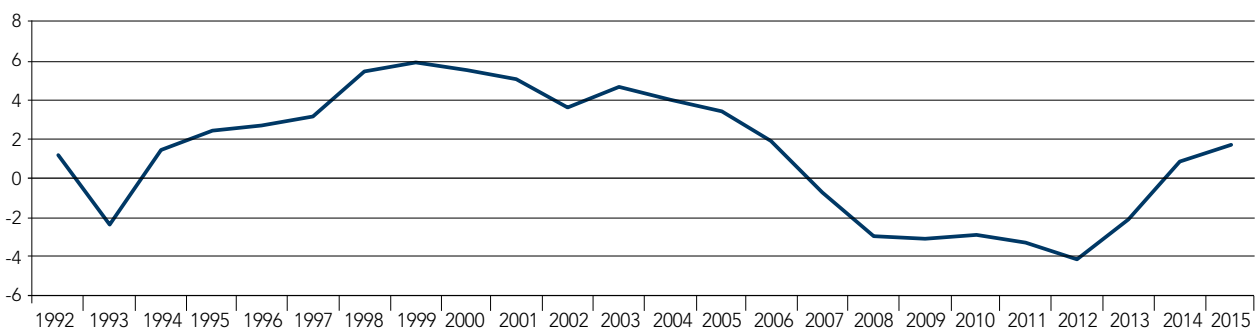
1. The Programme to promote open-ended contracts for unemployed workers, with grants of 150 euros per month to businesses for employing workers with proven training or professional experience in specific jobs, with the aim of staying active without the need for training.
2. The Programme to promote employment and training within the business, offering unemployed workers a training process within a business. At a first stage, a monthly grant of 550 euros is offered (plus a maximum of 300 euros as a one-off payment if there is theoretical training) and, at a second stage, if it is an open-ended contract, a monthly grant of 150 euros for a maximum of six months.
3. The Programme to promote employment in geographical areas far from the main population nuclei. A monthly grant of 150 euros is provided for twelve months to businesses that employ a worker on an open-ended contract (through an initial open-ended contract or else a fixed six-month contract then a second open-ended contract), and also an individual financial aid to the worker, varying according to the distance between home and the workplace.

Moreover, in 2015 a new Programme was started to promote employment and practical training within businesses for active youths between the ages of 16 and 20. At an initial stage, a monthly grant of 550 euros is provided, whenever the six-month fixed contract specific to the programme is accompanied by practical training within the business (plus a single payment of a maximum of 300 euros if there is theoretical training) and at a second stage, in the case of a six-month or open-ended contract, a monthly grant of 275 euros for a maximum of six months.

In this context, the data from the CASS (Andorran Social Security) and the Department of Statistics show that the annual average number of employed in 2015 was 35,928, 1.7% more than in the previous year. This rise is higher than that of 2014 (0.8%), which seems to indicate that the recovery in the labour market is becoming consolidated. This marks the end of a period of seven years in which the cumulative downturn in employment in relation to the high reached in 2006 was 17.6%, representing almost 7,500 employees who lost their jobs and the destruction of 47% of the jobs created in the expansionary period from 1994-2006. Equally, the average number of jobs in Andorra rose, for the second consecutive year, to 43,268, 2.4% more than in 2014.

As a result, the employment rate – measured as the number of employees in relation to the registered population between 15 and 64 – rose to 64.4%, three tenths more than in 2014 and the highest level in the last three years, although it fell below the average for the European Union (65.6%) when traditionally it had been above. In contrast, the activity rate fell 1.2 points to reach 73.2%, the lowest level in the available historical series (since 2010), but remains above the community average (72.5%). This divergent trend between the activity rate and the employment rate can

EMPLOYED POPULATION - Interannual variation rate (%)



Graphic 4.6

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

NUMBER OF EMPLOYEES

	2015	Var. 15/14	% total 2015
Agriculture, livestock and forestry	164	2.4	0.5
Industry	1,591	2.0	4.4
Extraction industries	2	107.1	0.0
Manufacturing industries	1,432	2.4	4.0
Production and distribution of electricity, gas and water	157	-2.5	0.4
Construction	2,758	0.9	7.7
Services	31,415	1.7	87.4
Commerce and motor vehicle repairs (etc.)	8,667	0.0	24.1
Hotels and catering	4,553	1.4	12.7
Financial system	1,960	7.1	5.5
Public admin., defence and compulsory social security	4,405	-0.3	12.3
Others	11,830	3.2	32.9
Total	35,928	1.7	100.0

Chart 4.2

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

be explained by the major decline in the numbers of registered unemployed in the country.

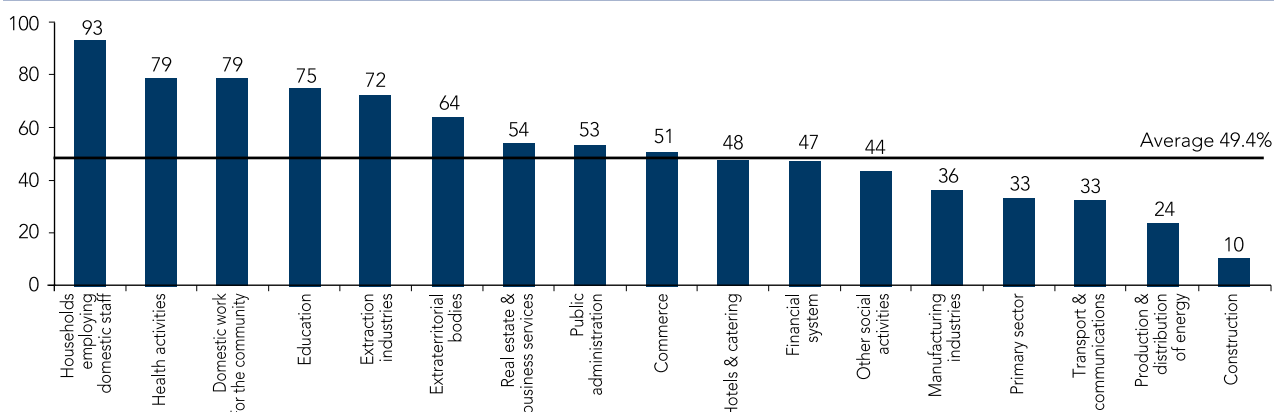
It should also be added that, in parallel to the increase in employment, a rise in the number of enterprises was registered, for the seventh consecutive year, of 6.2%, with a total figure of 7,666 (from this year on, households employing domestic staff and voluntary declarants with no activity are not included in this concept). Consequently, in 2015 the average number of workers per business fell to a historic low of 4.5 (for consistency, household domestic staff are also excluded).

The sectoral breakdown shows that employment increased in all the major sectors, which had not happened since 2006. Construction was the sector with the slowest growth (0.9%), although this is very significant because it is the first increase to be seen in nine years, since it reached a historic low in 2014, with only 2,734 workers, compared with almost 6,800 in 2006. The primary sector also saw a change in trend with an increase of 2.4%, contrasting with the declines in the last two years. In any case, the behaviour of this sector has a much lower impact on the economy as it is an activity with a very small share of the Andorran labour market, with only 164 employees. In industry, growth in employment accelerated from 0.4% in 2014 to 2% in 2015, driven basically by job creation in the manufacturing industries (2.4%), despite the downturn in employment in the production and distribution of energy, gas and water (-2.5%). For their part, the extraction industries increased their average number of employees from 1 to 2.

In the case of services – the sector in Andorra with the largest concentration of employees – the number of employees increased for the second consecutive year, at a rate of 1.7%, five tenths more than in the previous year. Consequently, the percentage of services in the total number of employees rose slightly to 87.4%, a level that establishes a new record in the available historical series. On the other hand, construction lost a further one tenth to reach 7.7%, another historic low. Industry and agriculture remained at 4.4% and 0.5%, respectively.

More specifically, the distribution of employment among tertiary activities shows that commerce and motor vehicle repairs remains the most important service subsector, with 24.1% of total employees in Andorra, although they are still losing ground with respect to the previous year and their share fell to the lowest level seen for many years. In second place are hotels and catering which concentrate 12.7% of employees, the same as in 2014. Next is public administration, defence and compulsory social security, with a reduction of two tenths to 12.3%, having reached a historic high last year, due to the 0.3% fall in employment, contrasting with the increases in most sectors. Then there are real estate and rental activities and business services (12.1%) and the section “other social activities and community services; personal services” – which do not include health and education – (7.4%). Finally come the financial sector (5.5%) – the sector that most increased employment (7.1%) – health and veterinary activities (5%) and households employing domestic staff (3.2%). The other tertiary activities have percentages below 3%.

PERCENTAGE OF FEMALE EMPLOYEES BY SECTORS. 2015 - % women over total employees



Graphic 4.7

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

By gender, the increase in employment in 2015 was fairly balanced, with an increase in male employees (1.7%) that was slightly higher than for women (1.6%), leaving the distribution among employees at 50.6% and 49.4% respectively. Nevertheless, this balance disappears when the disaggregated data per sector are analysed. So, the sectors with the greatest number of male employees are construction (9 of every 10 employees are men) and energy and transport (7 out of 10, in both cases). In contrast, the sectors that employ mostly 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 distribution of employment by gender in Andorra is similar to that seen in developed economies.

The creation of employment recorded in 2015 was accompanied by a strong reduction in the number of job seekers (-26.5%), stronger than in the previous year (-21.2%), to reach a figure of 569, the lowest in the last five years. So, the percentage of job seekers among the total number of job applicants fell by 1.8 points to 78.3%. Along the same line, the number of applicants looking for a better job fell 17.9% to 158, seeming to indicate a higher level of worker satisfaction with working conditions.

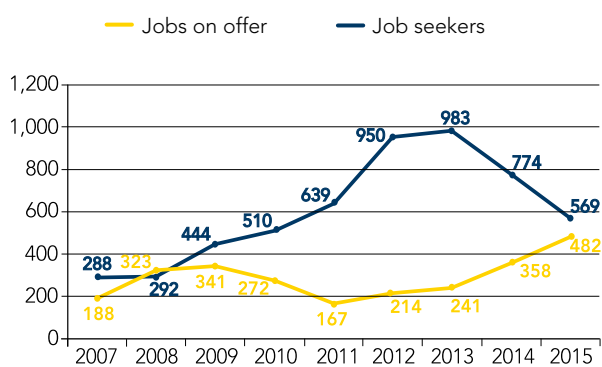
In parallel, jobs on offer at the Job Service continue their rising trend, with an increase of 34.6%, to 482, the highest figure in the historical series (available since 2007), a trend that seems to indicate an improvement in businesses' employment provisions, in keeping with a more favourable economic context. According to these data, the number of applicants per offer ratio fell from 2.7 to 1.5, in principle indicating a clear improvement in the employment options of

the unemployed, although this situation may also indicate that there are more disparities between the employees' profiles and the businesses' requirements.

The improvement in the labour market was also reflected in a major decline in the number of recipients of unemployment benefit, by 41.2%, an indicator that has been falling for three years. As a result, the coverage ratio in relation to job seekers fell 2.5 points to 10.1%, the lowest level in the last six years and a much lower level than that of our European neighbours.

The distribution by ages shows that falling unemployment favoured all age brackets, starting with the youngest (up to age 17), which fell from 18 to 12 individuals, the lowest level in the available historical series. The reduction in job seekers in the 18-25 age bracket was also notable (-32.4%), followed by the 26-39 age bracket (-29.5%) and the 40-59 age bracket (-26.8%). The slowest fall was among ages 60 and over (-3.6%), as happened in 2014, and it should

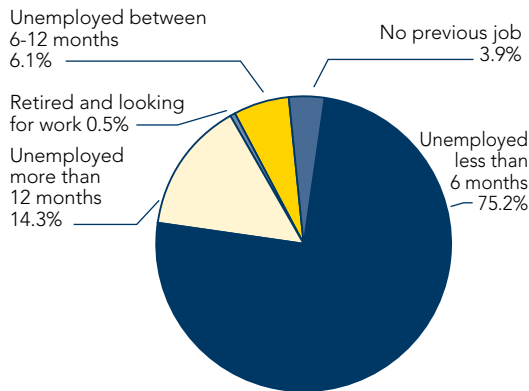
NUMBERS OF JOB SEEKERS AND JOBS ON OFFER



Graphic 4.8

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

JOB SEEKERS BY SITUATION. 2015 - % of total



Graphic 4.9 Source: Department of Labour. Government of Andorra / Department of Statistics. Government of Andorra

be noted that in the period 2009-2013 this was the bracket with the highest increase in applicants, demonstrating the greater difficulties that older people have in finding work. In any case, in 2015 all the age brackets saw a more favourable trend than in the previous year. One of the consequences of the above data was that the percentage of the 60 and over age bracket continued to grow among job seekers as a whole, to reach 12.5%, four times more than seven years ago. Equally, most job seekers are still mostly concentrated in the 40-59 age bracket (46.2% of the total), followed by 26-39 (24.6% of the total) and at a distance, the 18-25 age bracket (14.8%). In contrast, applicants up to the age of 17 only represent 2.1% of the total.

Another notable feature of job seekers in Andorra is that the majority, 75.2%, have been unemployed for less than 6 months, a percentage that rose 5.3 points in relation to the previous year. For its part, the percentage of structural unemployment (unemployed for more than a year) stands at relatively low levels (14.3%), in comparison with our European neighbours, and has also fallen in relation to 2014 (16.5%), which can be explained to a large extent by the high degree of flexibility in the Andorran labour market.

Finally, the analysis of job seekers by nationality shows that the numbers of foreigners have fallen more than Andorrans. The group of Portuguese job seekers shrank in particular (-37.9%), following the pattern of the previous year, putting their share at 14.9% of the total. Also falling more than the average were the applicants encompassed by the other nationalities group (-31.4%), to represent 11.8% of

the total. In the case of the Spanish, the decrease was similar to the average (-26.3%) so they remain the most numerous group of foreign applicants (187 individuals), while the French fell least but also significantly (-21.4%) and so remain the smallest group (3.3% of the total). In this way, the percentage of foreigners among job seekers as a whole fell to 62.9%, a percentage that is still higher than what it represents in the total working age population (58.6%), although the lowest level in the available historical series (since 2007). On the other hand, Andorran job seekers decreased 19.3% to represent 37.1% of the total, a percentage that is still lower than they have within the total working population as a whole (41.4%). In conclusion, unemployment in Andorra still affects proportionally more foreigners than Andorrans, although this situation has, to a large extent, gradually corrected itself in recent years because foreigners tend to leave the country when they find themselves in this situation.

4.3. Education

During the 2014-2015 academic year, the student population in Andorra, including the school, university and non-university population abroad, was 12,609, 0.5% less than the figure for the previous academic year – which was revised from the initially published figures. This downturn can be wholly explained by the decline in the university population (-16.3%) – which includes students in higher vocational education – for the second consecutive year, while the non-university population abroad increased 17.6%, after two years of falls. However, the weighting of the non-university population abroad over the global population of school age remains at 1.9%, below the high of 2.2% reached in the 2010-2011 academic year.

By countries of study, it can be seen that the number of students studying in Andorra increased for the second consecutive year, by 0.6%, to reach 11,416, the highest figure for the last seven years. So, their share of the total student population rose one point to 90.5%, as the total student population fell, strengthening the high concentration of the student population in Andorra. In contrast, the population studying abroad suffered a downturn for the second consecutive year, of 10.2%, mostly explained by the reduction in the number of university students abroad – being the largest group of the population following any kind of studies outside Andorra.

Andorrans who study in other countries do so mostly in Spain (7% of the total), with a percentage that fell 1.2 points in relation to the previous academic year, the result of a decline in the number of students of 15.2%. The presence of Andorran students in France is much lower (2.2%), but increased in relation to the previous year with an increase in students of 8.4%, raising the figure to 272, levels which had not been seen for many years. The distribution by countries of study is completed by 40 students spread throughout other countries (0.3% of the total), two more than in the 2013-2014 academic year.

4.3.1. School population

In the 2014-2015 academic year, the numbers of students at school reached the figure of 10,986, 1.4% more than the previous year. This trend raised its percentage of the total student population 1.6 points to 87.1%. Equally, the schooling rate – calculated as the proportion of the school population over the global population at this stage – fell 8.9 points to 45.7%, the lowest level in the last six years.

More specifically, early childhood, primary and lower secondary education concentrate 87.5% of the student population, six tenths less than in the previous year. By sub-groups, the decline in students in early childhood education is notable (-1.1%), to which is added the slight reduction in lower secondary students (-0.3%). In contrast, primary school students increased 2.4% to reach the highest figure in the last four academic years.

At the next educational level, upper secondary, an increase in students was also seen, of 6.2%, for the second consecutive year, so its percentage of the total student population rose four tenths to 8.9%, the highest level in the comparable historical series. Along

the same line, the group of students in vocational training increased its percentage of the total by two tenths, to 3.6% of the student population, thanks to a significant increase in the number of students, of 7.7%, continuing the rising trend started in the previous academic year.

Analysis of the trend in the student population by type of education shows that during the 2014-2015 academic year the Andorran educational system continued to gradually gain ground, with an increase in the number of students of 1.4%, similar to that of the total student population, maintaining its percentage at 39.7% of the overall student population. The data show that the student population in the Andorran educational system grew uninterruptedly from the start of the nineties to reach a new historic high in 2015. It should be noted that progress in this academic year was driven by vocational training (8.8%), as the increase at the Andorran School was more modest (1.1%), despite being greater than in the previous year.

Unlike the trend seen in the Andorran educational system, the number of students in the Spanish educational system fell 1.1%, a downturn that links eleven falls in the last twelve years. As a result, its percentage of the total fell seven tenths to 28%, a figure that sets a new historic low. This trend can be explained, mainly, by the decline, for the twelfth consecutive year, in students in the Spanish schools (-4%), to which were added the congregational schools. On the other hand, students at the one private school in the system increased significantly (17.8%), although this is the smallest quota in the Spanish system.

Consequently, the traditional Spanish schools' proportion of the total fell four tenths to 7% of the Andorran school population, that of the congregational

STUDENT POPULATION BY LEVELS

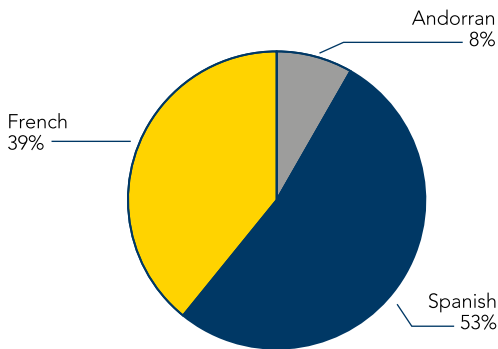
	2014-2015	% variation 14-15/13-14	% in 2014-2015
Early childhood education	2,427	-1.1	22.1
Primary education	4,164	2.4	37.9
Lower secondary education	3,022	-0.3	27.5
Upper secondary education	982	6.2	8.9
Vocational training	391	7.7	3.6
Total	10,986	1.4	100.0

Chart 4.3

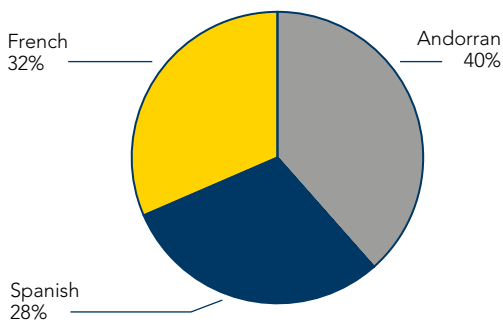
Source: Ministry of Education and Higher Education

ANDORRAN SCHOOL POPULATION BY EDUCATIONAL SYSTEM

1991



2015



Graphic 4.10 Source: Ministry of Education and Higher Education

schools fell six tenths to 18.8%, while the percentage of the private school increased to 2.3%. To complete the analysis, the rising trend in the number of students in the French educational system, which started in the previous year, accelerated by 3.6%, contrasting with the phase of decline that marked the period 2005-2013, so its percentage of the total school population rose seven tenths, to 32.3%, the highest level in the last seven years, widening the gap with the Spanish educational system.

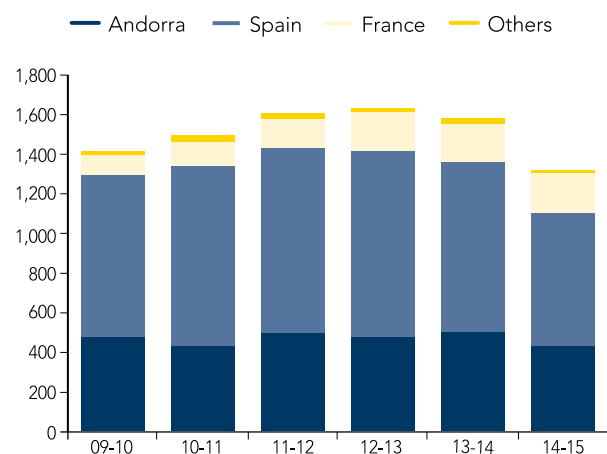
4.3.2. University population

The Andorran university population in the 2014-2015 academic year was 1,322 students, 16.3% less than in the previous year. This steep fall is added to the one that occurred in 2013-2014 and sets the figure at the lowest level of the last ten years. By gender, a slight increase in the percentage of women can be seen, going from 55.4% in the last academic year to 55.7%, so remaining the majority.

The distribution by country of study shows that the reduction in students affected all destinations, with the sole exception of France. In absolute terms, the largest downturn was seen in Spain, from 860 university students from Andorra to 673, representing a fall of 21.7% and the third consecutive annual decline. However, Spain is still by far the most popular destination of Andorran university students, with a percentage of 50.9% of the total. In second place is the University of Andorra, concentrating 32.5% of university students, after the 15.2% fall seen in the 2014-2015 academic year, lower than that of the total. France stood out from the general downward trend with an increase in university students of 8.9%, raising its share of the total by 3.6 points to 15.7%, more than double that of five years before. This growing attraction of Andorran students to France was favoured by the educational grant policy of the French Government together with the rising cost of Spanish universities. To complete the analysis, 0.9% of the remaining students – 12 individuals, 10 less than in the previous year – are spread across other countries (Portugal, United Kingdom, Switzerland, Belgium and Denmark).

Finally, the distribution by types of studies reflects that the field with most Andorran university students is still that of social sciences, business studies and law, concentrating 40.3% of total university students. Next are health sciences and social services (15.5%), engineering, industry and construction (14.1%) and humanities and the arts (10%). With a lower percentage are education (7.6%), science (6.8%) and services (5.4%) and agriculture comes last with only 4 students (0.3% of the total).

UNIVERSITY POPULATION BY COUNTRY OF STUDY



Graphic 4.11 Source: Institute of Andorran Studies

5. ACTIVITY AND DEMAND

5.1. The evolution in economic activity in 2015

In 2015, the Andorran economy showed a fairly positive trend for the third consecutive year, although the activity rate slowed in relation to 2014. Many of the main available indicators of activity saw positive behaviour although there are some notable exceptions. The international context of recovery, above all in the Eurozone and more particularly in Spain, is one of the key factors driving the growth of the Andorran economy. In contrast, the intervention in Banca Privada d'Andorra (the so-called BPA affair) punished financial sector activities in 2015, to a large extent explaining the slowdown in the global rate of economic growth. As for demand, many indicators can be seen of improvements in consumption and investment, although the levels are still modest. As for supply, the impetus in activity is led by services, especially by activities linked to commerce and tourism. Manufacturing also evolved positively, while construction almost stabilised and agriculture remained in negative territory.

More specifically, in 2015, the continued recovery of the Andorran economy could be seen in the upturn in growth in some of the most important indicators of activity, such as employment (1.7%), the number of businesses (6.2%) and numbers of tourists entering Andorra (13%). Increases were also seen in imports without fuels (1.6%) and vehicle registrations (10.2%), although these were less than in 2014. Moreover, electricity consumption grew 0.7%, contrasting with the decline it saw in the previous year, and growth in the operating costs of administrations accelerated to 2.6%.

Equally, there were improvements in the number of establishments (5.4%), imports of building materials (7.2%) and capital goods (4.7%), exports (9.3%) and total overnight stays (20.2%), indicators that reinforce the view that a gradual strengthening of the Andorran economy is underway. Another very positive symptom is the steep reduction in the number of job seekers (-26.5%), greater than the one seen in 2014 (-21.2%). One of the few negative notes can be seen in the trend

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

	2014	2015
Activity		
Businesses ⁽¹⁾	5.8	6.2
Establishments ⁽²⁾	3.8	5.4
Employees	0.8	1.7
Industry	0.4	2.0
Construction	-2.7	0.9
Services	1.2	1.7
Job-seekers	-21.2	-26.5
Number of visitors	1.6	0.7
Electricity consumption ⁽³⁾	-1.7	0.7
Imports	4.2	-0.6
Demand		
Average wage	2.7	-3.0
Car registrations	30.4	10.8
Industrial vehicle registrations	17.8	9.9
Imports of capital goods ⁽⁴⁾	-4.1	4.7
Imports of building materials ⁽⁵⁾	2.5	7.2
Credit from banking entities ⁽⁶⁾	2.1	-1.3
Operating costs of the Administration	0.3	2.6

(1) Excluding "Households employing domestic staff" and "Voluntary declarants (no activity)".

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

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

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

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

(6) Net lending to customers. The 2014 and 2015 data do not include Banca Privada d'Andorra.

Chart 5.1

Source: own preparation

in bank credit, which fell 1.3%, although this should be considered within the context of changes that the BPA affair is bringing to the banking sector.

In summary, the Andorran economy continues to progress towards economic recovery, even if this was at a slower rate in 2015.

Official GDP figures show 0.8% growth in real terms, and 0.4% in nominal terms (as the trend in prices in 2015 was negative). This progress was slower than in 2014, at 2.3% real and 2.2% nominal. In any case, it is notable that the economy grew for the third consecutive year, after seven years of economic crisis and economic losses that still place current real GDP at 2002-2003 levels. The GDP estimates prepared by the Chamber of Commerce also show a rising trend in Andorran GDP in 2015 and even indicate a slightly more optimistic rate of growth than the official figure.

Nevertheless, official Andorran GDP growth in 2015 was lower than GDP in Europe (1.6%), Spain (3.2%) and France (1.3%), contrasting with 2014, so Andorra has been unable to continue recovering relative positions in relation to its neighbouring countries, in terms of wealth levels. According to official figures, per capita GDP in Andorra stood at 35,342 euros in nominal terms, 1.2% less than in 2014, so the current level is similar to that of 2012-2013, while in real terms it has been estimated at 26,507 euros, 0.8% less than the previous year.

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

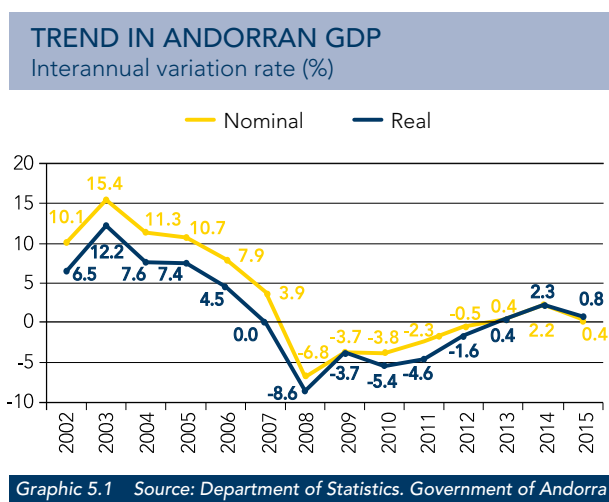
coefficients based on Eurozone data from Eurostat. Therefore, the official estimate of Andorran GDP is not the result of integrating all suitable data in the sense of national accounts, as the statistical information available in Andorra still does not enable this to be done comprehensively. Nevertheless 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 2015 breaks down into a 0.7% increase in gross value added (a component with 90.3% of total GDP) and a 2.8% decrease in taxes linked to products (representing the other 9.7% of nominal GDP).

The sectoral breakdown shows that Andorran nominal GDP growth in 2015 can be explained, fundamentally, by the strong progress in GVA in commerce and vehicle repairs (4.3%), which contributed six tenths to GDP growth (90% of the total). At the other extreme is notably the fall in GVA in financial and insurance activities (-3.5%), the sector with the highest economic weight (22.2% of total GVA), resulting in a seven tenths loss of growth in Andorran GDP in 2015 and contrasting with the highly positive contribution from this sector in 2014. The contribution from other tertiary activities was fairly positive, while the contributions from construction, the primary sector and industry saw different degrees of decline.

More specifically, the rate of decline in GVA in construction eased significantly to see a slight decline of 0.2%, contrasting with 4.8% in the previous year, so it seems that the sector is reaching a turning point after nine consecutive years of declining activity. As a result, the current GVA in the sector is 60% 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, as there is an increase in the number of employees (0.9%), businesses (3%), electricity consumption (6.9%) and authorised building area (128%), contrasting with the declines in 2014.

Moreover, the rate of growth in imports of building materials accelerated (7.2%) as did the number of establishments (1.6%) and, at the same time, wages >



ANDORRAN GDP

	ABSOLUTE VALUE	WEIGHT	% ANNUAL VARIATION		CONTRIBUTION TO GROWTH
			2015	2014	(weight x var.)
	M Euros	% of GDP	2015	2014	2015
Real GDP	1,901.4	100.0	0.8	2.3	-
Total nominal GDP	2,535.1	100.0	0.4	2.2	0.4
Gross value added	2,288.3	90.3	0.7	2.0	0.7
Taxes linked to products	246.9	9.7	-2.8	3.9	-0.3
	M Euros	% of GVA	2015	2014	2015
Sectors					
Agriculture, forestry and fishing	11.9	0.5	-4.9	-12.2	0.0
Industry and manufacturing	115.9	5.1	-1.5	3.0	-0.1
Construction	132.2	5.8	-0.2	-4.8	0.0
Commerce and motor vehicle repairs	374.8	16.4	4.3	-1.6	0.6
Hotels and catering	177.5	7.8	0.9	-1.7	0.1
Transport and storage	39.2	1.7	5.1	2.6	0.1
Information and communications	102.8	4.5	7.3	4.5	0.3
Financial and insurance activities	508.5	22.2	-3.5	10.0	-0.7
Real estate activities	227.8	10.0	2.1	-0.4	0.2
Professional, scientific and technical activities	147.1	6.4	2.1	2.5	0.1
Public admin., defence, education, health and social work	316.9	13.8	0.5	-0.1	0.1
Other activities	133.7	5.8	2.3	2.3	0.1

Chart 5.2

Source: Department of Statistics. Government of Andorra

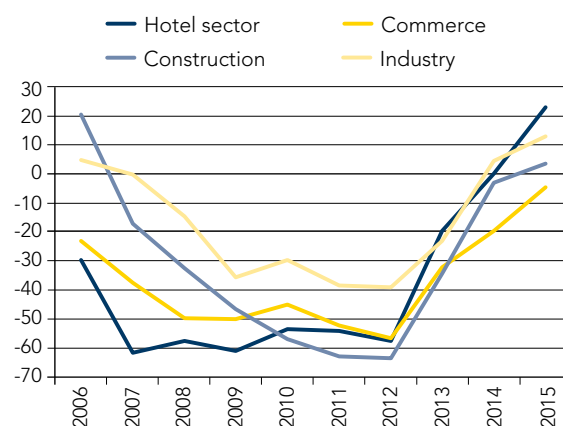
in the sector stabilised after a long period of cuts. However, the activity rate is still weak, reflected in the falling number of projects (-18.4%) and total authorised square metres (-19.7%). Along the same line, the results of the Chamber's surveys show that the contraction in construction continues to slow: the evaluation of business activity reached positive ground for the first time since 2006 and the falling trend in contracted and completed works slowed again, although it still saw a decline in sales figures (-3.8%) and investment (-0.8%).

In 2015, the trend in industry and manufacturing was negative as a whole, with a decline in nominal aggregate GVA of 1.5%, which contrasts with the 3% growth seen in the previous year and lowers its percentage of GVA by one tenth to 5.1%. Now, within this sector we must differentiate between basic industry, founded mostly on energy, which saw a decline of 10.5%, and manufacturing, which is the most important activity – concentrating 71% of GVA from secondary activities – and increased its rate of growth to 2.5%.

The improvement in manufacturing activity is also reflected in the replies from businesses to the Chamber's surveys, which show a progressive recovery in business activity and the climate of confidence to levels that had not been seen

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

since 2005. For their part, levels of production and production capacity utilisation are tending to stabilise. In this context, industrial businesses have indicated an average increase in turnover of 2.4%, breaking the chain of declines in previous years, but investment is still fairly stagnated (-0.4%). Other signs that confirm the moderately rising trend in industrial activity are the increases seen in the number of employees (2%), businesses (2.3%) and energy consumption (2.8%).

The trend in services was also more dynamic than in 2014, led by the improvement in activities linked to commerce and tourism. This improvement was driven by the strong increase in the number of tourists (13%), which favoured growth in commercial sales and average spending per tourist. In this context, the number of employees in hotels and catering increased 1.4%, while commerce stabilised, after nine consecutive years of falls, and at the same time the number of establishments increased 0.7% in hotels and catering and 5.5% in commerce.

The slow but progressive recovery in tourism and commercial activities was also reflected in the Chamber's surveys, with better evaluations for business activity than in 2014, an increase in sales figures in hotels (3.2%) and a slower rate of decline in commerce (-0.3%), and increased investment in both sectors (5.9% and 0.6%, respectively). As a result, the GVA for commerce grew 4.3% after seven consecutive years of falls, and the branch of hotels and catering saw a 0.9% increase in GVA, which also breaks seven years of declining activity. Consequently, the economic weight of commerce rose six tenths to 16.4% and that of hotels and catering by one tenth, to 7.8%, after falling to historic lows in 2014.

The finance subsector was the only branch of services that saw a negative trend, with a 3.5% decline in GVA, contrasting with the strong growth – of about 10% – seen in the last three financial years. Nevertheless, financial and insurance activities are still by far the most important sector of the economy with a percentage of 22.2%. Moreover, they have continued to create jobs, with a 7.1% increase in the number of employees, to which are added the increases in the number of businesses (12.5%) and the volume of deposits (3%). In contrast, there was a drop in lending (-1.3%) and profits (-8%), although these data should be considered within the special context that marked the sector in the last year and a half, relating to the

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2015

Situation survey results for industry

- 2015 compared with 2014 (as % of businesses)

*Turnover	Higher	37
	Equal	37
	Lower	26
	Average variation (%)	2.4

*Volume of investment	Higher	22
	Equal	55
	Lower	22
	Average variation (%)	-0.4

*Number of employees	More	18
	Equal	76
	Less	6

- Prospects for 2016 (as % of businesses)

*Trend in turnover	Upward	27
	Stable	60
	Downward	13

*Trend in volume of investment	Upward	16
	Stable	68
	Downward	16

Situation survey results for construction

- 2015 compared with 2014 (as % of businesses)

*Turnover	Higher	24
	Equal	42
	Lower	34
	Average variation (%)	-3.8

*Volume of investment	Higher	20
	Equal	65
	Lower	15
	Average variation (%)	-0.8

*Number of employees	More	17
	Equal	61
	Less	22

- Prospects for 2016 (as % of businesses)

*Trend in turnover	Upward	27
	Stable	37
	Downward	37

*Trend in volume of investment	Upward	10
	Stable	60
	Downward	31

Chart 5.3

Source: Chamber of Commerce, Industry and Services of Andorra

intervention in Banca Privada d'Andorra (BPA) by the National Institute of Finance (INAF), after 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. >

The trend in the primary sector in 2015 was also negative, with a 4.9% downturn in GVA which, however, was less intense than that of 2014 (-12.2%). These results occurred within a context of increases in the tobacco harvest (1.9%), the number of employees (2.5%) and the number of establishments (7.5%). On the other hand, a decline was seen in livestock numbers (-7.5%), which contrasts with the growth recorded in 2014 (9.8%). In any case, it should be taken into account that the primary sector's percentage of the economy is very small (0.5%), so its impact on total GDP was very limited (a contribution of -0.02%).

By components of demand, the indicators of domestic demand generally experienced a rising if unconvincing trend. The increase in employment, in a context of falling prices and stabilised average wages over a period of time, is a factor that drives private consumption. This impetus was reflected in indicators such as the increase in car registrations (10.8%), which was also partly favoured by implementation of the "Engega" plan of incentives to buy low-pollution vehicles. However, the improvement was more moderate than in 2014. As for investment, available indicators show that in the field of transport material there was a new increase in lorry and van registrations (9.9%) if more moderate than in 2014 (17.8%), while investment in capital goods seems

to revive, considering the growth in imports of these goods (4.7%), contrasting with the decline they saw in 2014. Equally, the Chamber's surveys only reflect an upturn in investment in the hotel sector; the rate slows in commerce and falls gently in industry and construction. Therefore, it seems that despite the more favourable economic context, there is still some uncertainty about the recovery in investment.

The contribution from the public sector to activity in 2015 was marked by a new relaxation in the fiscal policy of the central Government, with accelerated growth in operating costs reaching 3.7%, to which was added a highly significant increase in liquidated real investment (14.2%) and, to a lesser extent, capital transfers (4.5%). Altogether, this involved an increase in non-financial spending of 7.2%, much greater than the mere 0.1% seen in 2014, which resulted in a significant increase in the public deficit, so the trend in fiscal policy was clearly expansionary. Along the same line, the communes applied expansionary policy, with an increase in non-financial spending of 8.2%, within which is notably the strong growth in real investment (75.2%), so the aggregate non-financial surplus of the communes shrank two tenths to represent 0.9% of GDP. So, the aggregate real investment of the public sector (central Government plus communes)

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2015

Situation survey results for the retail trade

- 2015 compared with 2014 (as % of businesses)

		Total retail trade	Food	Clothing & footwear	Household equipment	Hygiene & health	Electronics	Vehicles & accessories	Other trade	Superm. & dept. stores
*Sales figures	Higher	35	35	28	43	50	21	30	35	30
	Equal	33	32	33	40	30	36	35	31	30
	Lower	32	32	39	17	20	43	35	34	40
	Average variation (%)	-0.3	-0.5	-1.6	2.2	1.7	-5.2	0.6	0.0	-1.4
*Volume of investment	Higher	29	29	36	27	35	21	30	27	20
	Equal	58	65	42	70	60	50	57	60	60
	Lower	13	6	22	3	5	29	13	13	20
	Average variation (%)	0.6	2.1	-1.0	1.7	2.2	-7.7	3.8	1.1	-2.7
*Number of employees	More	13	6	6	16	10	7	27	15	10
	Equal	80	85	84	81	80	71	64	82	90
	Less	7	9	9	3	10	21	9	3	0

- Prospects for 2016 (as % of businesses)

*Trend in sales figures	Upward	34	30	26	35	60	29	18	39	33
	Stable	52	52	65	52	25	43	68	50	44
	Downward	14	18	9	13	15	29	14	11	22
*Trend in volume of investment	Upward	21	18	14	23	45	7	22	21	30
	Stable	62	65	54	65	50	57	65	69	60
	Downward	17	18	32	13	5	36	13	10	10

Chart 5.4

Source: Chamber of Commerce, Industry and Services of Andorra

grew 26.8% and aggregate operating costs 2.6%, very different from the 9.7% and 0.3% in 2014. Therefore, as a whole, the public sector performance was clearly expansionary, contrasting with the more restrictive policy of recent years, resulting in an increase in GVA of 0.5%, according to Government estimates.

As for the foreign sector, in 2015 there was a decline in imports (-0.6%), which contrasts with the rising trend of the last two financial years, although this figure is greatly influenced by falling fuel prices, so if we exclude this chapter, the trend in imports was moderately positive (1.6%). In parallel, exports grew 9.3% after two years of falls, so the commercial deficit fell 1.2%. So, in 2015, the traditionally negative contribution from the trade balance to national GDP shrank. In any case, the most notable contribution from the foreign sector to the Andorran economy is obtained from tourism income – the most important national source of income – which seems to have risen, driven by the improvement in the neighbouring economies of Spain and France, the source of most visitors to Andorra (50% and 43%, respectively).

Specifically, the number of tourists increased 13%, partly counterbalanced by a reduction in the number of same-day visitors (-4.6%), so the aggregate growth in visitors was 0.7%, less than in 2014. Equally, the degree of hotel occupancy rose, in a context in which the number of tourist establishments also increased (0.7%). So, the total volume of overnight stays grew significantly, at a rate of 20.2%, while the average stay remained at 2.3 days – according to the Chamber's surveys. Also notable is the increase in ski days sold in the 2015-2016 ski season (4.4%), after falling 0.5% in the previous season. In conclusion, it seems that on the whole, the trend in income from tourism services is rising and leaves behind a long period of decline. In this way, the GVA figures in 2015 show an increase in hotel and catering services of 0.9%, compared with the decline of 1.7% seen 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 in relation to the 2008 regulatory framework, which is having a significant, growing impact on attracting foreign capital to Andorra, with the consequent contribution to activity and job creation. So, in 2015, 748 investment applications were received, 9.7% more than in 2014, of which 698 were authorised and 572 formalised, for a total sum of 87

BUSINESSES' OPINIONS ABOUT ECONOMIC TRENDS IN 2015

Situation survey results for the hotel sector

- 2015 compared with 2014 (as % of businesses)

*Turnover	Higher	49
	Equal	42
	Lower	9
	Average variation (%)	3.2

*Volume of investment	Higher	36
	Equal	57
	Lower	8
	Average variation (%)	5.9

*Number of employees	More	24
	Equal	71
	Less	6
	Average variation (%)	5.9

*Source of clients according to sales channel (%)	Direct client / own website	28.5
	Internet / booking websites	47.3
	TOs & travel agencies	20.0
	Others	4.2

*Average stay of clients (nights)	2.3
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- Prospects for 2016 (as % of businesses)

*Trend in turnover	Upward	51
	Stable	47
	Downward	2

*Trend in volume of investment	Upward	36
	Stable	57
	Downward	8

Chart 5.5

Source: Chamber of Commerce, Industry and Services of Andorra

million euros, representing 3.4% of Andorran GDP and 76% more than in the previous year. Moreover, it is calculated that this investment had an impact on the Andorran labour market of 498 jobs, 34% more than in 2014, which include the jobs created in new businesses and through the acquisition of already existing businesses. The geographical distribution of formalised investment shows that Spain remains by far the major investor country (48%), followed at a distance by France (14%) and Belgium (13%).

To complete the analysis of the Andorran economic situation, businesses' expectations for 2016, according to the Chamber's surveys, are fairly positive. They confirm that the recovery in activity will continue to strengthen throughout this year but that it will also remain very contained, reinforcing the idea that the Andorran economy will continue to see modest growth in 2016. By sectors, industry will continue to improve but at a more moderate rate, and construction, with >

a slightly faster fall in activity, will continue to show difficulties in adopting a clear trend towards recovery. As for the other branches, more significant progress in turnover is expected in retail commerce and especially in hotels, if within a profile of low activity. In fact, this improved climate in the hotel sector will allow for a notable increase in the volume of investment, while the levels of investment will remain practically stable in industry and retail sales. Finally, businesses in the construction sector are the only ones that forecast a continued reduction in investment plans.

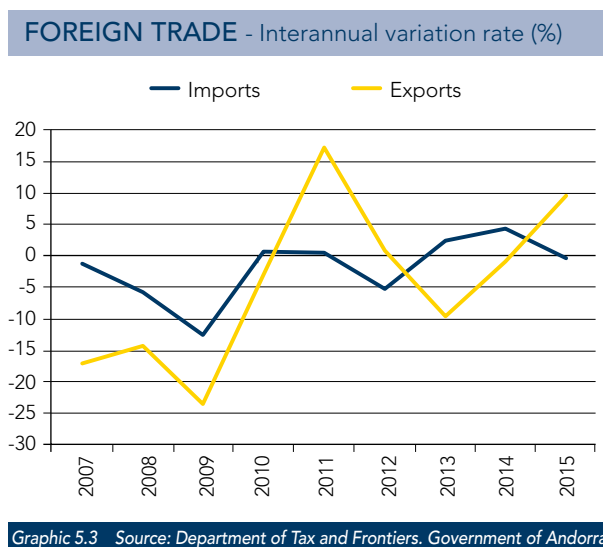
In 2016, the improvement in economic activity in the Principality will still be greatly influenced by the dynamics of demand from Spain and, to a lesser extent, from other European countries, and could slow a little in the face of the political instability factors that affect our European neighbours. In any case, we can expect the impetus from the foreign sector to continue to favour Andorran economic activity and enable a new increase in GDP in 2016, although there are doubts that 2015 levels would be surpassed.

The main available indicators of activity for the first months of 2016 indicate a sustained activity rate within still modest levels. In particular, employment rose 1.5% in the first four months of the year, slightly below the 2.1% seen in the same period in 2015. However, there are some key indicators that are accelerating, such as imports and the number of visitors. In contrast, car registrations and electricity consumption are slowing. In conclusion, it appears that the activity rate of the Andorran economy continues to rise slowly and the risk of a downturn is receding, but its evolution will still be greatly affected by events in the European environment and particularly in Spain.

5.2. Foreign trade flows

Foreign trade data show that Andorran imports of goods reached a total of 1,168.5 million euros in 2015, 0.6% less than in the previous year. By chapters, the most negative contributions were from fuels (-2 points) and pearls, precious stones and metals (-1 point), while on the positive side, the most important contribution was from motor vehicles (1.1 points), as occurred in 2014.

Imports of tobacco and manufactured tobacco substitutes – another chapter with an important percentage – suffered a decline, for the second consecutive year, of 11.1%. This fall was much slower



than for the whole of imports so, if excluded from the total, the reduction in imports without tobacco is limited to 0.3%. Moreover, an increase can be seen in the sectoral concentration of Andorran imports, after two years in which it decreased, as the top three groups (food, products of the chemical industry and machinery and electrical equipment) represent 40.4% of the total, 1.3 points more than the top three groups represented in the previous year, which in this case were the same.

In contrast to imports, the trend in Andorran exports rose in 2015, with growth of 9.3%, breaking a two-year trend of decline and representing the most positive level of the last four years. In absolute terms, the volume of exports was 80.6 million euros, so the coverage rate rose six tenths to 6.9%, the highest level in the last three years.

The evolution by sectoral groups shows that export variations were quite diverse and this resulted in reduced concentration. So, the percentage of the top three export groups (machinery and electrical equipment, transport material and optical, photographic and precision apparatus) was 61% of total sales, 4.8 points less than in the previous year. However, it can be said that this is still a very high percentage and much higher than that of imports. 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 2015, 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 2015, imports from Europe, the main geographical source of Andorran imports, concentrated 92% of the total, one tenth less than the previous year, when the highest level in the historical series was reached. This trend was the combined result of a steep fall in imports from non-EU countries (-36.6%), basically from Switzerland, in a context of euro depreciation which made them more expensive and a very small increase in imports from the EU (0.8%).

Despite euro depreciation, an increase was seen in imports from other continents such as Africa (18.4%) and America (14.8%), in contrast with what occurred in 2014. Consequently, the percentage of both continents increased one tenth to 0.3% and 1%, respectively. In the case of Asia, the second largest supplier continent to Andorra, the opposite trend occurred, with a decline of 5.1%, compared with the increase seen in the last two years, reducing its share of the total by three tenths, to 6.1%.

Within the EU-28, purchases from Spain, the main supplier country to Andorra, increased by 2.8%, raising its share of the total by two points to reach

a historic high of 63.6%. So, in 2015, Spain was the country that contributed most to growth in imports (1.7 points), as in 2014. In the case of France, imports broke with eleven consecutive years of falls, with an increase of 1.7%, raising its share of the total by three tenths to 15.8%, also adding three tenths to growth. In this way, France remains the second largest supplier country to Andorra, well above the third but far from the share it had during the nineties, when it reached above 30%.

As for the other EU-28 countries, Germany remains the third in the ranks of suppliers to Andorra, despite the fall of 18.6%, contrasting with the 29% increase seen in the previous year, causing a reduction of seven tenths in its share of the total, to 3.1%. Then comes Italy, which also fell by 9% and reduced its quota by two tenths to 2.1%. In contrast, purchases from the United Kingdom rose 3.1%, raising its percentage one tenth to 1.4%, while imports from the Netherlands fell 26.1%, leaving its share at 0.8% of the total.

The other EU-28 countries have a very small percentage, below 1%, meaning that their contribution to total growth is insignificant. Outside the European Union, the major contraction in imports from Switzerland is notable (-43.3%), after four years of great dynamism, so this was the country that contributed most negatively to import >

FOREIGN TRADE BY GEOGRAPHICAL AREAS						
	IMPORTS			EXPORTS		
	M Euros 2015	% var. 2015/14	% total 2015	M Euros 2015	% var. 2015/14	% total 2015
Spain	742.7	2.8	63.6	42.4	3.8	52.6
France	184.8	1.7	15.8	15.0	18.2	18.7
Germany	36.8	-18.6	3.1	0.5	-44.7	0.7
Italy	24.6	-9.0	2.1	2.3	74.2	2.9
United Kingdom	15.9	3.1	1.4	0.8	28.7	1.0
Netherlands	9.0	-26.1	0.8	0.8	-28.3	0.9
Portugal	8.4	-24.9	0.7	0.1	-26.8	0.1
EU-28	1,050.3	0.8	89.9	63.7	8.5	79.1
Switzerland	19.5	-43.3	1.7	0.5	-53.0	0.7
Europe	1,075.4	-0.6	92.0	67.6	4.8	83.9
USA	7.2	8.3	0.6	0.6	-53.1	0.7
America	11.6	14.8	1.0	2.6	25.2	3.2
China	44.6	-8.3	3.8	1.5	225.6	1.9
Vietnam	6.4	15.0	0.5	0.0	357.2	0.0
Asia	71.5	-5.1	6.1	4.4	39.9	5.5
Total world	1,168.5	-0.6	100.0	80.6	9.3	100.0

Chart 5.6

Source: Department of Tax and Frontiers. Government of Andorra

growth (-1.3 points). As a result, its share of the total fell 1.2 points to 1.7% after reaching a historic high in 2014.

As for imports from countries in the rest of the world, generally only imports from the USA and some Asian countries have any relevance. It is true that in some years a particular country will be added, but this was not the case in 2015. The trend in purchases in the USA was positive, with an increase of 8.3%, although slower than in 2014 (12.4%), so it maintained its share of the total at 0.6%.

On the other hand, purchases from Asian countries suffered a stronger decline than the total (-5.1%), after two years of increases. The fall in imports from China (-8.3%) is notable, lowering its share of the total by three tenths to 3.8%, although it remains the top Asian supplier to Andorra and third in the global ranks, only behind Spain and France. Equally, imports from Japan continued to fall steeply (-27.7%) for the eighth consecutive year, and continued to lose relevance to reach a new historic low of 0.2%. Finally, there was notable growth in purchases from Vietnam (15%) and Bangladesh (54.1%), which represented 0.5% and 0.3% of the total, respectively.

5.3.2. Exports

The increase in Andorran exports seen in 2015 (9.3%) can be explained by the positive contribution from all the main continents, with Europe in a major role. Sales to the EU-28 – the main destination of Andorran exports – increased 8.5%, after accumulating three years of falls, a change in trend which was undoubtedly favoured by the improvement in the European economic situation. However, growth was lower than the total and therefore the EU-28 percentage of the total fell six tenths to 79.1%.

By countries, in 2015, Spain remains the main consumer of products from Andorra, with an increase in exports of 3.8% and a contribution to growth of 2.1 points, although it was slightly less than the previous year (2.4 points). So, its percentage of the total reached 52.6%, 2.8 points less than in 2014. In 2015, the performance in sales to Andorra's second largest market, France, was more positive than sales to Spain, with progress of 18.2%, adding 3.1 points to total growth, the most significant among all the countries, raising its share of the total 1.4 points to 18.7%, the highest level seen since 2004. Consequently, the bias between Andorra's two main partners towards Spain slowed, although it

still persists, contrasting with the similar percentages that both countries had at the start of the nineties.

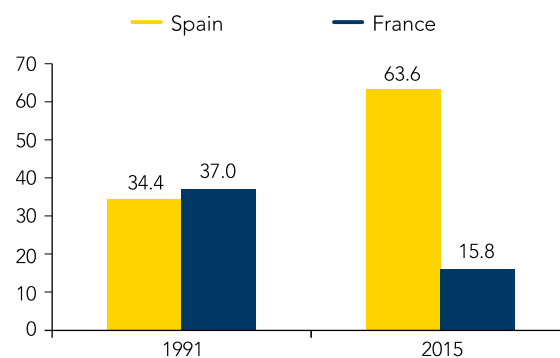
As for the other EU-28 countries, the trend varied. The Italian market stands out, third in the European ranks, with a steep increase of 74.2%, raising its percentage 1.1 points to 2.9%. Others that rose significantly were exports to Belgium (68.8%) and the United Kingdom (28.7%), putting their percentage of the total at 1.6% and 1%, respectively. These are followed by the Netherlands, whose percentage fell half a point to 0.9%, the result of a decline of 28.3%. The same occurred with exports to Germany, which had a decline of 44.7%, reducing its percentage six tenths to a mere 0.7%. The other EU-28 countries have a percentage below 1%, so their contribution is fairly insignificant.

Unlike in the EU-28, sales to the rest of Europe saw a steep decline of 32.8%, contrasting with the increase seen in 2014 (7.3%). As a result, its percentage of the total fell three points to 4.8%. More specifically, this progress can be explained, to a large extent, by the steep decline in sales to Norway (-30.5%) after doubling generously in 2014, which may be partly

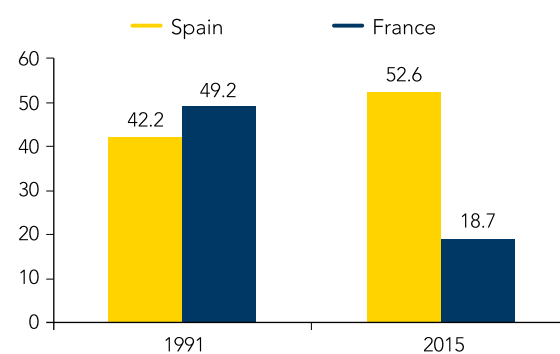
IMPORTS AND EXPORTS WITH ANDORRA'S NEIGHBOURING COUNTRIES

Percentage of total (%)

Imports



Exports



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

influenced by euro appreciation against the Danish krone in 2015. So, its percentage fell to 3.7% and it was the country which lost most growth in Andorran exports in 2015 (-1.8 points), although it is still the third most important market for Andorran products after Spain and France. The contribution from Switzerland was also quite negative, with a steep drop in sales for the third consecutive year (-53%), lowering its quota to only 0.7%, compared with the 4.6% that sales to this country represented in 2010.

The percentage of the rest of the world in total Andorran sales increased 3.6 points to 16.1%, a trend that can partly be explained by euro depreciation, which makes sales outside this area more competitive. In this way, the contribution from the Asian continent stands out, with progress of 39.9% and a positive contribution of 1.7 points to total growth. This contribution was led by China, where sales more than tripled to represent 1.9%, but the Asian country with the highest share is still Hong Kong (2.9%), after exports to this country grew 6.1% in 2015. Overall, the percentage of the Asian continent rose 1.2 points to 5.5%. Along the same line, exports to America grew 25.2% after multiplying by 2.4 in 2014, so its share also rose four tenths to 3.2% of the total. This trend was driven by the strong growth in sales to Chile and Colombia, which went from a minimal percentage to representing 0.8% and 0.7%, respectively. In contrast, those to the USA fell to less than half, to represent 0.7%. Finally, the growth in exports to Africa (188.2%) should be mentioned, raising the quota half a point to 0.9%.

5.4. The sectoral composition of foreign trade

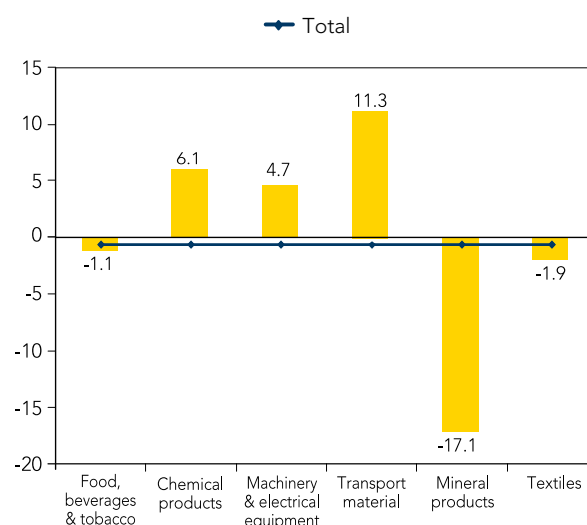
5.4.1. Imports

The decline in Andorran imports seen in 2015 (-0.6%) was basically the result of the decline in a few groups. As has been said, the most negative contributions were from mineral products (-1.9 points) and pearls, precious stones and metals (-1 point). Other groups that also made negative contributions, if more moderate, are food, beverages and tobacco, textile articles and miscellaneous manufactured articles (-0.2 points in all three cases). At the other extreme, the group that contributed most to growth in imports is transport material (1 point), as occurred in 2014, although the contribution was not as large in 2015.

A more detailed analysis shows that in 2015, imports of food, beverages and tobacco fell 1.1%, after two

ANDORRA'S MAIN IMPORT SECTORS. 2015

Interannual variation rate (%)



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

years of increases. This steeper-than-average decline reduced its percentage of total foreign purchases by one tenth to 15.9%, a level that keeps it at the top of the import ranks in 2015. The most important chapter within this group is beverages, alcoholic liquids and vinegars, with 6.2% of total Andorran imports, having seen growth of 3.8% in 2015. The second most important chapter is tobacco, which showed the opposite trend, with a reduction of 11.1%, reducing its percentage of the total by three tenths to 2.3%. This puts it among the chapters which contributed most negatively to the trend in imports and brings it down to the lowest level seen since 2007.

On the other hand, the trend in the group of chemical products continued to rise, with growth of 6.1%, although this is a little slower than in the previous year (7%). This performance raised its share by eight tenths to 12.4%, consolidating its place as second in the import ranks and converting it into the group with the second most positive contribution to growth (0.7 points). The chapters that most explain this trend are perfumery – the largest chapter in the group with 7.3% of total imports – which grew 5.9%, and pharmaceutical products, the second largest at 2.7%, which increased 7.6%.

Along the same line, imports of machinery and electrical equipment rose 4.7%, contrasting with the 4.1% fall in 2014, adding half a point to total growth and the third group to make a more positive contribution. This performance increased their percentage of the total by six tenths to 12.1%, having reached a historic >

low in 2014, so they remain in third place in the ranks of foreign purchases. The rise in imports in this group can be explained by growth in electrical machinery and equipment (8.4%), a trend that seems to indicate an improvement in investment and sales of consumer electronics in Andorra but which was partly offset by the reduction in purchases of mechanical appliances (-0.5%), which may be related to the decline in re-exports of this chapter.

The import group that saw the most notable trend in 2015 was transport material, with growth of 11.3%, continuing the strongly upward trend started in 2013. So, it was again this group that made the most positive contribution to growth (1 point), although its rate slowed in relation to the previous year (when it contributed 2.2 points). Consequently, its share of the total increased one point to 10.1%, the highest level in the last nine years and a figure that raised it two places to fourth place in the import ranks. The explanation for this progress can be found in the strong growth in imports in the chapter of motor vehicles, tractors, motorbikes

and bicycles (11.8%) – the largest in the group, with 10% of total imports – which is consistent with the increase in vehicle registrations in the Andorran market and also the increase in re-exports of vehicles.

For the third consecutive year, purchases of mineral products made the most negative contribution to the variation in imports (-1.9 points), the result of a 17.1% fall in purchases. As a result of this decline, the group's share of the total fell 1.9 points to reach 9.4%, the lowest level since 2009 which, at the same time, led it to fall from fourth to fifth place in the import ranks.

The reason for this downturn is the steep reduction in imports of fuels, oils and mineral waxes (-18.4%), the largest chapter in the group – with a quota of 8.9% of total imports – which, in turn, can be explained by the decline in average prices of fuel purchases, easily offset by the modest increase in imported litres (0.5%). So, if this chapter is deducted from total imports, it appears that in 2015 the trend was positive rather than negative, with an increase of 1.6% which, nevertheless, was more moderate

FOREIGN TRADE BY SECTORS

	IMPORTS			EXPORTS		
	M Euros 2015	% var. 2015/14	% total 2015	M Euros 2015	% var. 2015/14	% total 2015
Live animals & animal products	60.9	0.4	5.2	0.1	-33.1	0.1
Vegetable products	24.1	13.3	2.1	0.0	2,971.5	0.0
Fats & oils	4.9	-2.0	0.4	0.1	-1.1	0.1
Food products, beverages & tobacco	186.3	-1.1	15.9	0.6	53.7	0.7
Mineral products	109.8	-17.1	9.4	0.2	-34.9	0.3
Products of the chemical industries	145.1	6.1	12.4	1.0	16.7	1.2
Plastics, rubber & articles thereof	27.0	4.5	2.3	1.6	-12.5	2.0
Fur, leather & articles thereof	15.4	-7.2	1.3	0.7	24.2	0.9
Wood, cork & articles thereof	7.8	-0.5	0.7	0.8	3.7	0.9
Paper & graphic arts	26.4	4.6	2.3	3.7	15.8	4.6
Textiles	104.7	-1.9	9.0	7.1	31.3	8.8
Footwear, headgear, umbrellas, etc.	34.8	-2.9	3.0	1.9	-1.6	2.3
Articles of stone, cement, ceramic products	13.3	12.9	1.1	0.2	-24.6	0.2
Pearls, precious stones and metals	16.9	-40.9	1.4	4.8	75.8	6.0
Base metals & articles thereof	30.6	2.9	2.6	5.1	31.5	6.4
Machinery & electrical equipment	141.1	4.7	12.1	20.3	3.6	25.2
Transport material	118.6	11.3	10.1	15.5	6.7	19.2
Optical, photographic, precision app.	49.6	1.7	4.2	13.4	-7.3	16.7
Arms & ammunition	0.8	1.6	0.1	0.1	-21.6	0.1
Miscellaneous manufactured articles	47.8	-3.8	4.1	1.5	-6.3	1.8
Works of art, antiques	2.7	48.3	0.2	2.1	71.5	2.6
Total	1,168.5	-0.6	100.0	80.6	9.3	100.0

Chart 5.7

Source: Department of Tax and Frontiers. Government of Andorra

than the 6.4% seen in the previous year. In contrast, purchases of salt, sulphur, earths and stone, plastering materials, lime and cement, the second largest chapter in the group, saw a strong increase (17.5%), continuing the rising trend started in 2014 and seeming to confirm the start of a recovery in construction activities.

As for the textiles group, imports saw a decline of 1.9%, taking one tenth off its percentage of the total, to 9%, although it is still in sixth place in the import ranks. This decline contrasts with the increase of 4.3% seen in the previous year and seems to indicate that the weakness in clothing sales persists, also reflected in the results of the Chamber's surveys.

Behind textiles are imports of live animals and animal products, which saw an increase of 0.4% in 2015, slower than in the previous year (3.8%), so its percentage of the total remained at 5.2%. This trend can be explained by the increase in meat and edible offal (2%) and fish and shellfish (3%), while purchases of milk and dairy products fell (-2.5%).

Finally, the trend in the groups of products with a share of less than 5% of foreign purchases was diverse. On the one hand, the steep fall in pearls, precious stones and metals (-40.9%) stands out, breaking two years of strong growth, being the group with the second most negative contribution, deducting one point from the total, with its percentage limited to 1.4%. At the other extreme, the increases in vegetable products (13.3%) and articles of stone, cement and ceramic products (12.9%) stand out. The other groups with a minimally significant percentage (over 1%) saw modest increases or reductions, with a very limited impact on the total.

5.4.2. Exports

In 2015, Andorran exports saw a rising trend, with quite notable growth of 9.3%, breaking two consecutive years of falls (-1% in 2014). This behaviour can be explained, to a large extent, by the positive contributions from the groups: pearls, precious stones and metals (2.8 points), textiles (2.3 points) and base metals and articles thereof (1.7 points). In contrast, the negative contribution from optical, photographic and precision apparatus stands out (-1.4 points).

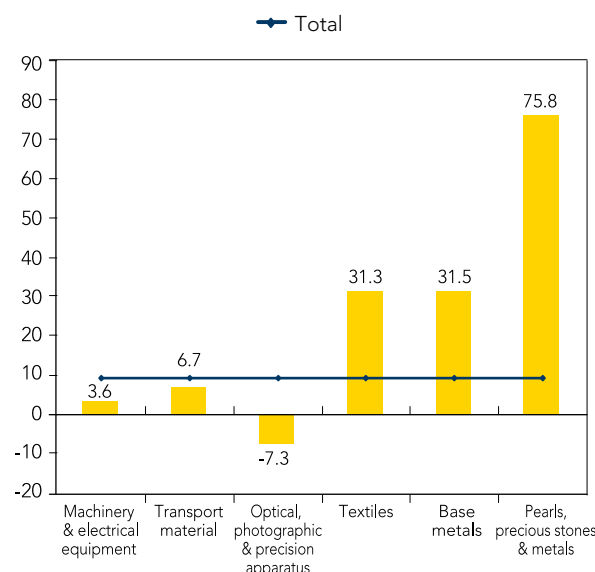
The top export group in 2015 is still machinery and electrical equipment, as is customary since 2007, which saw a moderate increase of 3.6%, which is nevertheless

better than the declines seen in the previous two years. As a result, its percentage decreased a little, although it is still very important (25.2%), and its positive contribution to total export growth was one point. By chapters, the growth in this group can be explained by the increase in electrical machinery and equipment (7.2%), the largest chapter in the group and in total exports – with 22.1% of total sales abroad. This trend contrasts with the steep fall in sales of mechanical apparatus (-16.6%) which in turn helped to explain the decline in imports of these products.

Transport material remains in second place in the ranks, with an increase of 6.7%, much more moderate than that of 2014. In 2015, transport material lost half a point off its share of the total to reach 19.2%, making a contribution of 1.3 points to total growth in foreign sales. The chapter that sets this behaviour is motor vehicles, which represents 99% of the group and saw an increase for the third consecutive year, of 7.7%.

In contrast, foreign sales of optical, photographic and precision apparatus saw a downturn of 7.3%, breaking with three consecutive years of strong increases. As a result, their quota of the total fell 3 points to 16.7% and their contribution to the variation in exports was the most negative in 2015 (-1.4 points). This fall was basically caused by the decline in optical and photographic (-11.4%), the chapter in the group with the most significant percentage (11.4% of total exports) and, to a lesser extent, clocks and watches, which fell 0.7%.

ANDORRA'S MAIN EXPORT SECTORS. 2015
Interannual variation rate (%)



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

Textiles consolidates its position in fourth place in the ranks by volume of exports, with an increase in sales of 31.3%, raising its share of the total by one and a half points to 8.8%. This strong increase resulted in a positive contribution to total growth, of 2.3 points, the second most important after pearls, precious stones and metals. Within this group are notably the increases in foreign sales of articles of apparel and clothing accessories, not knitted or crocheted (38%) – the most important chapter in this group, with 5.6% of total exports – and other clothing articles (37.1%), raising its percentage to 1.2%. The chapter of articles of apparel and clothing accessories, knitted or crocheted also increased exports at a notable rate of 26.7%, bringing its share of the total to 1.2%.

Behind textiles was the group of base metals which also grew strongly (31.5%), after two consecutive years of declines, so its share of the total rose 1.1 points to 6.4%. This trend can basically be explained by the trend in the chapter of aluminium and articles thereof which almost quadrupled. So, this became the most important

chapter in the group with 2.2% of total exports, ahead of cast iron, iron and steel articles, which traditionally concentrated most sales in this group.

Equally, the group with the most positive trend in exports in 2015 was pearls, precious stones and metals, with growth of 75.8%, after two years of steep falls. As a result, its percentage of the total rose from 3.7% to 6%, although it stands below the high reached in 2012 (8.9%). So, its contribution to total growth in exports was 2.8 points, the highest of all the groups.

The other groups represent less than 5% of total exports and have very varied results. On the positive side are notably works of art and antiques (71.5%) and paper and the graphic arts (15.8%), which respectively added 1.2 and 0.7 points to export growth. In contrast, the negative contribution from plastics (-0.3 points) should be mentioned, the result of a decline of 12.5%. The other groups with a minimally relevant share saw variations with different trends and intensities, but with a very limited impact on total growth.

6. PRICES AND COSTS

6.1. Consumer prices

2015 was marked by a downturn in prices, with an increase in the deflationary pressures that marked the last two financial years. This trend can be explained, to a large extent, by the impact of falling energy prices, in a context that was still marked by weak demand, differentiating itself from the change in trend at European level and, in particular, Andorra's neighbours and main trading partners, where indices rose in relation to 2014. It should be noted that the fall in Andorran prices occurs within the context of a new tax model, based on the entry into force of the indirect general tax, the IGI (the equivalent of VAT in the EU), in 2013, implying that it had no significant inflationary effect.

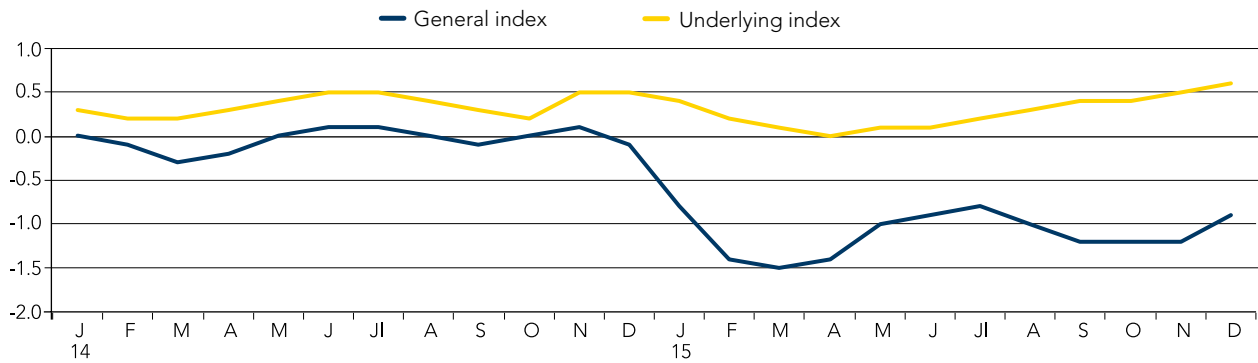
The profile of the trend in consumer prices showed an intensified rate of fall in the first quarter, to reach a maximum decline of 1.5% in March, a figure that sets a historic level. The decline eased a little in later months, when it hovered around 1%, to close the financial year at -0.9%, well below the -0.1% recorded in December 2014. Consequently, the downturn in prices in Andorra was stronger than in Spain (-0.1% harmonised inflation), the source of most consumer goods, and

contrasts with the increase in prices seen in France (0.3%) and the Eurozone as a whole (0.2%). This seems to indicate that Andorra has renewed the tendency to gain competitiveness through prices which was seen in 2012 and 2013 but had halted in 2014.

The detailed analysis by components demonstrates significant differences in the trend in prices. On the one hand, the reductions in prices of transport (-3.1%) and housing (-2.4%) stand out, which declined faster than the year before due to falling oil prices. Another group in which prices fell, for the fourth consecutive year, is miscellaneous goods and services (-0.3%), to which was added clothing and footwear in 2015 (-0.4%), denoting the sluggishness still affecting the demand in commerce.

The other components saw increases of varying intensity, led by education (1.5%) and food (1.4%), which were also more inflationary than in 2013 and 2014, although the rate of growth slowed a little. Behind these components were hotels, cafes and restaurants, in which the rise in prices accelerated half a point to 1.2%, and together with education, these are the only components which have still not seen any annual decline in prices since the historical series became

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



Graphic 6.1

Source: Department of Statistics. Government of Andorra

available, despite the major downturn in visitors which has affected it in recent years. Then there is leisure, shows and culture, which increased 1%, compared with 0.2% in the previous year, and the health component, which maintains the rate of price increase at a modest 0.5%. Finally, furniture, household goods and services showed a stable price trend, halting the moderate increases they saw in the last four years.

The behaviour of prices by special groups shows that, as happened in the previous two years, the steepest fall occurred in the energy group (-13.9%). This factor is therefore one of the main elements explaining the lack of inflationary pressures in Andorra in recent years, and demonstrates that this moderation is directly related to falling oil prices. In contrast, food prices continue to rise with an increase of 1.6%, although slowing a little in relation to 2014 (2.1%). Moreover, the rate of growth of prices of services stabilised at 0.6%, a moderate trend that demonstrates the lack of dynamism still apparent in demand.

As a result of these data, underlying inflation – which excludes energy and food and measures the trend in the nucleus of prices – was 0.6%, one tenth more than in 2014, so it continues above general inflation for the fourth consecutive financial year, widening the gap and making it clear that the economy is not in deflation and that the most volatile components are the basic elements which explain price containment in Andorra. It should be noted that this figure is slightly lower than the underlying inflation rate seen in the Eurozone as a whole (0.9%) and also Spain (0.8%) and France (0.7%), which consolidates the idea that Andorra is improving its competitiveness through prices.

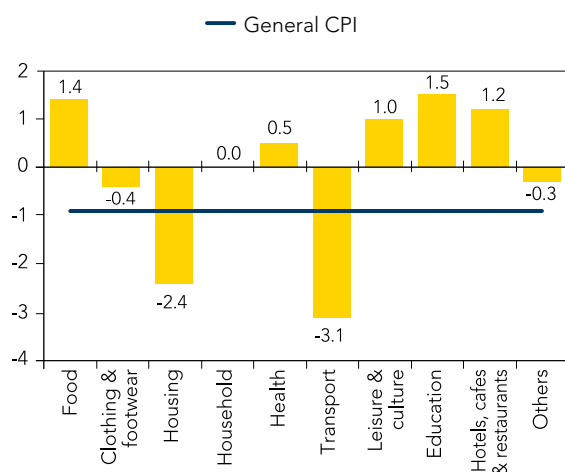
6.2. Wages

In 2015, the average wage in Andorra reached 1,992 euros, 3% less than in 2014 and the lowest figure in the last six years. This contraction occurs after an increase of 2.7% in 2014, so the average wage in 2015 is practically the same as it was in 2013 (only 7 euros less). It should be noted that this year, the source of the data on average wages used for the analysis has changed from previous years (before it was the CASS and now the analysis is made from data produced by the Department of Statistics based on employees' contributions provided by the CASS), involving a review of the whole series.

Moreover, it should be taken into account that these variations have been produced in a changing tax context, with the IRPF (Personal Income tax) coming into force in 2015, which logically may have influenced the exceptional advance payment of incentives by some businesses, to avoid the tax increase. Therefore, from a historical perspective, it can be claimed that the average monthly wage in Andorra remained fairly stable in recent years, at about 2,000 euros, in keeping with the absence of inflationary pressures. Consequently, in 2015, >

CONSUMER PRICE INDEX. DECEMBER 2015

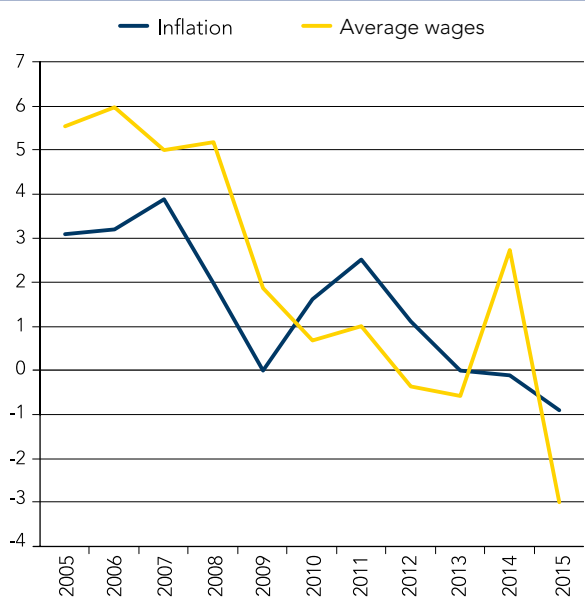
Interannual variation rate (%)



Graphic 6.2 Source: Department of Statistics. Government of Andorra

AVERAGE WAGES AND INFLATION

Interannual variation rate (%)



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

employees' purchasing power was reduced by 2.1 points, offsetting to a large extent the increase they obtained in 2014 (2.8 points). This cut is added to the reductions seen in the previous four years, so that in cumulative terms the average wage has only risen 0.4% since 2009, while the cumulative increase in consumer prices for the same period was 4.1%, meaning a reduction in purchasing power of 3.7 points over the last six years. So, for the time being, the improvement in the economy and the labour market detected in 2015 does not appear to have carried over to wages.

In the case of the inter-professional minimum wage, the trend was more favourable than for the average wage, since, according to legislation, it is updated every year with the consumer price index for the previous year, whenever this is not negative. So, as in 2014 it was -0.1%, the 2015 minimum hourly wage did not vary, it remained at the 5.55 euros per hour of 2014 (for workers aged 18 and above), equal to 962 euros per month for a 40-hour working week.

From the sectoral point of view, the wage reduction seen in 2015 is led by the financial sector, where the average wage fell 23.9%, having increased 19.5% in 2014, a trend that could be partly related to the effect of advance wage incentives in 2014 before the IRPF tax entered into force in 2015. Other sectors which reduced the average wage and, moreover, for the fourth consecutive year, are health activities (-1.9%), real estate activities and business services (-0.8%) and construction (-0.1%), while

domestic work for the community reduced it for the third consecutive year (-0.9%). Others that fell were the primary sector (-2.1%), the production and distribution of energy (-1.2%) and education (-0.6%), after seeing increases of between 1% and 2% in 2014.

The other sectors saw modest wage increases, led by households employing domestic staff (1.7%) and the manufacturing industry (1%), following the modest line of growth seen in 2014. In the case of the public administration, the wage rise was 0.3% after three consecutive years of reductions. Commerce and hotels and catering also increased the average wage in a very modest manner (0.5% and 0.3%, respectively), although the increase is a symptom that the situation in these sectors is tending to improve, if slowly. Finally, the trend in the extraction industries (71.8%) and extraterritorial bodies (4%) should be excluded from the analysis for reasons of statistical representation, because they are sectors where few people work and where, therefore, a variation in one single wage can greatly affect the total.

The analysis of wage levels demonstrates that in 2015 the differences between sectors narrowed to a historic low. So, the highest wage is 3.3 times higher than the lowest wage (4.4 in 2014 and 3.7 in 2013). More specifically, the highest salaries are once again in the financial sector, where wages are 2.1 times the average. This level contrasts with domestic work for the community which, with a wage 36.3% below the average, is the worst-paid sector. The second sector in the wage ranks is production and distribution of electricity, gas and water, with wages 60.5% higher than the average, followed by extraterritorial bodies – which pay 29.4% more – and public administration – with wages 23.4% higher than the average. Following these are the extraction industries; transport, storage and communications; health and veterinary activities and social services; education; the manufacturing industries, with wages between 15.1% and 2.7% higher than the average.

The other branches stand below the average wage level, at percentages which vary between 5.6% less in construction, a sector that lies below the average for the sixth consecutive year, when traditionally it was above, and the 35.1% less received by household domestic staff. Within this group of sectors are notably the cases of commerce and hotels and catering, which occupy a large part of the Andorran population (36.8% of total employees), with wages 14.2% and 25.5% lower than the average, respectively. It should be added that

AVERAGE WAGES - Euros

	2015	Var. 2015/14	Average index in Andorra=100
Agriculture, livestock, hunting and forestry	1,405.55	-2.1	70.6
Extraction industries	2,293.02	71.8	115.1
Manufacturing industries	2,045.48	1.0	102.7
Production and distribution of electricity, gas and water	3,196.83	-1.2	160.5
Construction	1,880.77	-0.1	94.4
Commerce and motor vehicle repairs (etc.)	1,709.00	0.5	85.8
Hotels and catering	1,484.24	0.3	74.5
Transport, storage and communications	2,240.88	0.6	112.5
Financial system	4,214.29	-23.9	211.6
Real estate & rental activities; business services	1,842.13	-0.8	92.5
Public administration, defence and compulsory social security	2,458.92	0.3	123.4
Education	2,176.87	-0.6	109.3
Health & veterinary activities, social services	2,239.57	-1.9	112.4
Other social activities & community services, personal services	1,724.35	0.0	86.6
Households employing domestic staff	1,293.47	1.7	64.9
Extraterritorial bodies	2,577.13	4.0	129.4
Domestic work for the community	1,269.39	-0.9	63.7
Average	1,992.00	-3.0	100.0

Chart 6.1

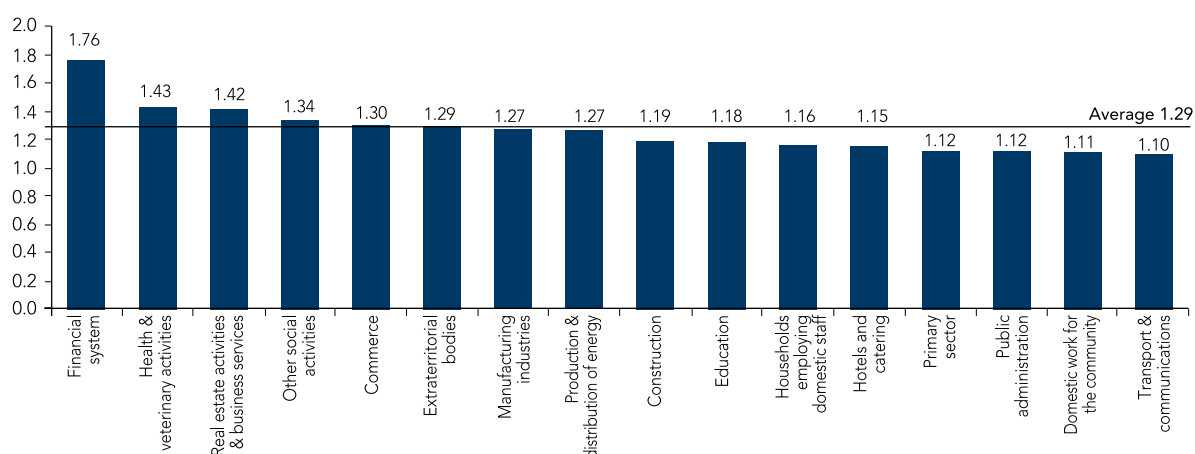
Source: CASS / Department of Statistics. Government of Andorra

in these two sectors, the gap between average wages narrowed appreciably for the first time in eleven years. However, since 2004, both sectors still accumulate a loss of close to 5 points in relation to the average.

Finally, wage levels by gender show that in 2015 the average wage for women in Andorra was 1,738.1 euros, 22.4% lower than that of men, or in other words, men's wages are 28.9% higher than women's, a gap that has narrowed significantly in relation to the previous year when it was 34%. The wage difference between men and women occurs in all sectors without exception.

Leaving the extraction industries to one side, for reasons of statistical representation, the greatest differences are found in the financial sector where the average wages of men are 76% higher than those of women; in health and veterinary activities (in which they are 43% higher) and in real estate activities and business services (in which they are 42% higher). These data demonstrate that in these sectors men occupy the majority of higher ranking jobs. In contrast, the smallest differences are found in transport, storage and communications, domestic work for the community and public administration (with men's average wages 10%-12% higher than women's).

WAGE QUOTIENT MEN/WOMEN BY SECTORS. 2015



Graphic 6.4

Source: CASS / Department of Statistics. Government of Andorra

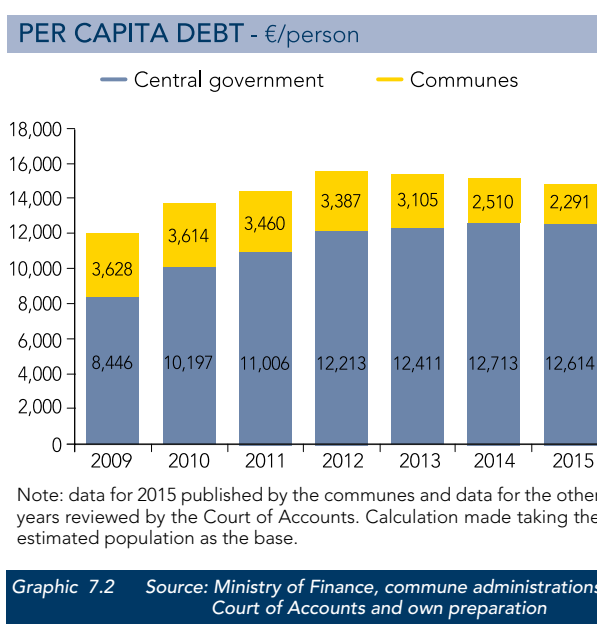
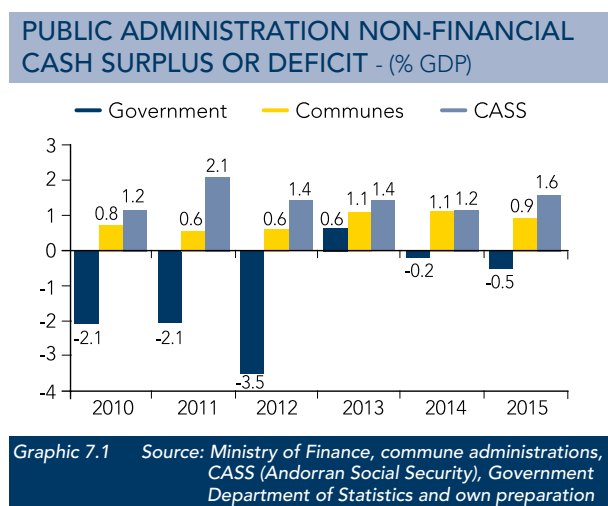
7. THE PUBLIC SECTOR

Before analysing the public sector trend in 2015, it should be explained that at the time of closing this report we do not have the data on settlement of the budget of the commune of Sant Julià de Lòria. Under these circumstances, in order to make a full analysis on calculating the aggregate data of the communes or the whole of the public sector, we use the 2014 settlement of accounts for Sant Julià de Lòria. Therefore, the analysis in this edition must be seen as provisional and subject to potential review when the 2015 data for the commune of Sant Julià de Lòria becomes available.

In 2015, the performance of the public sector was characterised by a clear relaxation in restrictive policies, resulting in a significant increase in the aggregate investment expenditure of the central government and the communes (26.8%) for the second consecutive financial year and after many years of cuts, and also an appreciable impetus from operating costs (2.6%).

In parallel, the progressive consolidation of the new tax model introduced in recent years, with the creation of new taxes, has strengthened the public administration's capacity for revenue collection, although the still modest economic dynamism limited the results for the time being.

As a result, in 2015, the central government increased the deficit by three tenths, to -0.5% of GDP, and at the same time the communes reduced the non-financial cash surplus by two tenths to 0.9% of GDP. The CASS also obtained a surplus (1.6% of GDP) in this case exceeding that of 2014 (1.2%). Official statistics have not yet published the consolidated budget balance of all the administrations in order to be able to confirm



the net economic impact of the Andorran public sector performance as a whole, but everything points to this being expansionary.

In this context, Andorra's total debt (central government plus communes) was 1,069 million euros, equal to 42% of GDP, a lower percentage than the legally-established limit of 50% for public finance sustainability and budgetary and fiscal stability. So, the per capita debt (calculated on the estimated population) reached 14,905 euros, 2.1% less than in 2014, making the third consecutive annual reduction and contrasting with the strongly rising trend that marked the years prior to 2013. However, it should be remembered that on closing this report, the settlement data for Sant Julià de Lòria are not available and for this reason the working data for this commune are those for 2014, reviewed by the Court of Accounts.

As for fiscal innovations, 2015 was the first financial year in which the personal income tax Law (IRPF) that was passed in 2014 was implemented, with a 10% general tax rate, the same as for corporate tax, tax on income from economic activities and tax on income of non-residents for tax purposes. Consequently, it is estimated that the fiscal pressure in Andorra, according to the accrual concept, increased two tenths in 2015 to 23.4% of GDP, a figure that contrasts with the 18% in 2009, but still much lower than the European average of 40% (according to 2014 data) or the level of our closest European neighbours: France (47.9%) and Spain (34.4%).

In parallel, Andorra has continued to progress 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 information exchange agreements with Italy, bringing the number of agreements signed since 2009 to twenty-four, up to the end of 2015. Another two agreements have been initialled and are pending signature with Slovakia and South Africa.

In 2015, significant progress was also made in signing double taxation agreements and preventing tax evasion and fraud, with countries as important as Spain (entering into force on 26 February 2016) and Portugal (pending passage through parliament), as well as Liechtenstein and the United Arab Emirates, and an agreement has been initialled with Malta which is pending signature. These agreements join the one signed with France in 2013 (which entered into force on 1 July 2015) and the one with Luxembourg (which entered into force on 7 March 2016).

Below, we analyse in detail the performance of the public sector in 2015, according to each level of administration.

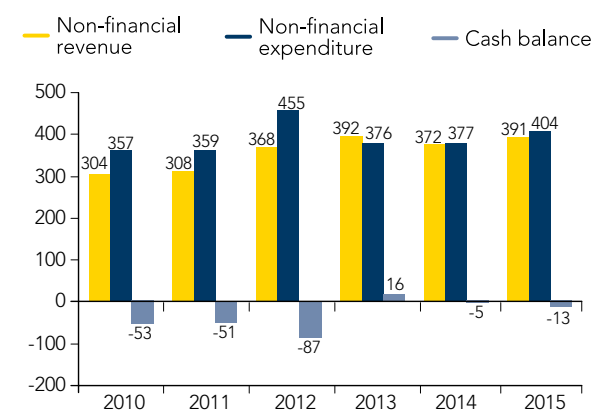
7.1. Central government

According to provisional data for the budget settlement in 2015, the Government's accounts closed with a non-financial cash deficit of 13.26 million euros, a figure that more than doubles the 2014 deficit (5.35 million euros). This deficit represents 0.5% of GDP and is in line with the historical tendency of the Government to settle budgets with a deficit, with the one exception of 2013 due to a special entry in revenue from the distribution of profits from Andorra Telecom.

Moreover, the final budget result, obtained by incorporating the movement of financial assets and liabilities into the cash deficit in 2015, shows a negative balance of 16.6 million euros, contrasting with the generously positive results seen in the two previous budget years. The most notable movement that occurred in this field is a bond issue in April, of 100 million euros, maturing at 18 months, to renew the debt for the same amount which was due in 2015. Moreover, the available balance from credit policies increased from 111 to 123 million euros.

As a result, the global debt of the central government continued to grow at a rate of 0.9% and set a new historic

IMPLEMENTATION OF THE GOVERNMENT BUDGET - Million Euros



Graphic 7.3

Source: Ministry of Finance

record of 905 million euros, with an outstanding balance of public debt still at 680 million euros, 2.6 times more than six years ago. In proportion to GDP, this volume of debt represents 35.7%, two tenths more than in 2014, a level that is still much lower than the great majority of European governments, if close to the 40% limit set by the central government in the Law on the sustainability of public finances. It should also be noted that the temporary debt structure is 23.5% long-term debt and 76.5% short-term debt, compared with the 59%-41% division in 2014. So, the worsening deficit balance in the public accounts together with debt maturities that are mostly short-term will require action to ensure that the debt can be refinanced and guarantee the sustainability of the Government's public finances.

The deficit seen in 2015 can be explained by growth in revenue (5.2%) being lower than that of expenditure (7.2%). The rise in revenue was led mainly by the strong increases in investment income, after suffering an 80% decline in 2014, to which is added a significant increase in revenue from direct taxes, driven by the entry into force of the personal income tax. As for expenditure, of note is the increase in capital expenditure, for which growth accelerated in relation to 2014, so leaving behind the period of major cuts implemented during the years of economic crisis, although absolute levels are still relatively low. Current expenditure also increased at a good rate, in contrast with the downturn seen in 2014.

7.1.1. Revenue

The total non-financial revenue settled in 2015 added up to 390.8 million euros, 5.2% more than the previous financial year, with a budget execution rate of 98%. This >

increase can basically be explained, as has been said, by the strong progress in investment income, which more than doubled after falling 80% in 2014. During 2015, revenue from direct taxes also grew notably (12.6%), following the steeply rising trend started in 2011 with the progressive approval of new tax forms. In contrast, a decline was seen in revenue from indirect taxes (-0.7%), for the third consecutive financial year, to which is added an also moderate reduction in revenue from other taxes and revenue (-1%). Moreover, some revenue was obtained from current and capital transfers and the sale of investments, although their absolute value is of minimal significance.

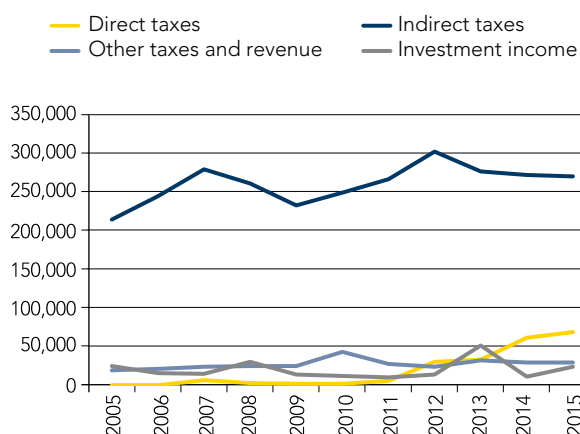
Detailed analysis shows that revenue from direct tax grew significantly, for the fifth consecutive year, with progress of 12.6%, raising total revenue to 68.3 million euros, a new historic high. So, the budget execution rate was 99% and this chapter's percentage of total non-financial revenue increased 1.2 points to represent 17.5%. Nevertheless, it still represents only 20.2% of total direct and indirect tax, well below the 40% limit set by the Law on sustainability of the public finances.

The progress in direct tax was particularly motivated by the first year of implementation of the new personal income tax (IRPF), which brought 17.5 million euros to the public coffers. In contrast, revenue from the capital gains tax on property transfers suffered a major downturn (-74.4%). Nevertheless, it should be noted that the figure settled in the previous year is not wholly comparable to that of 2015, as in 2014 there was a property transaction that significantly affected the settled amount. So, if we adjust the comparison with this particular fact, the fall is limited to 11.1%. Equally, falls were seen in revenue from corporate tax (-18%) and tax on economic activities (-27.8%), contrasting with the strong increases obtained in 2014. Now, in relation to the latter tax, it should be specified that revenue in 2015 was changed by the entry into force of the IRPF, as income from economic activities was taxed with the IRPF instead of the tax on economic activities. In any case, revenue from corporate tax and tax on economic activities was together 33.6 million euros, about double the revenue obtained from personal income tax.

The analysis of direct tax is completed by the tax on non-residents for tax purposes (IRNR), which saw an increase of 12.8%, after seeing a drop in 2014 for the first time since it came into force (2011). We shall have to keep an eye on this tax form in the future to evaluate the impact that the recent entry into force

GOVERNMENT NON-FINANCIAL REVENUE

Thousand Euros



Graphic 7.4

Source: Ministry of Finance

of the agreements with France and Spain could have, being the countries of origin of most of the businesses providing services to the Principality.

As for indirect taxes, revenue obtained in 2015 was 269.1 million euros, 0.7% less than in the previous year. This reduction continues the falling trend observed since 2013 and puts the level of budget execution at 91%. Nevertheless, this entry is still by far the most important source of finance for the Government, with a share of the total non-financial revenue of 68.9%, 4.1 points less than in 2014.

The global decline in indirect tax is the combined result of various trends and legislative changes. First is notably the reduction of 3.3% in revenue from the indirect general tax (IGI), which came into force in 2013, to a net settlement of 116.4 million euros, with an execution rate of 87%. The recent introduction of this new tax form does not allow us to come to conclusions yet about the factors explaining this behaviour, although it could have been affected in part by the BPA affair, and also by the moderate nominal fall in imports seen in 2015. In any case, the IGI has been consolidated as the major source of tax revenue in Andorra, above consumption tax.

Secondly, declines have also been seen in revenue from the tax on the provision of services or ISI (-9.2%), the tax on gambling (-3%) and special taxes (-0.3%). In the latter case, the decline was also linked to falling imports of tobacco and fuels. Nevertheless, special taxes remain in third place in the ranks of revenue from indirect tax, a position it holds since the change in the tax system in 2013.

In contrast, the positive contribution from revenue from the property transfer tax (ITP) stood out, at a value of 2.3 million euros, after reaching almost zero in 2014, through the implementation of the transfer to the communes of state revenue from ITP. In 2015, the new share percentage was implemented, with 1% to the state and 3% to the communes.

Moreover, a slight increase of 0.2% was seen in revenue from tax on foreign trade. In this section, the most important concept is consumption tax (on import chapters 1 to 24), with a notable influence from imports of beverages and tobacco, which together also saw a modest increase (0.4%) to 101.2 million euros, in a context in which there were no changes in taxes, unlike in previous years.

In parallel, revenue from other taxes and revenue saw a decline of 1%, slower than in the previous year (-8%), with a budget execution rate of 118%. This trend was worse than for the total settled revenue, so its percentage shrank half a point to 7.4%. More detailed analysis by entries shows a steep reduction in the section "unplanned" (-82.7%) combined with a strong increase in the volume of sanctions, which can be explained by a change in criteria in the classification of special revenue relating to amounts confiscated on behalf of the Andorran state when carrying out Criminal Court rulings relating to money laundering, which generally see quite erratic variations.

As for the other entries, of note is the increase in revenue from sanctions (70.9%), to a total of 8.3 million >

IMPLEMENTATION OF THE GOVERNMENT BUDGET⁽¹⁾ - Million Euros

	Settlement 2015	Variation % settlement 15/14	% execution 2015 ⁽²⁾
Direct taxes	68.3	12.6	99
On capital gains on property	1.3	-74.4	79
On personal income tax (IRPF)	17.5	-	-
On companies /economic activities	33.6	-19.0	64
On non-residents' income	15.8	12.8	110
Indirect taxes	269.1	-0.7	91
On property transfers	2.3	2,630.7	139
On consumption (IGI)	116.4	-3.3	87
On services (ISI)	2.8	-9.2	103
Special taxes	44.3	-0.3	99
On foreign trade	101.8	0.2	92
On gambling	1.4	-3.0	94
Other taxes and revenues	28.8	-1.0	118
Current transfers	0.1	9.0	-
Investment income	23.5	131.6	217
Real investment sales	0.0	-56.8	-
Capital transfers	1.0	100.0	-
Non-financial revenue	390.8	5.2	98
Current expenditure	300.2	6.7	92
Personnel costs	100.2	3.8	96
Consumption of goods and services	45.4	3.3	87
Financial expenditure	17.5	-18.2	89
Current transfers	137.1	14.8	92
Capital expenditure	103.9	8.6	76
Real investments	46.0	14.2	62
Capital transfers	57.9	4.5	94
Non-financial expenditure	404.0	7.2	88

(1) Settlement of the 2015 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 2015 these modifications represented an increase of 8.5% on the initial non-financial spending budget.

and, to a lesser extent, the increase in revenue from sales of goods (28.3%) and from taxes (9.7%), in a context of sustained tariffs, both in the tax on vehicle ownership and the tax on the Register of Owners of Economic Activities, for the seventh consecutive year. In contrast, a decline was seen in revenue from the provision of services (-17.6%) to a total of 6.2 million euros. It should be remembered that within this section, the most important entry 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 2015, a total of 2.4 million euros was settled, 21.7% less than in 2014, a decline that can be explained by the context of low interest rates which marked 2015. Finally, another entry that shrank significantly was repayments (-56.1%).

As for investment income, in 2015, this doubled easily (131.6%) to reach 23.5 million euros, with an execution rate of 217% and representing 6% of total non-financial income. This trend can be explained by the increase in dividends distributed by the public entities, especially Andorra Telecom and, to a lesser extent, by FEDA (the Andorran Electricity Company).

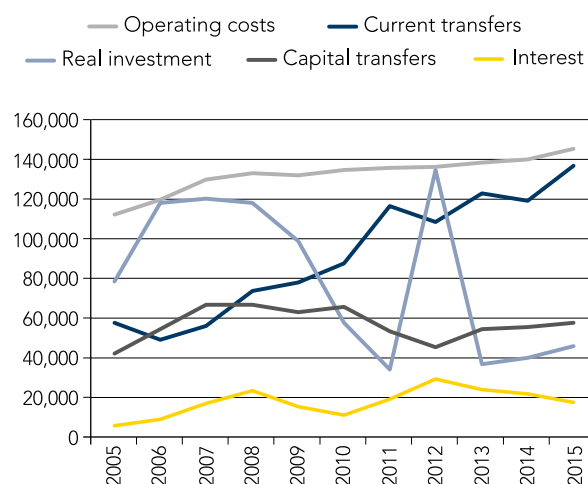
To complete the analysis, we should add that contributions from current transfers, capital transfers and the sale of real investments were only token.

7.1.2. Expenditure

Non-financial expenditure was settled in 2015 for a value of 404 million euros, 7.2% more than in the previous year. This trend is the result of an increase in capital expenditure and, to a lesser extent, current expenditure, involving a relaxation in the austerity policy implemented by the central government in recent years. 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 88%, much lower than the revenue execution percentage.

The volume of capital expenditure was 103.9 million euros, a figure that represents an increase of 8.6%, continuing and strengthening the change in trend started in the previous year, after several years of

GOVERNMENT NON-FINANCIAL EXPENDITURE Thousand Euros



Graphic 7.5

Source: Ministry of Finance

major cuts. As a result, its percentage of the total increased three tenths to 25.7%, while the budget execution level remained at 76%, a much lower level than current expenditure (92%). By chapters, the increase in capital expenditure is the result of the increase in real investment (14.2%) to 46 million euros, the highest level in the last three years. In this way, the percentage of real investment in total non-financial expenditure rose seven tenths to 11.4%, with an execution rate of 62%.

The increase in capital transfers was more moderate at 4.5%, to 57.9 million euros, compared with the 2% increase in 2014. So, the execution rate reached 94% and its percentage of the Government's total non-financial expenditure to 14.3%, four tenths less than in the previous year. This increase in capital transfers relates mainly to transfers to the communes, the largest section in this entry (94% of the total).

As for current expenditure, the increase was led by growth in current transfers (14.8%) to 137.1 million euros, a trend that contrasts with the 2.9% decrease seen in 2014. The basic reason for this progress lies in the major increase in transfers to semi-public bodies (to 60.1 million euros), including the Andorran healthcare service (SAAS) and the Social Security (CASS). Consequently, the percentage of current transfers of total non-financial expenditure rose 2.2 points to 33.9%, reaffirming them as the main budget expenditure chapter.

In second place is notably the accelerating rise in personnel costs, with an increase of 3.8%, compared with 2.1% in 2014, so exceeding 100 million euros.

This trend can basically be explained by the increase in the entry of social benefits, which encompasses various concepts related to pensions. As a result, the percentage of this chapter of total non-financial expenditure was 24.8%, eight tenths less than in 2014, although it is still the second largest chapter in expenditure, after current transfers.

Another chapter that increased in current expenditure is consumption of goods and services, although this was more modest (3.3%), having fallen 0.3% in 2014, reducing its share of total non-financial expenditure by four tenths to 11.2%.

Finally, the only chapter of expenditure which was cut in 2015, for the third consecutive year, was financial expenditure (-18.2%), which can be explained by containment in the interest rates on loans and credit policies, forced by the strong monetary expansion policy of the ECB, so its share of total non-financial expenditure fell more than one point to 4.3%, the lowest level in the last five years.

Altogether, current expenditure represented 74.3% of the Government's non-financial expenditure, three tenths less than the previous financial year, and its execution rate was 92%.

7.2. Communes (local government)

Before analysing the communes' accounts for 2015, it should be remembered that without the settlement data for Sant Julià de Lòria at the time of closing this report, the analysis of this section has been made by taking the 2014 data for that commune. For this reason, this analysis should be deemed provisional and subject to a potential review when the 2015 data for Sant Julià de Lòria become available.

According to the settlement of the commune administrations' budgets in 2015, including financial assets and liabilities, the total volume of revenue reached the figure of 136.2 million euros, a higher figure than the 125.9 million euros of settled expenditure. Consequently, the balance for the whole of the commune administrations was positive for the eighth consecutive year, at a value of 10.3 million euros, although it fell 38.1% in relation to the previous year, after three years of steep increases. The trend in 2015 can be explained because the growth in expenditure was greater than in total revenue. If the analysis is

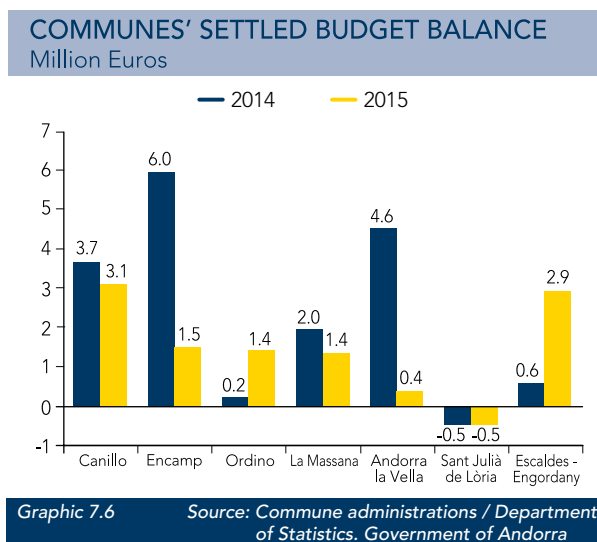
limited to non-financial revenue and expenditure, it can be seen that the total volume was 132.2 and 108.5 million euros, respectively, involving a non-financial cash surplus of 23.7 million euros, 0.9% of GDP, part of which was allocated to reducing the debt.

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 relation to the corresponding share 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, transferred the government's share of revenue from ITP to the communes in 2014.

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 relation to the 2015 financial year, it should be noted that a new percentage of distribution of revenue from ITP was applied: from 1 January 2015, the state share stands at 1% (instead of 2.5%), while the commune share changes from 1.5% to 3%. >



In this new tax context, more detailed analysis shows that all the communes saw a budget surplus, ignoring the case of Sant Julià de Lòria, for which there are no 2015 data. Two had an increased surplus (Ordino and Escaldes-Engordany) and four (Canillo, Encamp, La Massana and Andorra la Vella) had a reduced surplus in relation to the previous year. Consequently, Canillo became the commune with the largest surplus (3.1 million euros). Second was Escaldes-Engordany, with a surplus of 2.9 million euros, multiplying by five that of 2014. Then comes Encamp (1.5 million euros), whose surplus fell the most in absolute terms; Ordino (1.4 million euros) and La Massana (1.4 million euros). Lastly is Andorra la Vella, with a surplus of only 0.4 million, 92% less than in 2014.

In parallel, the analysis of debt data (incorporating Sant Julià de Lòria's debt at the end of 2014) shows that 2015 closed with a cumulative consolidated commune debt of 164.4 million euros, according to the data published by the communes themselves, which are still provisional because they are pending review by the Court of Accounts and the publication of Sant Julià de Lòria's 2015 data. This figure represents a cut of 7.2% in relation to 2014 data, already reviewed by the Court, continuing the downward trend begun in 2010, which was possible thanks to the budget surplus obtained. On the basis of these still provisional data, it can be asserted that for the second consecutive year all the communes are clearly below the debt level fixed by law (200% of average settled revenue in the last three financial years), unlike previous years when several communes exceeded this threshold, especially the commune of La Massana.

With the available data, the communes represent 15.4% of total public debt (central government plus commune debt), 1.1 points less than in 2014 and 22 points less than eight years ago. This lies below the share of non-financial public expenditure of the administrations (21.2%) and represents 6.5% of Andorran GDP. Altogether this means that in relative terms they are less indebted than the Government, the reverse of the situation before 2013, thanks to the fiscal consolidation efforts.

The distribution by parishes shows that all communes reduced their debt in 2015, in harmony with the budget surplus obtained. The most indebted commune is still Andorra la Vella (25.7% of total commune debt) in keeping with its greater economic weight, although it was the commune that most reduced its debt in

absolute terms in 2015. At the other extreme, Canillo has the lowest level of public debt (7% of the total), being one of those that most lowered its debt in recent years.

7.2.1. Revenue

The communes increased total settled revenue for the third consecutive year, at a rate of 2.3% in 2015, to reach a figure of 136.2 million euros, the highest level in the last six years. Settled revenue exceeded the budgeted figure (104%) and put its share of total public sector revenue (central government plus communes) at 14.9%, 3.9 points less than in 2014, but still higher than the historic low seen in 2013 (11%). It should be said, however, that this very low level was highly distorted by the volume of financial liabilities of the central government, the result of its debt requirements, which much increased its income from 2009, artificially reducing the communes' share of the total. In fact, if we only consider non-financial revenue, the communes' percentage rises to 25.3%, a higher percentage than it represents in total non-financial expenditure (21.2%), despite falling half a point in relation to 2014.

The trend by chapters shows that the increase in revenue can be explained by the increase in current revenue (4.9%) and, within this, basically by the increase in current transfers (33.1%). Also positive was the contribution from direct taxes (3.8%) and other taxes and revenue (3.6%). In contrast, revenue from indirect tax fell 20.8%, although it should be clarified that in 2014 an unusual increase occurred due to assignment of the state share of the ITP to the communes, allocated by the Government to offset the loss of revenue from property transfers caused by the introduction of the IGI. Within current revenue there was also a fall in the contribution from investment income, which was 6.1%.

In this way, other taxes and revenue remain the most important current account entry for the communes, with 25.1% of the total, followed by direct tax and current transfers, which gained importance to reach 17.1% and 12.3%, respectively. In contrast, capital income fell 2.7%, due to the cut in capital transfers (-2.7%), the most important chapter in revenue, with a 30.3% share. Revenue from real investment transfers fell 3.5% but the low percentage of this revenue means that its contribution to the total is insignificant. Finally, it should be mentioned that

revenue from financial transactions hardly changed, so revenue from financial liabilities remains at the level of 4 million euros.

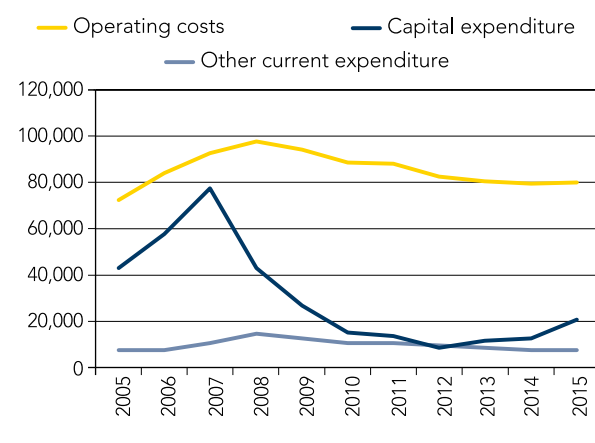
By parish, it can be seen that only Encamp and Andorra la Vella saw a fall in revenue (-2.1% and -4.7%, respectively). Now, if only non-financial revenue is taken into account, the trend was only negative in Andorra la Vella (-4.7%), while the increase was 5.8% in the case of Encamp, as the reduction in total revenue can be explained by the reduction from 4 to 2 million in the entry for financial liabilities. At the other extreme, the commune that most increased non-financial revenue was Escaldes-Engordany (8.3%), a trend that can basically be explained by the strong growth in revenue from other taxes and revenue. The increases seen in the other communes was 5% in Ordino and 4.2% in Canillo, contrasting with the declines seen in 2014, while growth in La Massana remained practically stable at 3.6%. In this context, Andorra la Vella holds first place in the commune ranks for volume of total revenue, with 33.7 million (24.8% of the total), and Ordino is still the commune with the least revenue, with 8.7% of the total, equal to 11.9 million euros.

7.2.2. Expenditure

In 2015, the settled expenditure of the communes reached a figure of 125.9 million euros, 8% more than in the previous year, a trend that contrasts with the 0.7% decline in 2014. Equally, non-financial expenditure progressed at a rate of 8.2%, compared with the decline of 0.7% in 2014. For their part, financial transactions increased 7%, partly due to debt amortisation. This increase put the execution rate of total expenditure in relation to the budget at 95.9%. Nevertheless, the commune expenditure percentage of total public sector expenditure (i.e. central government plus the communes) fell 3.9 points to 13.7%, a percentage that remains below its share of revenue. It should be added that if we only take into account non-financial expenditure, the commune expenditure percentage of total administration costs rises to 21.2%, but is also lower than non-financial revenue.

By chapters, the growth in commune expenditure can basically be explained by the strong rising trend in capital expenditure (61%), which is growing strongly for the third consecutive year, so the investment effort stands at 20.7 million euros, the highest figure in the last six years. This trend contrasts with the major austerity

COMMUNES' NON-FINANCIAL EXPENDITURE Thousand Euros



Graphic 7.7 Source: Commune administrations / Department of Statistics. Government of Andorra

policy which marked the period 2008-2012, when the cumulative fall was 89%. This proves that investment absorbed a large 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 revenue collection. Growth in capital expenditure was centred on real investment (75.2%); on the other hand, capital transfers increased slightly (0.4%).

Current expenditure saw a very gentle increase of 0.4%, breaking with six consecutive years of declines. This timid rise in the trend can be explained by the increase in consumption of goods and services (2%) and current transfers (2.5%), contrasting with the declines it saw in 2014. On the other hand, a reduction in personnel costs was seen for the fifth consecutive year (-0.2%) – the most important chapter with 38.3% of total expenditure – a trend that demonstrates the fiscal containment effort being made by the communes. Equally, the most notable reduction was in financial expenditure (-14.1%), already accumulating four consecutive years of containment, which in turn can be explained by the reduction in the volume of debt and interest rates, which also benefited the central government.

Finally, the trend in expenditure by parish shows that growth was generalised, with the sole exception of Ordino (-5.8%), which explains why it was one of the few to increase its surplus. The most important relative increases in expenditure were seen in Encamp (17.6%) and Canillo (13.1%), after many years of cuts, a trend that resulted in reductions in the respective surpluses. The increase in expenditure was also significant in La Massana (9.9%) and Andorra la Vella (8.2%), which also >

BUDGET SETTLEMENTS FOR THE COMMUNE ADMINISTRATIONS - Thousand Euros

	Income			Expenditure		
	2015	Var. 15/14	% 2015	2015	Var. 15/14	% 2015
Canillo	12,776.08	4.2	9.4	9,659.85	13.1	7.7
Encamp	27,462.91	-2.1	20.2	25,947.81	17.6	20.6
Ordino	11,900.58	5.0	8.7	10,464.64	-5.8	8.3
La Massana	13,349.52	3.6	9.8	11,989.50	9.9	9.5
Andorra la Vella	33,741.03	-4.7	24.8	33,364.57	8.2	26.5
Sant Julià de Lòria*	12,229.10	0.0	9.0	12,684.99	0.0	10.1
Escaldes-Engordany	24,767.14	17.8	18.2	21,820.06	6.8	17.3
Total	136,226.36	2.3	100.0	125,931.42	8.0	100.0

(*): On closing this report, the 2015 settlement data for the commune of Sant Julià de Lòria are not available; therefore, the data for this commune relate to the year 2014.

Chart 7.2

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

resulted in falls in the budget surplus. In contrast, the more moderate growth in expenditure in Escaldes-Engordany (6.8%) allowed it to increase the positive budget balance. So, Andorra la Vella is still first in the commune ranks for the volume of expenditure, with 26.5%, while Canillo is the commune with the lowest expenditure (7.7% of the total).

7.3. Social Security (CASS)

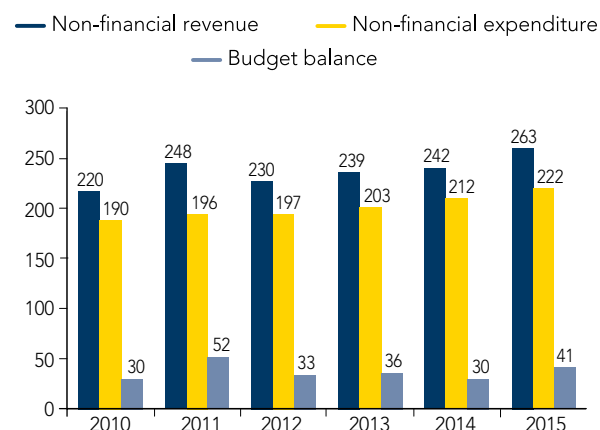
In 2015, the budget settlement of the Andorran Social Security (CASS), including financial assets and liabilities, resulted in a total volume of revenue of 267.8 million euros, a slightly higher figure than the 264.9 million euros of settled expenditure. As a result, the budget balance of the CASS was 2.9 million euros, 21.4% more than in 2014. If we consider non-financial revenue and expenditure, the non-financial cash surplus of the CASS reached 40.8 million euros, representing 1.6% of GDP and an increase of 38.1% in relation to the previous financial year, thanks to higher 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 2015 reached the figure of 262.7 million euros, 8.6% more than the previous year, easily surpassing the growth rate of one year earlier (1.2%), with an execution rate of 102%.

By chapters, the most important source of revenue of the CASS is social contributions, which add up to 209.3 million euros and represent 79.7% of total non-financial revenue. In 2015, they saw an increase, for the second consecutive financial year, of 2.4%, consolidating the rising trend started in the previous financial year, and leaving behind a period of several consecutive years of falls. This improvement is directly related to the increases in employment seen in 2014 and 2015 and reaffirms the change in trend towards an improvement in the economic situation and the labour market. It should be specified that the figure of 209.3 million euros includes the employers' contributions, the employees' contributions, the contributions from the self-employed and 9.7 million euros relating to settled contributions allocated to CASS financial benefits (retirement pensions and widows life pensions, permanent and temporary disability pensions).

CASS BUDGET SETTLEMENT - Million Euros



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

The second most important chapter in revenue for the CASS is current transfers from the central government, standing at 48.2 million euros, 18.4% of the total, after increasing 44.1% in 2015. Non-financial revenue from the CASS is completed by a small contribution from other taxes and revenue, which rose 71.6% in 2015, and investment income, which fell 8.9% to represent 1.1% and 0.9% of the total, respectively. Finally, it should be added that revenue from financial transactions increased 32.6% to 5.1 million euros in 2015.

7.3.2. Expenditure

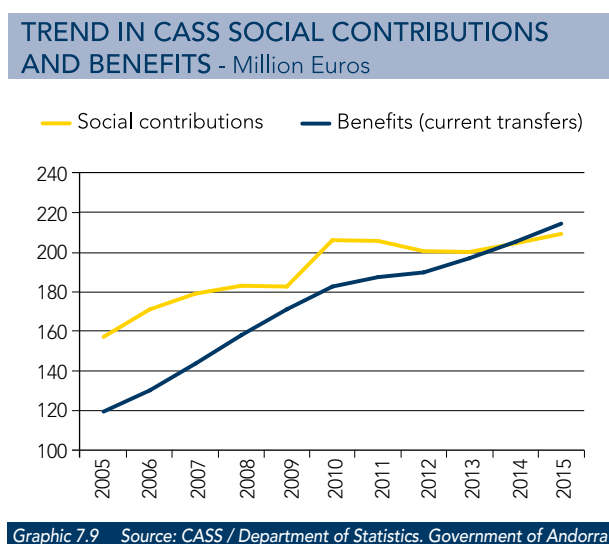
In 2015, non-financial expenditure settled by the CASS was a total of 221.9 million euros, a figure that represents an increase of 4.4%, similar to that of 2014 (4.5%), with a budget execution rate of 101%. Moreover, expenditure on financial transactions increased 38.7% to 43 million euros, the highest amount in the last three 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 214.4 million euros, 4.4% more than the previous year, a percentage of the total of 96.6%. It should be noted that this entry includes non-contributory benefits financed by the Government through a current transfer, for the amount of 5.7 million euros, and 7.1 million euros relating to the costs of contributions, charged to the CASS, generated by authorised financial benefits.

Altogether, it can be seen that expenditure on current transfers overtook revenue from contributions (209 million) for the second consecutive year and, moreover, the gap widened from 1 to 5 million euros, an imbalance

that, if uncorrected in the future, presents a risk to the long-term sustainability of the pension system. So, the surplus obtained by the CASS in 2015 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, which increased 5.3% and represent 2.2% of the total, and consumption of goods and services (0.9% of the total) which fell 3.1%. Investment costs are taken as is financial expenditure, as the CASS has no debt.



THE ANDORRAN ECONOMY: DEVELOPMENTS IN THE MAIN SECTORS

8. THE PRIMARY SECTOR

The primary sector is the activity with the smallest percentage of the Andorran economy. According to official GDP figures, its contribution to Andorran GVA stands at 0.5% and its profile has been falling over the last three years, with a fall in GVA of 4.9% in 2015, slower than the record downturn of 12.2% seen in the previous year. In this problematic context, it should be appreciated that farmers and livestock farmers are making efforts to introduce improvements, diversify production and acquire seals of quality, to tackle the strong foreign competition.

More specifically, in 2015, the number of employees in primary activities increased from 160 in 2014 to 164 in 2015, representing growth of 2.5%, after two years of consecutive falls. In contrast, in 2015 average monthly wages fell 2.1% to 1,405.55 euros, the lowest value since 2008. At the end of 2015, there were 238 businesses dedicated to the primary sector, three less than one year earlier. Equally, over time the network of businesses in the primary sector has grown considerably, from 131 businesses in 2009 to 238 in 2015. Most businesses have between 1 and 5 workers and only 10 businesses have 6 or more employees.

In 2015, 315 crop farms were registered, one more than in the previous year, but the total farmed surface area only increased 0.5%. The parish with most activity is still Sant Julià de Lòria, with 63 farms, while Escaldes-Engordany closes the ranks with only 30 farms.

Timewise, a gradual decline in the number of farms can be seen in the last five years: there were 359 farms in 2010 and 315 in 2015, but on the other hand, the total cultivated area has grown, from 20.5 km² to 21 km², meaning that the average farm size is progressively larger. By type of farm, the surface area dedicated to fallow, aromatic and medicinal plants, potatoes, fruit trees, raspberries and beetroot has shrunken significantly.

In 2015, the surface area for growing potatoes shrank slightly, as the expected results did not emerge. Due to these bad results and the strong foreign competition, the cooperative of producers and vendors of Andorran potatoes, Sabors I Aromes, closed in June 2016.

In 2015, vineyards occupied 85,443 m² of surface area, the same as in the previous year. Wine production may benefit in part from Andorra obtaining the seal of quality which is in the process of being acquired, the first step to obtaining the Protected Geographical Indication (IGP), a seal granted by the EU and currently only held by veal. The IGP will help to promote wine exports and obtain official aid and also provide a quality guarantee to customers.

In 2015, the tobacco harvest saw modest growth of 1.9% in relation to the previous year, very similar to 2014, which was 1.7%. This increase can basically be explained by the major increases in the harvest seen in Sant Julià de Lòria, which is recovering after the bad results of the previous year, and Encamp. In total, the volume produced, allowing for the quotas assigned to the growers, was 242,637 kg, 4,553 kg more than in the previous year. Sant Julià de Lòria is the parish where most was harvested, with 80,389 kg, followed by La Massana, Ordino and Andorra la Vella. In fact, the 2015 harvest was not marked by any incident at the time of planting or harvesting. The number of plants grown is as normal and hailstorms stayed at a similar or lower level as the previous season, despite spreading throughout Andorra.

Finally, the number of livestock fell 7.5% to 5,483 units, so absorbing a large part of the increase seen in the previous year, which was 9.8%. This downward trend

TOBACCO HARVEST BY PARISHES		
Kilogrammes		
	2015	Var. 15/14 (%)
Canillo	14,127.2	-10.8
Encamp	29,465.1	10.1
Ordino	31,671.8	-7.6
La Massana	45,539.6	0.2
Andorra la Vella	30,073.5	0.1
Sant Julià de Lòria	80,389.1	6.6
Escaldes-Engordany	11,370.2	10.2
Total	242,636.5	1.9

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

was the result of a reduction in sheep breeding and farming, falling 8.5% in relation to the previous year and reaching 3,015 heads, and also the reduction in horses (-20.2%) and goats (-16.3%). In contrast, the number of cattle increased 3.5% to 1,536 heads. It should be said that the process begun in October 2013 to market Andorran veal under the seal of quality “Carn de qualitat controlada d’Andorra” (Quality-controlled meat from Andorra) and the Protected Geographical Indication seal “Carn d’Andorra IGP” (Andorran Meat PGI) had a positive effect on the trend in the number of cattle in 2015.

After a two-year trial of breeding and fattening foals, horsemeat can already use the seal of quality. The Regulations relating to the use of the official seal

of quality “Carn de qualitat controlada d’Andorra” (Quality-controlled meat from Andorra) for the production of horsemeat on 11 February 2015 provides strong guarantees to horsemeat production. The certification processes of the Government or contracted businesses ensure that the animals, born in Andorra, are nursed by the mother for six months in open pastures (valley floors, clearings and mountains), fattened with concentrated feed specially formulated for the breeding conditions in Andorra and then slaughtered at the National Slaughterhouse. The animals are marketed in the Principality of Andorra to supply the national market, but also largely exported to countries with a greater tradition of eating horsemeat, such as Italy. In 2015, meat sales in Andorra were a success, as by the end of the year all the product had been sold.

9. INDUSTRY

In 2015, the change in trend in the industrial sector which began timidly in 2014 was confirmed, after years of serious crisis. According to the Government’s official data, in 2015 growth in GVA for manufacturing activities accelerated from 0.7% to 2.5%, a trend that increased its percentage of total GVA one tenth to 3.6%.

The improvement in industrial activities can also be seen in other indicators. In particular, the number of businesses in the secondary sector increased from 298 in December 2014 to 305 in December 2015, a figure that represents an increase of 2.3%. Equally, the total number of employees grew 2%, more than the 0.4% seen in 2014. However, the total number of employees is 1,591, a figure that is still 19.4% lower than that of 2006, the year in which the highest employment was achieved in the sector, with 1,973 employees. Finally, the average wages in the sector remain fairly contained since 2009 at a value slightly over 2,100 euros, with a wage increase of only 0.5% in 2015.

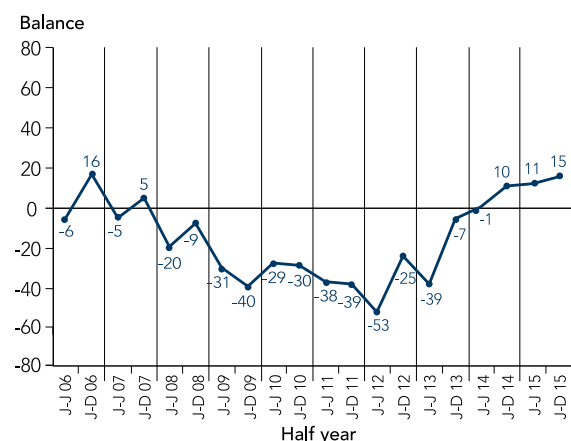
The results of the Chamber’s situation survey indicate that business activity in the industrial sector is gradually improving. The trend in this variable began to be positive in the second half of 2014 and since then, advanced progressively to reach the best result in the last nine years by the second half of 2015.

So, the major indicators of activity and confidence in the sector confirmed the change towards an overall trend of recovery. According to businesses’

opinions, business activity improved substantially, above all in the final part of 2015, to the point where it represented the highest positive balance since 2006. Specifically, in the second half of 2015, 31% of businesses evaluated the business situation as good, and only 16% of industries judged it negatively (the lowest percentage since 2006).

In the second half of 2015, production also increased, but at a slower rate than one year before, adding some uncertainty about the strength of the recovery. Along the same line, the level of production capacity utilisation saw an almost imperceptible increase to >

BUSINESS ACTIVITY - Industrial sector



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

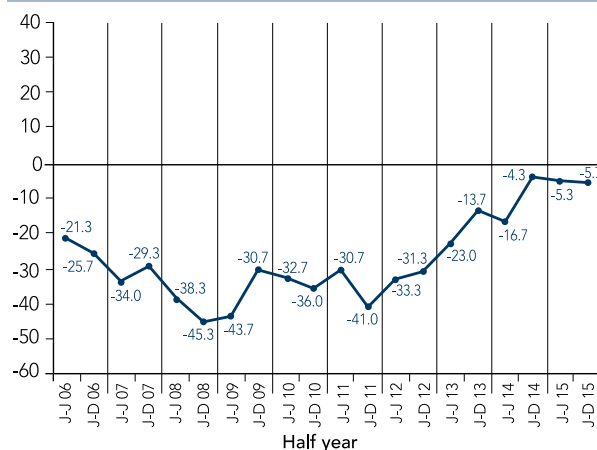
Graphic 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

reach an average of 65.2%, only two tenths higher than the level achieved one year earlier, and which, in historical terms, is still far from the levels before the crisis (close to 71% on average). The stocks of finished products were considered a little high for the time of year and the order book recovered slightly. Finally, sales prices followed a falling trend for the fifteenth consecutive half year, and in the second half year employment in the sector remained practically stable compared with one year before.

Business expectations for the first half of 2016 are not as optimistic as those of the two previous half years. In general terms, they confirm the continued recovery in the industrial sector but at a slower rate than expected months before, to a large extent due to the changing prospects in the international environment. According to businesses' opinions, the improvement in business will lose impetus and production will increase at a slower rate. Equally, the order book will continue to stagnate at low levels, in keeping with a certain stabilisation in the average

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

rate of production capacity utilisation, staying close to current values (65%). The trend in prices will remain very stable and, in general, no significant changes in contracting are expected.

BUSINESSES' OPINIONS ABOUT TRENDS IN INDUSTRY - % of businesses

		2013			2014			2015		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	12	22	17	20	27	23.5	26	31	28.5
	Normal	37	49	43	59	56	57.5	60	53	56.5
	Bad	51	29	40	21	17	19	15	16	15.5
	Balance	-39	-7	-23	-1	10	4.5	11	15	13
2. Orders (reviewed half year)	High	7	9	8	3	15	9	10	13	11.5
	Normal	36	39	37.5	43	45	44	50	57	53.5
	Low	57	52	54.5	53	40	46.5	40	30	35
	Balance	-50	-43	-46.5	-50	-25	-37.5	-30	-17	-23.5
3. Stocks of finished products (reviewed half year)	Excessive	8	6	7	5	10	7.5	10	6	8
	Adequate	48	49	48.5	57	34	45.5	45	46	45.5
	Insufficient	3	6	4.5	3	3	3	2	0	1
	No stocks	42	39	40.5	35	53	44	44	49	46.5
	Balance	5	0	2.5	2	7	4.5	8	6	7
4. Average production capacity utilisation (as %) (reviewed half year)		57.8	67.7	62.7	64.7	65.0	64.8	64.0	65.2	64.6
5. Production (compared with same half of previous year)	Higher	13	21	17	25	45	35	27	32	29.5
	Similar	39	31	35	46	28	37	53	44	48.5
	Lower	48	48	48	29	28	28.5	20	24	22
	Balance	-35	-27	-31	-4	17	6.5	7	8	7.5
6. Sales prices (compared with previous half year)	Higher	2	2	2	5	6	5.5	7	4	5.5
	Equal	68	81	74.5	65	79	72	77	78	77.5
	Lower	30	17	23.5	30	15	22.5	16	17	16.5
	Balance	-28	-15	-21.5	-25	-9	-17	-9	-13	-11
7. Number of employees (compared with previous half year)	More	9	9	9	10	16	13	8	10	9
	Equal	70	80	75	82	81	81.5	82	83	82.5
	Less	21	11	16	8	3	5.5	10	7	8.5
	Balance	-12	-2	-7	2	13	7.5	-2	3	0.5

Chart 9.1

Source: Chamber of Commerce, Industry and Services of Andorra

The industrial climate indicator, which measures confidence in the sector, also shows a certain dampening of businessmen's spirits in relation to future prospects. Specifically, this indicator fell four tenths in the second half of 2015 in relation to the preceding half year, and reached -5.7 points, the lowest value in the last three half years.

As for the obstacles that limit business activity, weak demand is still the factor most cited by businesses, with a frequency of 68%, but it loses some relevance in relation to the year before. Increased competition – mentioned by 40% of those surveyed – follows the same trend. In contrast, increased operating costs gained relevance, mentioned by 34% of businesses, converting it into the third most important factor, plus the shortage of qualified workforce, which is indicated by 29% of businesses and the fourth most important factor.

The tobacco industry maintained the falling trend started in the previous year in relation to employment and imports. The number of employees in this branch went from 264 in 2014 to 251 in 2015, representing a 4.6% reduction, the greatest loss of workers since 2007, adding to the 3.4% decline seen in the previous year. Tobacco imports also fell for the second consecutive year to 27 million euros in 2015, a figure that implies an 11.1% decline in relation to 2014. In contrast, the number of establishments remained at eight, the same as the previous year.

10. CONSTRUCTION AND RELATED INDUSTRIES

In 2015, the sector of construction and related industries showed the first signs of improvement after eight years of uninterrupted falls, although it advanced very slowly and is still at very low levels of activity. According to official GDP figures published by the Government, GVA in construction saw a variation of -0.2% in 2015, compared with the 4.8% decline in the previous year. As a result, the percentage of construction in total GVA stabilised at 5.8%, a figure that contrasts with the high of 12.6% achieved in 2006. Along the same line, it can be seen that in 2015, employment in the construction sector represented only 41% of the figure in 2006, and imports of building materials are still only 38% of those before the start of the crisis.

Now, figures for the construction sector in 2015 were positive for the first time in many years, if more

As for electricity, national production saw a major reduction in 2015, of -21.6% in relation to 2014, due above all to the steep fall in hydro-electric power production (-24.5%) from the shortage of accumulated snow. This trend was reflected in a drop in GVA in the basic industry (which basically includes the production and distribution of energy) of 10.5% in 2015, and a reduction in its economic weight, by two tenths to represent 1.5% of total GVA.

In contrast, thermal energy from urban waste increased 3.1%. On the other hand, domestic consumption saw an interannual increase of 1.7%, contrasting with the decline it saw in 2014 (-2%). In effect, consumption increased in all sectors except public administration and public lighting, due to the application of efficiency measures. As a result of the combination of a reduction in production and increase in consumption, electricity imports grew 7.4% in 2015.

Fuel consumption fell again. This meant that imports grew a mere 0.5%. By type, only imports of domestic heating oil increased (1.8%); diesel remained stable and petrol fell 0.3%. Equally, when the trend in other energies is added, specifically electricity, the result is that total energy consumption measured in TOE increased 1.1% against 2014, after two consecutive years of falls of 2% or more, a sign of improvement in global economic activity in the country.

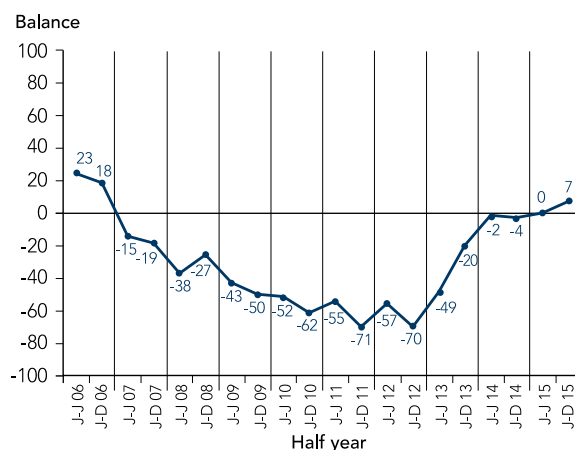
for public works and residential refurbishments than new works. On the one hand, the number of business establishments went from 795 in 2014 to 808 in 2015, representing an increase of 1.6%. Moreover, employment in the sector increased 0.9% to 2,758 employees, the first increase seen since 2006, and imports of building materials broke the negative trend of previous years with a 7.2% increase, accentuating the positive trend started in 2014, when a 2.5% increase was seen, the first since the start of the crisis. Electricity consumption also saw an upturn of 6.9% in relation to 2014, the first increase in nine years. In contrast, 429 projects were authorised in 2015, 97 less than in the previous year, although the authorised square metres for building increased 128%, after three consecutive years of decline. In effect, builders view the future of the new works sector quite >

negatively but hope that refurbishments might grow, incentivised by implementation of the Renova plan (aid to reform buildings).

The public sector favoured a slight recovery in works. Both the Government and the communes made greater real investments than in 2014. Specifically, real investments settled by the Government in 2015 reached practically 46 million euros, a figure that represents an increase of 14.2% compared with investment in 2014. The Government's aim was to maintain a level of public investment that would guarantee the preservation of jobs in the sector. Real investments by the communes also increased strongly (75.2%) to reach the figure of 18.3 million euros. By parish, the most important investment costs were in Andorra la Vella, with 4.9 million euros; in Encamp, with 4.5 million euros, and in Escaldes-Engordany, with 3.5 million euros. For 2016, future projects that could encourage the sector include the new Seat of Justice, the refurbishment works at schools, the Andorran high altitude sports medical centre (CRAMEA) at Sud Radio, and The Cloud building, among others.

The Chamber's situation surveys show that construction is the sector with the weakest trend, despite slowing its decline and showing more stable behaviour. However, the fact is that in 2015, business perceptions about business activity improved slightly, with a percentage of positive responses that exceeds negative responses for the first time since 2006, thanks to a certain impetus from reforms and refurbishments throughout the second half of 2015. Now, this upturn in activity was

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

weak and is still not enough to set a change in trend in the sector's activity. For now, most businessmen do not believe in a significant recovery in business over the next few months.

In the second half of 2015, the volume of executed works remained stable in relation to the previous half year, but there was a slight downturn in relation to the same months of the previous year, demonstrating the scarce activity in the segment of residential building, in which the construction of new builds is still almost paralysed. In parallel, businessmen's evaluations of the trend in contracts were the most negative in the last three quarters and anticipate a continued general downturn in activity in the next few months.

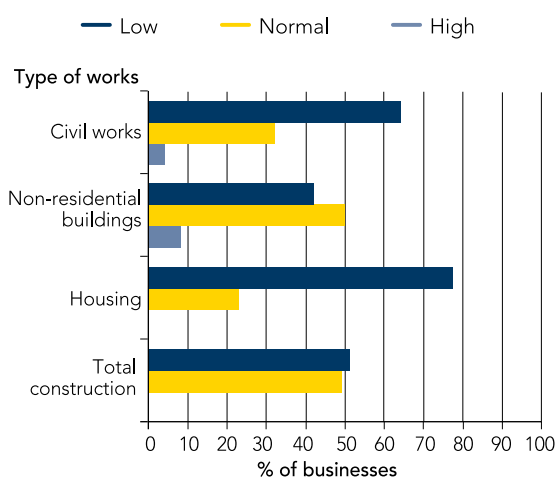
BUSINESSES' OPINIONS ABOUT TRENDS IN THE CONSTRUCTION SECTOR - % of businesses

		2013			2014			2015		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	7	13	10	20	19	19.5	15	24	19.5
	Normal	38	53	45.5	59	58	58.5	70	59	64.5
	Bad	56	33	44.5	22	23	22.5	15	17	16
	Balance	-49	-20	-34.5	-2	-4	-3	0	7	3.5
2. Volume of executed works (compared with same half of previous year)	Higher	5	24	14.5	28	42	35	32	29	30.5
	Equal	37	22	29.5	41	26	33.5	42	36	39
	Lower	58	54	56	31	33	32	26	36	31
	Balance	-53	-30	-41.5	-3	9	3	6	-7	-0.5
3. Contract unit prices (compared with previous half year)	Higher	0	2	1	5	0	2.5	0	2	1
	Equal	47	64	55.5	68	58	63	68	74	71
	Lower	53	34	43.5	27	42	34.5	33	24	28.5
	Balance	-53	-32	-42.5	-22	-42	-32	-33	-22	-27.5
4. Number of employees (compared with previous half year)	More	7	16	11.5	24	9	16.5	5	15	10
	Equal	58	71	64.5	59	72	65.5	82	75	78.5
	Less	36	13	24.5	17	19	18	13	10	11.5
	Balance	-29	3	-13	7	-10	-1.5	-8	5	-1.5

Chart 10.1

Source: Chamber of Commerce, Industry and Services of Andorra

CONTRACTED WORKS - Construction sector July-December 2015 half year



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

By type of construction, the persistence of an especially intense adjustment in the branch of residential building stands out, held down by the low dynamic in household spending. Moreover, the oversaturation of this segment of works still means a major accumulation of housing for sale, which also discourages a revival of activity in the short term. As for the other subsectors – non-residential buildings and civil works – the volume of contracted work still shows a depressed trend. In the field of civil works, activity is still slow but not as much as in previous years, in a context where the public infrastructure budgets are beginning to grow after a period of major austerity.

Finally, businesses indicated a more moderate fall in sales prices throughout 2015 and a slight increase in the number of employees in the sector, in keeping with the rising trend in employee statistics.

In the first half of 2016, the construction sector could worsen, after the incipient improvement seen in 2015. In general terms, businesses predict that business activity will tend to worsen and that the rate of fall in the volume of executed works will deepen, within the framework of minimal levels of activity.

The predictions of the volume of contracted work does not allow for optimism either. Specifically, pessimism increases about the prospect of momentum in the subsector of building, especially housing, where the volume of contracts will continue to fall steeply. Moreover, the predictions for execution of public works are also still unfavourable and show no sign of improvement. Finally, businesses anticipate that the decline in sales prices and reductions in numbers of employees will continue.

As for the factors that limit improvement in business, weak demand (cited by 79% of businesses) remains the main obstacle to activity, despite losing importance since the previous half year. With a much lower incidence is increased competition (cited by 50% of businesses) and finance and cash flow problems (indicated by 45%).

WORKS BY THE MINISTRY OF LAND PLANNING. Works awarded in 2015 or previous years and completed in 2015

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2016)
Ordino sports area	Ordino High Performance Centre, athletics building; phase IV. Proj. 0031/2012	DRAGASA	Jul-13	15 months	2,214,427.04 €	Completed
CG4; crossroads Erts - Pal	Improve CG4 at Pal. Proj. 0016/2011	DRAGASA	Dec-13	12 months	712,325.02 €	Completed
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
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 €	Completed
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
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 €	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
Stabilising banks	Recondition banks of road network - 2014. Proj. 0013/2014	TREPOSA	Sept-14	6 months	460,020.17 €	Completed
Avalanche & risk protection	Protection from rocks - area Col·legi Janer. Proj. 0026/2014	COPSA	Sept-14	26 weeks	825,194.52 €	Completed

Chart 10.2

Continued

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2016)
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 €	Completed
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	1,344,787.34 €	Completed
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; mines at Llorcs – left bank. Proj. 0012/2014	TP UNITAS ARMENGOL & MONTANÉ SAU	Nov-14	7 months	1,370,069.98 €	Completed
CG3; crossroads CS340 - El Serrat	Widen and straighten CG3, area before river Ferreroles. Proj. 0009/2014	TP LA COMA	Nov-14	8 months	1,418,114.30 €	Completed
Repairs, masonry, roads	CG2; Repair bridge at Torrent Pregó at PK 7+510 CG2. Proj. 0019/2014	CEACSA	Jan-15	5 weeks	227,140.85 €	Completed
Access improvements	Improve access to French school in Santa Coloma. Proj. 0055/2014	COANSA	Jan-15	10 weeks	94,629.93 €	Completed
Access improvements	Improve access to Janer school. Proj. 0052/2014	COANSA	Jan-15	10 weeks	96,410.51 €	Completed
Repairs, masonry, roads	Repair Escalls bridge, PK.2 CG 3.A. Proj. 0020/2014	PROGEC	Jan-15	12 weeks	284,819.72 €	Completed
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 from Pas de la Casa. Proj. 0007/2011	PROGEC	Jan-15	22 weeks	1,066,157.92 €	Completed
Protection streams and rivers	Channelling Gran Valira river - Prat Salit bridge; phase IIIB. Proj. 0015/2009	CONSTRUCCIONS MODERNES	Jan-15	25 weeks	832,023.48 €	Completed
Public buildings	Administrative outbuildings Edifici de les Boigues; phase II. Proj. 0044/2014	CONSTRUCCIONS PURROY	Jan-15	6 months	563,263.01 €	Completed
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
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 €	Completed
Schools	Improve façade of Sant Julià de Lòria schools. Proj. 0022/2015	LOCUBSA	June-15	6 weeks	121,027.09 €	Completed
Schools	Toilets at French school in La Massana. Proj. 0025/2015	CONSTRUCCIONS ROCA	June-15	6 weeks	175,611.18 €	Completed
Repairs, masonry, roads	Various maintenance on CS at Montaup; phase II. Proj. 0048/2014	CEACSA	June-15	4 months	248,480.25 €	Completed
Protection streams and rivers	Channelling river Valira, in area of French Lycee. Proj. 0024/2015	TP UNITAS ARMENGOL & MONTANÉ SAU	June-15	22 weeks	911,620.51 €	Completed
Access improvements	Access to National Stadium. Proj. 0021/2015	CONSTRUCCIONS MODERNES	Jul-15	6 weeks	29,033.41 €	Completed
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 €	Completed
CENATRA, multipurpose priority lane (CPM) and tunnels	Supply, instal and put into operation the video-mosaic at the National Traffic Centre	INTECOM	Jul-15	3 months	128,961.57 €	Completed
Road signposting	New installation of crash barrier on CG & CS - 2015. Proj. 1607	PROGEC	Jul-15	6 months	69,518.46 €	Completed
Public buildings	Fit out showers for cells at the Prison. Proj. 1617	COANSA	Aug-15	8 weeks	61,642.59 €	Completed
Isolated functional road network improvements	Installation of totem on French border at Pas de la Casa. Proj. 0045/2015	CONSTRUCCIONS PURROY	Sept-15	4 weeks	21,956.00 €	Completed
Public buildings	Fit out Gambling Bureau. Proj. 0054/2015	EMPUB	Sept-15	4 weeks	23,654.34 €	Completed
School, sports & other infrastructure	Installation of sports surface at high performance centre. Proj. 1630	AUXINI	Oct-15	8 weeks	148,127.92 €	Completed

Chart 10.2

Source: Ministry of Land Planning, Government of Andorra

WORKS BY THE MINISTRY OF LAND PLANNING.

Works awarded in 2015 or preceding years, completed or in progress in 2016

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2016)
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 €	<i>In progress</i>
Construction (sewers)	North-east sewer, Bordes Envalira - Soldeu; phase I. Proj. 0053/2007	CEACSA	Oct-12	11 months	805,186.06 €	<i>In progress</i>
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 €	<i>In progress</i>
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 €	<i>In progress</i>
Repairs, masonry, roads	Improve CG2, in area of Lloset d'Encamp. Proj. 0057/2013	PROGEC	Jan-14	6 months	263,462.30 €	<i>In progress</i>
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	952,328.86 €	<i>In progress</i>
CG2; c/Unió – Tosca bridge roundabout	Roundabout on CG2 -c/ Ciutat Sabadell. Proj. 0042/2013	CONSTRUCCIONS MODERNES	Jan-14	12 months	1,356,778.40 €	<i>In progress</i>
New Canillo school	Extension to Canillo school. Proj. 0013/2013	PROGEC	Sept-14	20 months	4,788,904.92 €	<i>In progress</i>
Prat del Rull roads	Development road - Prat del Rull unit. Proj. 0036/2014	COPSA	Oct-14	10 months	2,270,465.03 €	<i>In progress</i>
CG2; Ransol - Soldeu	Widen CG2 and build roundabout with CS at Ransol. Proj. 0028/2014	CEVALLS	Oct-14	12 months	2,263,009.70 €	<i>In progress</i>
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 €	<i>In progress</i>
CG2; Ransol - Soldeu	Widen CG2; Tarter - Roc Sant Miquel, 3rd sector. Proj. 0046/2012	CEVALLS	Oct-14	18 months	2,082,072.99 €	<i>In progress</i>
CG3; crossroads CS340 - El Serrat	Widen and straighten CG3, river Posa - Arans. Proj. 0007/2014	TP COMESA	Nov-14	6 months	668,482.90 €	<i>In progress</i>
CG1; La Margineda bridge – frontier & access	Modification gradient CG1, PK9+380. Proj. 0063/2014	TP UNITAS ARMENGOL & MONTANÉ SAU - COPSA	Feb-15	45 weeks	3,006,356.11 €	<i>In progress</i>
La Massana Health Centre	La Massana First Aid Centre. Proj. 0073/2014	CONSTRUCCIONS ROCA	May-15	14 weeks	267,662.65 €	<i>Completed</i>
Resurfacing CG, CS & streets	Resurfacing CG, CS & streets. Proj. 0047/2014	PAVAND	May-15	9 months	3,999,283.83 €	<i>Completed</i>
Repairs, masonry, roads	CS340; Coll d'Ordino, phase II. Proj. 0075/2014	PROGEC	June-15	3 months	344,754.89 €	<i>Completed</i>
Public buildings	Reform Fire Station. Proj. 0003/2015	COANSA	Sept-15	10 weeks	109,858.07 €	<i>Completed</i>
Public buildings	Redistribute and adapt various areas on second floor of Government administrative building. Proj. 0048/2015	SIMCO	Oct-15	4 weeks	76,887.32 €	<i>Completed</i>
Periodical works to tunnels	Impermeabilise, drain and improve civil works of Pont Pla tunnel and evacuation tunnel. Proj. 0043/2014	LOCUBSA	Nov-15	6 weeks	96,515.17 €	<i>Completed</i>
Isolated functional road network improvements	Creation of access ramp and enclosure of plot under bypass viaduct at Encamp. Proj. 0058/2015	PROGEC	Dec-15	5 weeks	62,773.25 €	<i>Completed</i>
“Camins rals” (ancient highways)	Stabilise section of camí ral under old bridge at Anyós. Proj. 0069/2015	DESPLOM	Jan-16	4 weeks	20,718.68 €	<i>Completed</i>
Isolated functional road network improvements	Maintenance of CS at Aixàs. Proj. 0001/2014	CONSTRUCCIONS MODERNES	Jan-16	5 weeks	78,143.37 €	<i>Completed</i>
Repairs, masonry, roads	Arranging river Llumeneres. Floods on 21 July 2015 in Sant Julià de Lòria. Proj. 0065/2015	COPITRAN	Jan-16	8 weeks	76,006.64 €	<i>Completed</i>
Avalanche & risk protection	Protection from falling rocks on CG2, area of La Trava; phase I. Proj. 0037/2015	INACCÉS	Jan-16	12 weeks	209,929.02 €	<i>Completed</i>

Chart 10.3

Source: Ministry of Land Planning. Government of Andorra

WORKS BY THE MINISTRY OF LAND PLANNING.
Works awarded in 2016, completed or in progress in 2016

Budget project name	Description of works	Company	Contract start date	Term	Cost	Current state (July 2016)
Repairs, masonry, roads	Emergency Works relating to the stability of a wall in the area of Vilars road	TP UNITAS ARMENGOL & MONTANÉ SAU	March-16	2 weeks	9,451.29 €	Completed
Repairs, masonry, roads	Repair Stone wall on COEX plot at Tàpia tunnel. Proj. 0071/2015	TP COMESA	May-16	4 weeks	20,080.56 €	In progress
Repairs, masonry, roads	Maintenance of CS to Arcalis. Proj. 0003/2014	COPSA	May-16	6 weeks	158,154.74 €	In progress
Surfacing of CG, CS & streets	Surfacing of CG, CS & streets - 2016. Proj. 0051/2015	PAVAND	May-16	12 months	4,499,701.27 €	In progress
Repairs, masonry, roads	Stone wall in area of Vilars, near PK 0+500. PB. 1679	TP COMESA	June-16	4 weeks	20,287.94 €	In progress
Road maintenance	Replacing structural joints of CG & CS roads - 2016. Proj. 0016/2016	PROGEC	June-16	2 months	85,491.28 €	In progress
Cats home	Fitting out cats home at Borda Vidal. Proj. 0052/2015	AUXINI	June-16	9 weeks	146,868.01 €	In progress
Conservation of heritage buildings	Maintenance and repair Works on Church of Sant Vicenç d'Enclar. Proj. 0010/2015	EMPUB	June-16	12 weeks	53,620.42 €	In progress
National Bus Station / public buildings	National Bus Station. Proj. 0007/2016	UTE COANSA / PIDASA SERVEIS	June-16	20 weeks	1,110,862.28 €	In progress
CG1; Margineda bridge – frontier & access	Bicycle lane and adapting edges of CG1, section 1. Proj. 0011/2016	PROGEC	June-16	6.5 months	599,782.03 €	In progress
CG1; Margineda bridge – frontier & access	Bicycle lane and adapting edges of CG1, section 2. Proj. 0017/2016	CONSTRUCCIONS MODERNES	June-16	6.5 months	76,458.64 €	In progress
Public buildings	Refurbishment of façades of Pas de la Casa school. Proj. 0022/2016	CEVALLS	June-16	12 months	555,041.76 €	In progress
CG3; Pont de la Tosca roundabout - crossroads CS300	Recondition CG3, PK 2+200. Proj. 0003/2016	CONSTRUCCIONS MODERNES	Jul-16	3 weeks	34,526.49 €	In progress
CG2; Soldeu - Pas de la Casa & access	Reconditioning at Els Belgues on CG2. Proj. 0009/2016	TP UNITAS ARMENGOL & MONTANÉ SAU	Jul-16	4 weeks	60,354.88 €	In progress
Schools	Reform toilets at schools in c/Fiter i Rossell. Proj. 0020/2016	LOCUBSA	Jul-16	6 weeks	183,146.93 €	In progress
Schools	Adapt interior areas of French school in Encamp. Proj. 0029/2016	EMPUB	Jul-16	6 weeks	64,550.53 €	In progress
Access improvements	Access improvements at Andorran School in Sant Julià de Lòria. Proj. 0013/2016	LOCUBSA	Jul-16	8 weeks	187,700.81 €	In progress
CG3; crossroads CS340 - El Serrat	Improve CG3 - CS350 to Sornàs. Proj. 0008/2016	TP LA COMA	Jul-16	8 weeks	225,946.06 €	In progress
Repairs, masonry, roads	Maintenance work on CG2, area of Bordes d'Envalira to Cap del Port; phase I. Proj. 0068/2015	TP UNITAS ARMENGOL & MONTANÉ SAU	Jul-16	9 weeks	166,507.36 €	In progress
CG2; roundabout Mirador d'Encamp – Molleres bridge	Creation of pavement on left side of CG2, area of Lloset – Pregó stream. Proj. 0021/2014	PROGEC	Jul-16	12 weeks	218,214.40 €	In progress
Repairs, masonry, roads	Various maintenance on road to Montaup; phase III, PK 8+560-8+750. Proj. 0050/2014	TP UNITAS ARMENGOL & MONTANÉ SAU	Jul-16	12 weeks	158,793.42 €	In progress
Stabilising banks	Restore three Banks on Envalira road. Proj. 0095/2015	INACCÉS	Jul-16	3 months	164,796.53 €	In progress
Repairs, masonry, roads	Actions on CS340 to Coll d'Ordino; phase III. Proj. 0005/2016	LOCUBSA	Jul-16	3 months	189,158.05 €	In progress
CG3; crossroads CS340 - El Serrat	Widen and straighten CG3 at Arans section to Cresp, PK 12+050. Proj. 0013/2015	TP UNITAS ARMENGOL & MONTANÉ SAU	Jul-16	25 weeks	978,604.68 €	In progress

Chart 10.4

Source: Ministry of Land Planning. Government of Andorra

WORKS BY THE MINISTRY OF LAND PLANNING.
Works planned to start in 2016

	Budget project name	Description of works
Canillo	Avalanche & risk protection	Protection from falling rocks on CG2, in area of La Trava; phase II
	Protection geological risks	Stabilisation at foot of movement at Forn de Canillo
Encamp	Incidental functional improvements to road network	Improvement of frontier urban scenery at Pas de la Casa
Ordino	Avalanche & risk protection	Protection on CG3 - area of Vilaró; phase II
	CG3; crossroads CS340 - El Serrat	CG3; roundabout from Les Salines to El Serrat
La Massana	Repairs, masonry, roads	Repair & protection of overpass west mouth of Dos Valires tunnel
	Repairs, masonry, roads	Stabilisation of platform CS310 PK 4+250-4+350/4+820-4+860-Anyós-Beixalis
	Repairs, masonry, roads	Consolidation & stabilisation of platform CS310 PK 4+650-4+750-Anyós-Beixalis
	CG3; crossroads CS300 - Montaner bridge	Bicycle lane/pavements CG3 - exit Escaldes & Ordino, sector Sant Antoni tunnels
Andorra la Vella	Public buildings	Demolition works Casa del Benefici
	New Seat of Justice	New Seat of Justice at Baixada del Molí
	Communication Plaça del Poble - Consell	Walkway from Plaça del Poble to Consell General & old town
	Avalanche & risk protection	Protection from falling rocks at La Solana in Andorra la Vella
Sant Julià de Lòria	Avalanche & risk protection	Install dynamic barriers on CG6, section 1; phase III
	Repairs, masonry, roads	Actions on CS310 - La Rabassa road; phase I
	Repairs, masonry, roads	Actions on CS131 - Peguera road; phase I
	Stream & river protection	Improvement rivers of Aubinyà, Llumeneres & Aixirivall
	Repairs, masonry, roads	Actions on La Rabassa road -CS130
	Repairs, masonry, roads	Actions on Peguera road -CS131
	Repairs, masonry, roads	Actions on Fontaneda road -CS140
Escaldes-Engordany	Incidental functional improvements to road network	Condition south mouth of Pont Pla tunnel
Miscellaneous	Stabilisation of banks	Treating banks on road network -2016
	Road signs	Painting railings for protection of pedestrians on road network -2016
	Chronic sub-acute centre	Mental chronic sub-acute centre
	Repairs, masonry, roads	Stabilisation road platform
	Road signs	Install crash barrier CG/CS -2016

Chart 10.5

Source: Ministry of Land Planning. Government of Andorra

11. SERVICES

The service sector is the nucleus of the Andorran economy since it concentrates 88.7% of the economy's total GVA and 87.4% of employees. The latter percentage is the highest in the available historical series. In 2015, the improvement in the tourism situation helped the service branches most directly related to tourism to recover – commerce, hotels, catering, etc. – although the yearly balance is unequal by subsectors.

In December 2015, the number of businesses in the service sector was 6,497, 7.1% more than there were one year earlier. From a subsectoral point of view, the bulk of the business system is concentrated in the branches of commerce and vehicle repairs (1,892 businesses) and real estate activities and business services (1,695 businesses). As for employment in the sector, employees also increased at a rate of 1.7%, five tenths more than in the previous year. In total, the number of employees in the services sector is 31,415, of which 8,667 are working in commerce, 4,553 in hotels and catering, 4,358 in real estate activities and business services, and 4,405 in public administration. Overall, these four subsectors concentrate 70% of total employees in services. In 2015, the most notable growth in employment was in the finance sector (7.1%), real estate activities and business services (5.1%), and in health and veterinary activities (5.0%). In contrast, the number of employees saw slight falls in transport (-0.7%) and public administration (-0.3%). In commerce, the number of employees remained practically stable. Finally, monthly wages for the whole of the services sector fell 3.4% on average, although this trend was preceded by a 3.2% increase in 2014, so the current level is equivalent to that of 2010.

11.1. Commerce

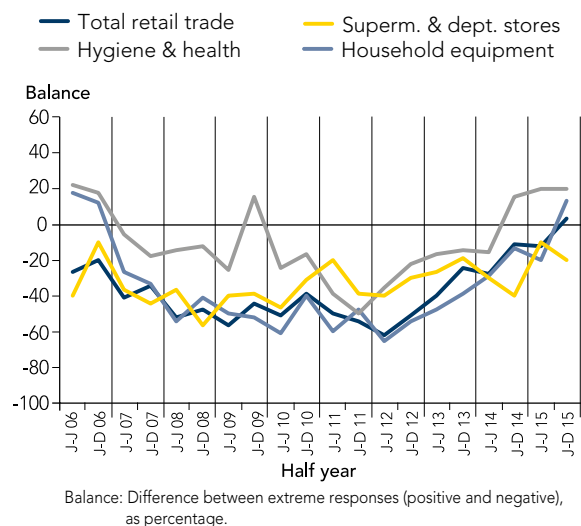
The commercial sector is key to the national economy, with 16.4% of total GVA. The trend in this sector over the last seven years was marked by the crisis and falling activity, but in 2015 the sector regained growth at a nominal rate which, according to official Government data, was 4.3%. Andorra is a shopping destination, the proof being that this is the main reason for visiting the country, although it is true that 84% of tourists would still come to the Principality because they consider that the country offers other attractions.

So, sales in the sector depend greatly on the influx of foreign visitors, which saw an increase in 2015, for the second consecutive year, but gentler than in the previous year. Specifically, the total, annual number of non-resident visitors increased 0.7%, compared with 1.6% in 2014. On this subject should be mentioned the positive impact that the introduction of payment through PayPal could have on commerce, and also other operators with whom negotiations have been underway for some time, to stimulate e-commerce activities in the Principality.

In 2015, the main indicators of the commercial sector confirm the start of a recovery, if still weak. So, employment in the sector remained practically stable, electricity consumption in the distribution sector increased by a modest 0.6% and average wages grew 0.5%. Moreover, the number of establishments increased 5.5% (146 more establishments) and imports of goods, a good indicator of commercial activity, also showed generally favourable behaviour, but not as much as in the previous year.

In this context, in March 2016 the first diagnosis by the Strategic Plan on shopping tourism was presented, which aims to reposition national commerce. Among the aspects to be improved, the report mentioned the lack of benchmark brands; the mix of cheap and luxury shops; the need to improve the image of some shops and the lack of professionalism among employees in the commercial sector. Among the strong points in the commercial sector are notably the consistent

BUSINESS ACTIVITY - Retail trade



Graphic 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

concentration of shops covering all kinds of segments; the specialisations, especially in the sectors of sport, motorcycles and pharmacies; the shopping centres, department stores and large shops offering attractive facilities; the shops with ample stock and also the cross-border shopping. Other positive aspects are that Andorra's image is associated with shopping and that it is a very safe country. Moreover, a large number of sporting events are organised and the country has attractions such as Caldea-Inúu, Naturlàndia, Grandvalira and Vallnord, which draw tourists. Once this first analysis was made, the shop owners who replied to the personalised interviews took part in a working day to calculate the first actions to be taken, a stage that will already form part of the second phase of the Strategic Plan.

According to the Chamber's survey, the situation of retail trade tended to improve in the last part of 2015 and showed the first signs of stabilisation. So, the survey marks a turning point in the trend of steep declines which accumulated since 2005. However, it should be said that this improvement in activity was largely a result of the success of the sales and promotion campaigns organised towards the end of the year – such as the Andorra Shopping Festival, Vivand, Black Friday and the traditional sales.

According to the results of the second half of 2015, business activity saw the first positive balance since 2003.

By subsectors, the business situation was only considered unfavourable in supermarkets and >

BUSINESSES' OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of businesses										
1. Business activity (reviewed half year)		2013			2014			2015		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Good	10	13	11.5	12	17	14.5	16	25	20.5
	Normal	40	50	45	47	56	51.5	56	53	54.5
	Bad	50	37	43.5	40	28	34	28	22	25
	Balance	-40	-24	-32	-28	-11	-19.5	-12	3	-4.5
Food	Good	11	11	11	12	19	15.5	12	29	20.5
	Normal	46	50	48	49	59	54	58	46	52
	Bad	43	39	41	39	22	30.5	30	26	28
	Balance	-32	-28	-30	-27	-3	-15	-18	3	-7.5
Clothing & footwear	Good	2	11	6.5	3	12	7.5	9	16	12.5
	Normal	38	42	40	49	50	49.5	59	54	56.5
	Bad	60	47	53.5	49	38	43.5	32	30	31
	Balance	-58	-36	-47	-46	-26	-36	-23	-14	-18.5
Household equipment	Good	9	4	6.5	19	17	18	15	26	20.5
	Normal	35	54	44.5	32	53	42.5	50	61	55.5
	Bad	56	43	49.5	48	30	39	35	13	24
	Balance	-47	-39	-43	-29	-13	-21	-20	13	-3.5
Hygiene & health	Good	12	18	15	11	25	18	20	35	27.5
	Normal	60	50	55	63	65	64	80	50	65
	Bad	28	32	30	26	10	18	0	15	7.5
	Balance	-16	-14	-15	-15	15	0	20	20	20
Electronics	Good	23	0	11.5	7	29	18	0	14	7
	Normal	31	79	55	50	21	35.5	71	71	71
	Bad	46	21	33.5	43	50	46.5	29	14	21.5
	Balance	-23	-21	-22	-36	-21	-28.5	-29	0	-14.5
Vehicles & accessories	Good	7	9	8	17	15	16	16	13	14.5
	Normal	41	57	49	30	62	46	56	61	58.5
	Bad	52	35	43.5	52	23	37.5	28	26	27
	Balance	-45	-26	-35.5	-35	-8	-21.5	-12	-13	-12.5
Other trades	Good	11	19	15	16	15	15.5	22	30	26
	Normal	33	50	41.5	50	62	56	49	51	50
	Bad	56	31	43.5	34	23	28.5	29	19	24
	Balance	-45	-12	-28.5	-18	-8	-13	-7	11	2
Supermarkets & department stores	Good	7	27	17	0	10	5	20	30	25
	Normal	60	27	43.5	70	40	55	50	20	35
	Bad	33	46	39.5	30	50	40	30	50	40
	Balance	-26	-19	-22.5	-30	-40	-35	-10	-20	-15

Chart 11.1

Source: Chamber of Commerce, Industry and Services of Andorra

department stores, clothing and footwear shops, and vehicle and accessories establishments; in the other branches, an improvement in activity was the main thread. With good results were notably the branch of health and hygiene which, with a comparatively more positive business climate, reasserts its position as the most dynamic commercial activity.

On the other hand, sales figures have much improved in the second half compared to the first, when the fall was significant. Moreover, as a novelty, the second half broke with the trend of steep declines in previous years and also in interannual terms and maintained a more stable line. By subsectors, the best levels of sales in the second half of the year were again seen in the branch of hygiene and health, which was the only sector which

saw a clearly upward trend. In contrast, the decline in sales figures continued to be significant in the branch of electronics, and in supermarkets and department stores, and also in this half year, in the subsector of vehicles and accessories, which can be explained by the fact that public grants for buying vehicles ended in August. As for the other areas of commerce, in general terms a similar volume of turnover to the year before was maintained, even in the case of clothing and footwear in which, for the first time since 2001, sales stopped falling steeply and stabilised.

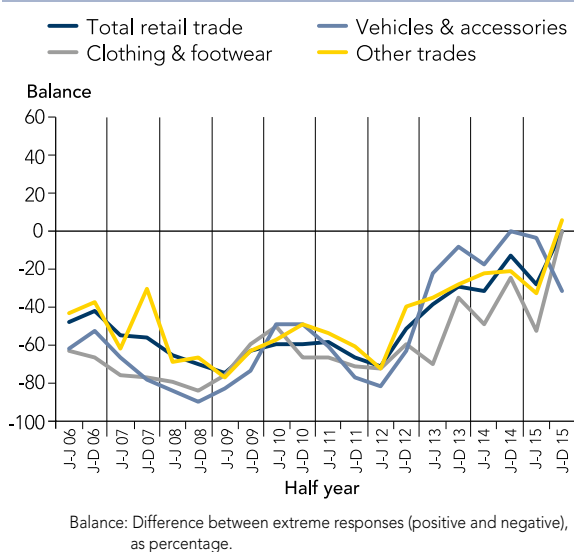
Finally, the Chamber's situation survey demonstrates that the level of stocks was still low, above all in the branch of electronics, but on the other hand, was quite high in the branch of clothing and footwear.

BUSINESSES' OPINIONS ABOUT TRENDS IN THE RETAIL TRADE - % of businesses										
2. Sales figures (reviewed half year compared with same half year of previous year)										
		2013			2014			2015		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
Total retail trade	Higher	16	18	17	16	27	21.5	17	30	23.5
	Similar	29	33	31	36	33	34.5	37	39	38
	Lower	55	48	51.5	48	40	44	46	31	38.5
	Balance	-39	-30	-34.5	-32	-13	-22.5	-29	-1	-15
Food	Higher	9	14	11.5	22	36	29	13	29	21
	Similar	45	40	42.5	19	29	24	35	38	36.5
	Lower	45	46	45.5	59	36	47.5	52	32	42
	Balance	-36	-32	-34	-37	0	-18.5	-39	-3	-21
Clothing & footwear	Higher	3	18	10.5	11	22	16.5	13	26	19.5
	Similar	24	29	26.5	28	31	29.5	22	49	35.5
	Lower	73	53	63	61	47	54	66	26	46
	Balance	-70	-35	-52.5	-50	-25	-37.5	-53	0	-26.5
Household equipment	Higher	21	11	16	17	25	21	25	27	26
	Similar	24	33	28.5	30	50	40	41	53	47
	Lower	56	56	56	53	25	39	34	20	27
	Balance	-35	-45	-40	-36	0	-18	-9	7	-1
Hygiene & health	Higher	8	14	11	6	29	17.5	25	45	35
	Similar	40	48	44	61	41	51	55	35	45
	Lower	52	38	45	33	29	31	20	20	20
	Balance	-44	-24	-34	-27	0	-13.5	5	25	15
Electronics	Higher	31	14	22.5	7	29	18	0	29	14.5
	Similar	8	43	25.5	57	7	32	36	21	28.5
	Lower	62	43	52.5	36	64	50	64	50	57
	Balance	-31	-29	-30	-29	-35	-32	-64	-21	-42.5
Vehicles & accessories	Higher	23	32	27.5	23	36	29.5	23	23	23
	Similar	31	27	29	36	28	32	50	23	36.5
	Lower	46	41	43.5	41	36	38.5	27	55	41
	Balance	-23	-9	-16	-18	0	-9	-4	-32	-18
Other trades	Higher	19	20	19.5	21	23	22	17	31	24
	Similar	27	31	29	35	33	34	33	43	38
	Lower	54	48	51	44	44	44	50	26	38
	Balance	-35	-28	-31.5	-23	-21	-22	-33	5	-14
Supermarkets & department stores	Higher	27	27	27	10	0	5	20	30	25
	Similar	27	9	18	60	50	55	40	10	25
	Lower	47	64	55.5	30	50	40	40	60	50
	Balance	-20	-37	-28.5	-20	-50	-35	-20	-30	-25

Chart 11.2

Source: Chamber of Commerce, Industry and Services of Andorra

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



Graphic 11.2

Source: Chamber of Commerce, Industry and Services of Andorra

Businesses' prospects for the first half of 2016 maintain a positive tone but with a very moderate profile, in line with levels of activity which are expected to be still quite modest. Specifically, businesses expect a certain improvement in business activity, stronger than in the branches of hygiene and health, electronics and vehicles and accessories, and also a somewhat stable trend in sales figures. Sales prices hardly varied throughout the commercial sector. As for employment, only a slight increase in the number of workers is expected in the branches of hygiene and health, household equipment and department stores.

As for the factors impeding improvement in business, weak demand becomes less relevant as an obstacle to activity, as the incidence fell to 61%, the lowest percentage seen since 2005. Nevertheless, it remains the obstacle most cited by businesses, more than the attractiveness of the area (mentioned by 45% of shops) and increased competition (cited by 40%).

On the other hand, the number of employees in the sector remained quite stable in the second half, and in relation to prices shops continued to apply reductions to encourage consumption.

As indicated, one of the best indicators of the trend is the behaviour of imports of goods, because they form a major part of Andorran commerce. Together, imports >

IMPORTS - Thousand of euros

	2009	2010	2011	2012	2013	2014	2015
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	62,292.50	58,938.71	59,202.68	59,041.00	58,458.78	60,685.43	60,935.81
Section II (Chapters 06-14) Vegetable products	22,086.99	24,550.12	23,114.51	22,875.64	23,396.37	21,235.68	24,058.74
Section III (Chapter 15) Fats and oils	4,705.33	4,433.04	4,774.08	4,638.52	4,721.19	4,987.23	4,889.75
Section IV (Chapters 16-24) Food products, beverages and tobacco	161,643.56	169,684.66	175,159.31	174,055.52	181,341.30	188,395.79	186,300.38
Section V (Chapters 25-27) Mineral products	107,659.88	125,843.14	149,746.50	160,880.80	147,415.13	132,439.37	109,834.80
Section VI (Chapters 28-38) Products of the chemical industries	140,148.97	137,246.13	143,899.79	125,002.12	127,762.54	136,751.70	145,072.70
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	26,845.80	26,047.78	25,211.62	24,590.66	25,376.13	25,819.29	26,985.39
Section VIII (Chapters 41-43) Furs, leather and articles thereof	15,747.06	16,059.17	16,623.16	14,952.35	15,152.34	16,597.90	15,399.52
Section IX (Chapters 44-46) Wood, cork and articles thereof	9,977.31	8,677.57	6,993.47	5,963.84	6,526.35	7,833.97	7,794.31
Section X (Chapters 47-49) Paper and graphic arts	23,081.88	27,696.63	27,335.26	25,363.32	25,562.11	25,203.48	26,352.34
Section XI (Chapters 50-63) Textiles and articles thereof	118,679.00	118,550.73	115,891.13	104,774.84	102,324.69	106,758.34	104,725.36
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	34,719.08	37,347.24	37,068.72	30,969.05	31,891.29	35,870.40	34,823.52
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	18,045.33	16,813.56	13,971.02	13,107.31	10,742.98	11,784.73	13,306.71
Section XIV (Chapter 71) Pearls, precious stones and metals	10,910.72	10,382.63	11,478.72	8,291.36	22,368.39	28,563.49	16,878.83
Section XV (Chapters 72-83) Base metals and articles thereof	44,674.93	39,728.11	35,041.24	30,510.42	29,832.59	29,740.21	30,593.62
Section XVI (Chapters 84-85) Machinery and electrical equipment	166,884.28	147,052.57	136,569.72	137,206.61	140,546.46	134,769.56	141,102.91
Section XVII (Chapters 86-89) Transport material	80,577.67	85,798.64	83,364.96	69,274.69	81,555.53	106,535.48	118,561.04
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	40,621.95	43,659.74	44,985.09	45,148.11	46,467.32	48,731.41	49,555.80
Section XIX (Chapter 93) Arms and ammunition	1,146.51	986.01	965.35	1,065.85	923.15	832.57	845.60
Section XX (Chapters 94-96) Miscellaneous manufactured articles	60,585.93	59,431.39	51,834.35	43,585.85	42,914.70	49,695.84	47,830.70
Section XXI (Chapters 97-99) Works of art, antiques	2,025.77	654.47	1,123.68	1,383.17	2,767.57	1,813.97	2,689.54
Total	1,153,060.44	1,159,582.05	1,164,354.37	1,102,681.01	1,128,046.90	1,175,045.84	1,168,537.37

Chart 11.3

Source: Department of Tax and Frontiers. Government of Andorra

STRUCTURE OF IMPORTS - %							
	2009	2010	2011	2012	2013	2014	2015
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	5.4	5.1	5.1	5.4	5.2	5.2	5.2
Section II (Chapters 06-14) Vegetable products	1.9	2.1	2.0	2.1	2.1	1.8	2.1
Section III (Chapter 15) Fats and oils	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Section IV (Chapters 16-24) Food products, beverages and tobacco	14.0	14.6	15.0	15.8	16.1	16.0	15.9
Section V (Chapters 25-27) Mineral products	9.3	10.9	12.9	14.6	13.1	11.3	9.4
Section VI (Chapters 28-38) Products of the chemical industries	12.2	11.8	12.4	11.3	11.3	11.6	12.4
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	2.3	2.2	2.2	2.2	2.2	2.2	2.3
Section VIII (Chapters 41-43) Furs, leather and articles thereof	1.4	1.4	1.4	1.4	1.3	1.4	1.3
Section IX (Chapters 44-46) Wood, cork and articles thereof	0.9	0.7	0.6	0.5	0.6	0.7	0.7
Section X (Chapters 47-49) Paper and graphic arts	2.0	2.4	2.3	2.3	2.3	2.1	2.3
Section XI (Chapters 50-63) Textiles and articles thereof	10.3	10.2	10.0	9.5	9.1	9.1	9.0
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	3.0	3.2	3.2	2.8	2.8	3.1	3.0
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	1.6	1.4	1.2	1.2	1.0	1.0	1.1
Section XIV (Chapter 71) Pearls, precious stones and metals	0.9	0.9	1.0	0.8	2.0	2.4	1.4
Section XV (Chapters 72-83) Base metals and articles thereof	3.9	3.4	3.0	2.8	2.6	2.5	2.6
Section XVI (Chapters 84-85) Machinery and electrical equipment	14.5	12.7	11.7	12.4	12.5	11.5	12.1
Section XVII (Chapters 86-89) Transport material	7.0	7.4	7.2	6.3	7.2	9.1	10.1
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	3.5	3.8	3.9	4.1	4.1	4.1	4.2
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	5.3	5.1	4.5	4.0	3.8	4.2	4.1
Section XXI (Chapters 97-99) Works of art, antiques	0.2	0.1	0.1	0.1	0.2	0.2	0.2
Total	100	100	100	100	100	100	100

Chart 11.4

Source: Department of Tax and Frontiers. Government of Andorra

VARIATIONS IN IMPORTS - %							
	2009	2010	2011	2012	2013	2014	2015
Section 0 (Chapter 00)	-	-	-	-	-	-	-
Section I (Chapters 01-05) Live animals and animal products	-7.8	-5.4	0.4	-0.3	-1.0	3.8	0.4
Section II (Chapters 06-14) Vegetable products	-2.3	11.2	-5.8	-1.0	2.3	-9.2	13.3
Section III (Chapter 15) Fats and oils	-16.2	-5.8	7.7	-2.8	1.8	5.6	-2.0
Section IV (Chapters 16-24) Food products, beverages and tobacco	-6.3	5.0	3.2	-0.6	4.2	3.9	-1.1
Section V (Chapters 25-27) Mineral products	-22.4	16.9	19.0	7.4	-8.4	-10.2	-17.1
Section VI (Chapters 28-38) Products of the chemical industries	-5.5	-2.1	4.8	-13.1	2.2	7.0	6.1
Section VII (Chapters 39-40) Plastics and rubber and articles thereof	-4.9	-3.0	-3.2	-2.5	3.2	1.7	4.5
Section VIII (Chapters 41-43) Furs, leather and articles thereof	-24.5	2.0	3.5	-10.1	1.3	9.5	-7.2
Section IX (Chapters 44-46) Wood, cork and articles thereof	-18.1	-13.0	-19.4	-14.7	9.4	20.0	-0.5
Section X (Chapters 47-49) Paper and graphic arts	-5.5	20.0	-1.3	-7.2	0.8	-1.4	4.6
Section XI (Chapters 50-63) Textiles and articles thereof	-4.0	-0.1	-2.2	-9.6	-2.3	4.3	-1.9
Section XII (Chapters 64-67) Footwear, headgear, umbrellas, feathers	-0.8	7.6	-0.7	-16.5	3.0	12.5	-2.9
Section XIII (Chapters 68-70) Articles of stone, cement, ceramic products	-27.1	-6.8	-16.9	-6.2	-18.0	9.7	12.9
Section XIV (Chapter 71) Pearls, precious stones and metals	-8.8	-4.8	10.6	-27.8	169.8	27.7	-40.9
Section XV (Chapters 72-83) Base metals and articles thereof	-18.5	-11.1	-11.8	-12.9	-2.2	-0.3	2.9
Section XVI (Chapters 84-85) Machinery and electrical equipment	-16.0	-11.9	-7.1	0.5	2.4	-4.1	4.7
Section XVII (Chapters 86-89) Transport material	-21.8	6.5	-2.8	-16.9	17.7	30.6	11.3
Section XVIII (Chapters 90-92) Optical, photographic and precision apparatus	-20.5	7.5	3.0	0.4	2.9	4.9	1.7
Section XIX (Chapter 93) Arms and ammunition	-12.1	-14.0	-2.1	10.4	-13.4	-9.8	1.6
Section XX (Chapters 94-96) Miscellaneous manufactured articles	-14.9	-1.9	-12.8	-15.9	-1.5	15.8	-3.8
Section XXI (Chapters 97-99) Works of art, antiques	-41.2	-67.7	71.7	23.1	100.1	-34.5	48.3
Total	-12.6	0.6	0.4	-5.3	2.3	4.2	-0.6

Chart 11.5

Source: Department of Tax and Frontiers. Government of Andorra

fell 0.6% compared with 2014, but if building materials are excluded (+7.2%) and tobacco (-11.1%) and fuels (-18.4%), it appears that the other articles destined for commerce grew 1.9%, compared with 7.0% in the previous year. As is usual, the behaviour of the different kinds of goods was very disparate.

Imports of some food products increased and there were others that declined. In the first group are imports of meat and edible offal (2.0%); fish and shellfish (3.0%); vegetables and plants (14.1%); cereal, flour products, etc. (3.8%); beverages and alcoholic liquids (3.8%) and coffee (21.7%). In contrast, imports fell for vegetable, fruit products etc. (-1.9%), miscellaneous food products (-1.0%); milk and dairy produce (-2.5%); fats and oils (-2.0%); meat, fish or shellfish products (-2.0%); sugar and confectionary (-13%) and cocoa and products thereof (-6.1%).

Among the non-food articles are notably the increases in the chapters of pharmaceutical products (7.6%); perfumery (5.9%) and soaps (5.3%); plastics (7.4%), and also articles of apparel, knitted (8.7%) and other textile articles (13.6%). In contrast, there was a fall in imports of shoes (-2.2%); articles of apparel, not knitted (-8.5%); pearls, precious stones and metals (-40.9%) and leather products (-7.4%). Imports grew notably in the case of motor vehicles (11.8%); products of printing and graphic arts (6.2%); electrical machinery and apparatus (8.4%); clocks and watches (2.9%); works of art and antiques (63.4%), and toys, games and sports articles (2.5%). On the other hand, there was a series of articles that fell gently, among which are notably furniture and lighting (-4.9%); wood and articles thereof (-1.3%); boilers and mechanical apparatus (-0.5%) and optical and photographic apparatus (-0.3%).

11.2. The financial system

The financial system is crucial to Andorra, representing 22.2% of total national GVA, so its results affect the whole of the economy to some extent. According to the official GDP data published by the Government, in 2015 financial and insurance activities suffered a decline in GVA of 3.5%, contrasting with the increases of close to 10% that were seen in previous financial years. This downturn in activity occurs in a particularly difficult context due to the intervention by the Andorran National Institute of Finance (INAF) in the Banca Privada d'Andorra (the so-called BPA affair), which was a hard test for the sector to overcome.

Despite these difficulties, on 31 December 2015, there were 108 businesses in the financial sector, 12.5% more than one year earlier, and 166 establishments, three more than in 2014. Equally, the rate of growth in the number of employees in the whole of the financial sector increased to 7.1%, compared with 4.6% in the previous year, linking five consecutive years of increased employment, enabling it to reach a figure of about 2,000 employees. In contrast, the average wages in this sector, which are the highest of all the Andorran economic sectors, saw a significant drop (-23.9%), offsetting the increase of a similar size in 2014, which could be partly influenced by the entry into force of the IRPF in 2015. This innovation logically motivated a one-off advance payment of tax incentives in some businesses to avoid the tax increase.

The nucleus of the Andorran financial system is the banking system, made up of a total of five banking groups. For the second consecutive year, this report lacks the information about one of the existing banks in the country. The reason for this unusual situation is that on 10 March 2015, the US administrative authority, the Financial Crimes Enforcement Network (FinCEN) classified the Andorran bank Banca Privada d'Andorra, SA (BPA) as a "financial institution of primary money laundering concern". At that time, BPA represented 14% of deposits and credit in the Andorran banking system and therefore, its problems presented a >

AGGREGATE DATA FOR THE ANDORRAN BANKS		
Thousand Euros		
	2014	2015
Total assets	14,046,563	14,411,802
Gross loans & discounts	6,337,751	6,278,629
Assets under management	43,965,816	45,214,084
Results ^(*)	183,268	168,548
ROE	12.38%	10.93%
ROA	1.38%	1.19%
Efficiency ratio	45.35%	54.15%
Solvency ratio	20.75%	22.78%
Liquidity ratio	68.11%	71.24%
Default ratio	4.12%	4.03%

Note: Includes data from the four banking groups operative on 31 December 2015: Andbank, MoraBanc, Crèdit Andorrà and BancSabadell d'Andorra.

(*) Results attributed to the group.

Chart 11.6 Source: Andorran Banks Association and annual reports from the banking entities

major risk to the whole system. This circumstance originated the immediate intervention by the Andorra National Institute of Finance to preserve stability and operability. Measures were adopted to temporarily limit the withdrawal of cash and so stop a liquidity crisis, and a line of credit was set up so that clients would not be harmed by a lack of liquidity.

On 2 April 2015, the Law 8/2015 was passed with urgent measures to introduce bank restructuring and resolution mechanisms, creating the so-called State Bank Resolution Agency (AREB) and, at the end of the month, a process of resolution of the entity was opened to basically proceed to segregate the set of BPA's assets and liabilities considered legal from those under suspicion of money laundering.

The AREB created a new entity, called Vall Banc, intended to receive legal clients, assets and liabilities from the former BPA. The exhaustive review process determined that almost 20% of the entity's turnover was under suspicion of money laundering. The process culminated in April 2016 – one year and one

month after the note from FinCEN – with the sale of the new entity for the value of 29 million euros to a US-owned investment fund and a new note from FinCEN applauding the actions carried out by Andorra. Vall Banc started operating on 11 May 2016.

For the said reasons, BPA's annual audited accounts relating to the 2014 and 2015 financial years are not available. With the purpose of facilitating the temporary analysis, the data about the trend in activity in the banking sector has been prepared on the basis of only four banking groups: Andbank, MoraBanc, Crèdit Andorrà and BancSabadell d'Andorra.

In any case, it can be stated that the Andorran banking system has withstood all these difficulties well and demonstrated its soundness and solvency throughout 2015, in a national and international economic context which, despite slowly improving, is still quite complex, especially for the banking sector.

The credibility and rigour of the Andorran financial system, together with the development of a major

ANDORRAN BANKS BALANCE SHEET DATA. 2014-2015 - Thousand Euros

	ANDBANK		MORABANC		CRÈDIT ANDORRÀ		BANCSABADELL D'ANDORRA		ANDORRAN BANKS AGGREGATE BALANCE SHEET	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
ASSETS										
Cash and banks	1,309,699	1,107,229	573,507	706,768	480,577	583,659	79,819	63,480	2,443,602	2,461,136
Loans & discounts ⁽¹⁾	1,853,800	1,816,948	1,050,926	1,021,877	2,909,195	2,908,672	369,865	355,846	6,183,786	6,103,343
Portfolio of securities	1,169,515	1,646,256	513,111	695,703	2,231,116	2,035,989	165,267	194,608	4,079,009	4,572,556
Tangible assets	166,631	93,298	107,468	105,041	324,055	326,959	26,181	33,155	624,335	558,453
Intangible assets	76,110	85,115	8,746	10,204	59,172	62,538	2,726	2,762	146,754	160,619
Other assets	322,646	315,150	43,019	44,272	193,114	188,803	10,298	7,470	569,077	555,695
TOTAL ASSETS	4,898,401	5,063,996	2,296,777	2,583,865	6,197,229	6,106,620	654,156	657,321	14,046,563	14,411,802
LIABILITIES										
Share capital	78,842	78,842	42,407	42,407	70,000	70,000	30,068	30,068	221,317	221,317
Reserves ⁽²⁾	395,650	419,535	224,487	231,461	458,225	489,945	32,159	36,819	1,110,521	1,177,760
Results	64,269	54,048	40,187	34,885	71,544	72,005	7,268	7,610	183,268	168,548
Subordinated liabilities	-	50,000	56,675	52,216	150,000	150,000	-	-	206,675	252,216
Financial intermediaries	430,707	494,312	26,260	61,077	363,842	229,649	42,891	35,710	863,700	820,748
Deposits	3,675,575	3,634,453	1,855,558	2,101,160	4,775,752	4,883,694	492,557	501,074	10,799,442	11,120,381
Other liabilities	253,358	332,806	51,203	60,659	307,866	211,327	49,213	46,040	661,640	650,832
TOTAL LIABILITIES	4,898,401	5,063,996	2,296,777	2,583,865	6,197,229	6,106,620	654,156	657,321	14,046,563	14,411,802

(1) Net lending 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. On 27 April 2015, the Board of Directors of the AREB (Andorran Bank Resolution Agency), within the framework of Law 8/2015, of 2 April, on urgent measures to introduce bank restructuring and resolution mechanisms, declared the opening of the process of resolution of BPA and on 11 June 2015 passed the Resolution Plan for BPA, the essential content of which is based on segregating the whole of BPA's assets and liabilities considered legal. On 21 April 2016 the resolution of BPA was passed, allowing for Vall Banc to be set up, implementing the capitalisation and transfer of legal assets and liabilities from BPA to the new entity. On 11 May 2016 Vall Banc started operations as a banking entity.

(**) In this table are included the balance sheet data of the four banking groups operating on 31 December 2015.

Chart 11.7

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

supply of financial products and services and the progressive consolidation of the process of international expansion of the Andorran banks, has allowed for significant growth in activity in this sector in recent years. This growth has been accompanied by an increase in its structures and a significant increase in the aggregate number of employees. In this way, the number of employees for all four banks was 2,522 in 2015, 12.2% more than in the previous financial year, while the number of branches remained at 36.

Moreover, the total volume of assets of the four banking groups subject to this analysis increased 2.6% to reach 14,412 million euros, and the total assets under management, i.e. clients' deposits and client mediation, custodial or not, increased 2.8% to reach 45,214 million euros, a figure that sets a new historic high.

Within assets, the trend in lending, which is the strongest component (42% of the total) was slightly negative, with a decline of 1.3% to 6,103 million euros. This was easily offset by an increase in the portfolio of securities (12.1%) and, to a lesser extent, by an increase in the section "cash and banks" (0.7%). As a result, the percentage of these two entries of total assets rose to 32% and 17%, respectively.

As for liabilities, in 2015 deposits saw 3% growth, exceeding 11,120 million euros, a figure that represents 77% of the total. Moreover, reserves increased 6.1% and share capital remained stable, but finance from financial intermediaries fell 5% and other liabilities fell 1.6%. At the same time, aggregate profit shrank 8% to 168.5 million euros, affected by the low interest rates and costs deriving from international expansion.

Consequently, Andorran banks maintained good levels of capitalisation, with an improvement in the solvency and liquidity ratios in 2015, to average figures of 22.8% and 71.2%, respectively, while the default ratio fell to 4%. Equally, the operating margin fell 13.3%, resulting in a fall in the aggregate result and a slight decrease in the viability ratios, reaching 10.9% viability over capital and 1.2% viability over assets.

11.3. Tourism

The trend in tourism, being a key sector of the economy with a strong influence on hotels and catering, commerce and skiing, among many other activities that depend on visits from potential clients, is fundamental

to explaining the improvement in Andorra's economic situation in 2015. In this sense, according to official GDP figures, GVA in the sector of hotels and catering saw a nominal increase for the first time in the last eight years, of 0.9%, raising its percentage of total GVA of the economy by one tenth to 7.8%.

The improvement in tourism activity was driven by strong growth in the number of tourists, who stay overnight and therefore spend most inside the country, by 13%, much greater than the 1.5% in 2014. Equally, this progress was only partly offset by a 4.6% reduction in same-day visitors, so the total number of visitors increased, for the second consecutive year, at a rate of 0.7%, to 7,851,152. This figure is still far from the levels of over 11 million which had been achieved before the crisis, but confirms the change in trend started in the previous year.

By nationalities, the growth in Spanish visitors is notable (5.1%); in contrast, the number of French fell slightly (-0.4%) and visitors of other nationalities fell steeply (-16.9%). Consequently, Spain reasserts its position as the main country of origin of visitors with 49.5% of the total; France represents 42.9% and other nationalities only 7.6%. In the particular case of tourists, the trend rose strongly both for the Spanish (12.9%) and the French (33.9%) and only fell in the group of other nationalities (-6.6%). In contrast, the number of same-day visitors declined in all nationalities, above all in the case of other nationalities (-26.6%); the reduction in the Spanish was 1.4% and the French 4.2%.

Altogether, this resulted in an increase in the total number of overnight stays in the different establishments by 20.2%, to reach a figure of 8.1 million, the highest in many years. Equally, the average overnight stay increased from 2.9 to 3.1 days, a level that can be considered a historic high, with the proviso that the changes in methodology complicate the comparison temporarily. The strong growth in overnight stays benefited all kinds of establishments: notably, holiday apartments (66.9%) and aparthotels (83.4%), while the increase in hotels was 9.2%. Consequently, hotels lose some percentage in the total number of overnight stays, although they are still by far the most important form of accommodation (59.7% of the total). In second place are holiday apartments, with a share that rose to 16% in 2015, then houses of friends and family, with 10.2% of the total.

The rising trend in tourist activity is also evident in the increases in other indicators such as the number >

PASSES/DAY SOLD FOR SEASON

SEASON	SKI DAYS (passes/day sold)
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
2015 – 2016	2,447,112

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

of businesses (1.5%) and establishments (0.7%), the volume of employees (1.4%) and energy consumption in hotels and restaurants (0.6%) and ski resorts (2.8%). Moreover, wages in the sector saw a moderate increase of 0.3%, within a context of cuts in the average wage within the economy.

The 2015-2016 ski season also shows more positive results than in the previous year if the increase in passes sold is taken into account.

The 2015-2016 season began on 28 November - a little before the previous one, which opened on 6

December – and closed on 10 April, two days before the 2014-2015 season ended. The influx of skiers was again outstanding even though the weather was variable. The number of passes/day sold was 2,447,112, 4.4% more than the previous season and the highest figure in the last ten years. In parallel, the ski resorts continued to increase investment to improve and equip the installations. In this financial year investment was 19.95 million euros, almost double that of the 2014-2015 season. They also continued promoting campaigns abroad and organising major events and promoting activities to attract potential clients.

Despite the increase in tourism demand, the falling trend in the accommodation supply seen in recent years continued with the reduction in the number of establishments (from 241 in 2014 to 239 in 2015), leading to a 1.2% reduction in the number of beds, to 33,613. This reduction was concentrated basically in hotels (-1.8%), as they hold the majority of the bed supply (82.5%). In contrast, the increase in the supply of beds in aparthotels (2.8%) and holiday apartments (1.5%) is notable, in keeping with the rising trend in overnight stays, so these types of establishment already represent 8.6% and 6.7% of total beds, respectively. The breakdown by parish demonstrates that the falling number of beds was concentrated in Sant Julià de Lòria, where the number of establishments fell from 10 to 8. This almost 30% fall in the number of beds leaves the accommodation supply in the parish at a minimum, compared with the other parishes. The largest supply is in Canillo (21.1%), followed closely by Andorra la Vella (18.1%) and Escaldes-Engordany (17.8%). Finally, it is notable that more than half of the beds supplied are of a high

SUPPLY OF TOURIST ACCOMMODATION BY PARISH

	2012		2013		2014		2015	
	Establ.	Beds	Establ.	Beds	Establ.	Beds	Establ.	Beds
Canillo	50	7,031	48	6,915	48	7,061	49	7,079
Encamp	51	6,209	48	6,029	48	5,981	49	5,970
Ordino	29	2,235	29	2,269	28	2,233	29	2,313
La Massana	37	5,200	37	5,317	38	5,413	37	5,341
Andorra la Vella	38	6,536	36	6,387	35	6,153	34	6,095
Sant Julià de Lòria	11	1,177	11	1,177	10	1,165	8	820
Escaldes-Engordany	33	5,883	34	5,968	34	6,013	33	5,995
TOTAL	249	34,271	243	34,062	241	34,019	239	33,613

Note: Data on 31 December of relevant year.

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

		2012					2013					2014					2015								
		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.	181	3	31	81	58	8	175	3	23	83	58	8	174	1	25	83	57	8	170	-	26	77	58	9
	Rooms	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	10,562	-	835	3,588	5,387	752
	Beds	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	27,726	-	2,003	8,950	14,732	2,041
Hostels/ residences	Establ.	12	6	6	-	-	-	13	5	8	-	-	-	11	4	7	-	-	-	10	4	6	-	-	-
	Rooms	192	88	104	-	-	-	231	84	147	-	-	-	209	70	139	-	-	-	200	70	130	-	-	-
	Beds	402	171	231	-	-	-	501	163	338	-	-	-	460	140	320	-	-	-	442	140	302	-	-	-
Pensions	Establ.	7	5	2	-	-	-	7	5	2	-	-	-	7	4	3	-	-	-	7	4	3	-	-	-
	Rooms	135	104	31	-	-	-	135	104	31	-	-	-	141	98	43	-	-	-	141	98	43	-	-	-
	Beds	288	222	66	-	-	-	288	222	66	-	-	-	312	210	102	-	-	-	312	210	102	-	-	-
Aparthotels	Establ.	22	2	4	12	4	-	21	2	4	12	3	-	22	2	4	13	3	-	23	3	4	13	3	-
	Rooms	782	64	152	374	192	-	702	64	152	315	171	-	718	64	152	331	171	-	735	81	152	331	171	-
	Beds	3,033	203	520	1,531	779	-	2,713	203	520	1,339	651	-	2,809	203	520	1,435	651	-	2,889	283	520	1,435	651	-
Holiday apart.	Establ.	27	3	11	12	1	-	27	3	12	11	1	-	27	3	11	12	1	-	29	4	12	12	1	-
	Rooms/Apart.	488	33	207	224	24	-	486	33	235	194	24	-	489	33	203	229	24	-	496	37	206	229	24	-
	Beds	2,170	146	953	953	118	-	2,206	146	1,097	845	118	-	2,210	146	961	985	118	-	2,244	162	979	985	118	-
Total	Establ.	249	19	54	105	63	8	243	18	49	106	62	8	241	14	50	108	61	8	239	15	51	102	62	9
	Rooms/Apart.	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	12,134	286	1,366	4,148	5,582	752
	Beds	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	33,613	795	3,906	11,370	15,501	2,041

Note: Data on 31 December of relevant year.

Chart 11.10

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

OTHER TOURIST ACCOMMODATION

		2015				
		Total	1*	2*	3*	4*
Furnished apartments ⁽¹⁾	Apart. Beds/spaces	1,962	514	1,251	176	21
		9,807	2,419	6,282	960	146
Rural accommodation ⁽²⁾	Establ. Beds/spaces	7	-	-	3	4
		57	-	-	32	25
Holiday chalets	Establ. Beds/spaces	6	1	-	4	1
		60	10	-	46	4
Campsites	Establ. Pitches	8	3	5	-	-
		711	141	570	-	-
Youth hostals	Establ. Beds/spaces	4	4	-	-	-
		321	321	-	-	-
Summer camps	Establ. Beds/spaces	1	1	-	-	-
		106	106	-	-	-
Mountain huts	Establ. Beds/spaces	28	24	4	-	-
		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.

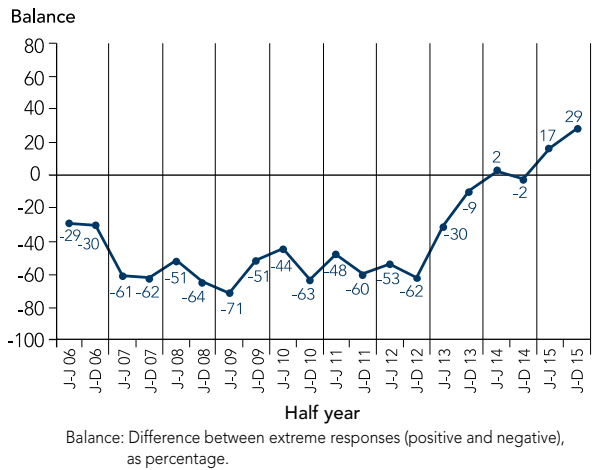
Chart 11.11 Source: Department of Tourism. Government of Andorra / Department of Statistics. Government of Andorra

standing (4 to 5 stars), specifically 52%, a figure that exceeds that of 2014 by two points and demonstrates the effort being made in the sector to improve the quality of the supply.

As for the spa, Caldea, after several years of preparation and a major investment effort by the spa's operating company (SEMTEE, SA), a new wellness centre annexed to the traditional Caldea centre was opened in 2013, called Inúu. The results of the first year were not very positive but sales at Inúu improved greatly in 2014, a positive trend that continued in 2015. Specifically, the traditional centre sold 299 thousand tickets in 2014, compared with 291 thousand in 2014, and the new Inúu centre sold 52 thousand, a figure that almost quadruples that of 2013. As a result, the spa's operating revenue grew 12.2%, while costs increased at a slower rate, making it possible to cut losses by half (-0.97 million euros) and improve the positive cash flow.

In 2015, the Ice Palace also showed more positive results than in 2014. Specifically, operating revenue progressed at a rate of 4.9%, while costs grew more slowly (0.8%) and current subsidies remained at 421 thousand euros. Altogether, this resulted in profits of 79 thousand euros, higher than the almost 53 thousand obtained in 2014. Moreover, investment reached the figure of 381 thousand euros, 5.5 times more than the previous year, helping to explain the rising debt of the group.

BUSINESS ACTIVITY - Hotel sector



Graphic 11.3 Source: Chamber of Commerce, Industry and Services of Andorra

Equally, in the case of Naturlàndia, the ecological theme park at Camp de la Rabassa, the trend in 2015 was quite favourable, despite the unstable weather, with 16% growth in the number of visitors, to reach the figure of 186 thousand visitors. If we concentrate on the 2015-2016 winter season, the balance was also satisfactory, with an increase of 14.6%, to 53 thousand visitors, with a season that opened on 1 December 2015 and closed on 11 April 2016 (lasting 125 days).

The results of the Chamber's situation surveys show that in 2015, the trend in the hotel sector was more positive than in the other analysed sectors (industry, construction and commerce). Hotel activity improved over the year, although still with historically low levels, showing the weakness of tourism demand, which still shows no clear signs of dynamism, and also demonstrates the high levels of competition suffered by the sector.

The evaluations of hotels about business activity in the second half of 2015 were on the whole satisfactory and, moreover, reflect a notable increase in the level of optimism in relation to the two previous half years. Specifically, the business situation was classified as good by 40% of the hotels consulted, while the opposite opinion was by far the least important (only 11% of hotels evaluated it negatively).

From a territorial point of view, the improvement was noted in both the more commercial areas of the country, traditionally more dynamic outside the ski season, and the peripheral areas, especially La Massana, Ordino and Sant Julià de Lòria, which reached satisfactory activity levels in general.

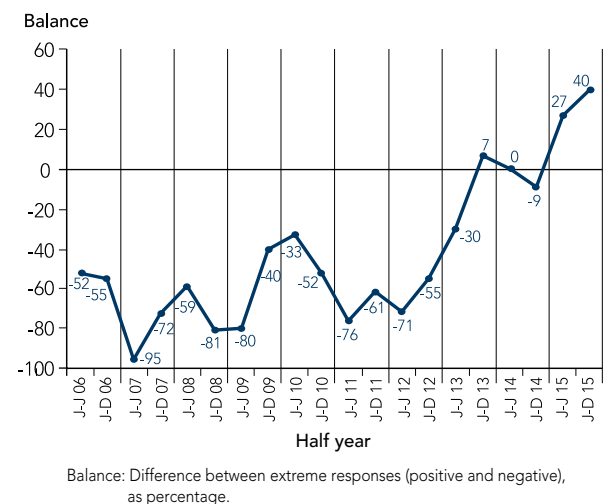
Moreover, businessmen indicated overall hotel occupancy data that were much more positive than in recent times. The interannual increase in occupancy in the second half of the year was generalised in most parishes, although it was notably stronger in the areas of La Massana, Sant Julià de Lòria and, in particular, Escaldes-Engordany, where 73% of hotels indicated that they had easily exceeded the levels of the previous year.

This more favourable trend in hotel activity was largely assisted by the increase in proximity tourism, especially French tourists, and also the more dynamic behaviour of other markets with a lesser tradition of Andorran tourism (such as Belgium, Germany or Italy), which partly offset the negative effects of the steep downturn in Russian tourism during the summer season and the ski season.

Nevertheless, businesses also indicated that sales prices tended to fall in some areas, indicating that the recovery in the sector is still weak.

As for the distribution of clients by country of origin, Catalonia is still the most important market, with 39% of tourists in the second half of 2015, compared with clients from the rest of Spain with 27%. By interannual comparison, an increase can be seen in French travellers – who went from representing 17% to making up 21% of the total – and a stable trend in clients from more distant destinations, a group that, despite the steep fall in the Russian market, managed to maintain its global percentage at 13% of the total.

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



Graphic 11.4 Source: Chamber of Commerce, Industry and Services of Andorra

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

		2013			2014			2015		
		Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average	Jan-Jun	Jul-Dec	Average
1. Business activity (reviewed half year)	Good	17	14	15.5	20	25	22.5	25	40	32.5
	Normal	36	64	50	61	49	55	67	49	58
	Bad	47	23	35	18	27	22.5	8	11	9.5
	Balance	-30	-9	-19.5	2	-2	0	17	29	23
2. Average distribution of clients (%) (reviewed half year)	Catalonia	27	39	33	35	46	40.5	42	39	40.5
	Rest of Spain	26	28	27	23	23	23	23	27	25
	France	25	17	21	23	17	20	20	21	20.5
	Others	22	16	19	20	13	16.5	14	13	13.5
3. Level of reservations (reviewed half year)	High	15	12	13.5	6	6	6	8	19	13.5
	Adequate for the period	21	46	33.5	61	58	59.5	65	51	58
	Low	60	40	50	31	35	33	27	26	26.5
	Reservations not taken	4	2	3	2	0	1	0	4	2
	Balance	-45	-28	-36.5	-25	-29	-27	-19	-7	-13
4. Average rate of occupancy (compared with same half of previous year)	Higher	22	35	28.5	33	20	26.5	47	49	48
	Equal	26	37	31.5	33	51	42	33	42	37.5
	Lower	52	28	40	33	29	31	20	9	14.5
	Balance	-30	7	-11.5	0	-9	-4.5	27	40	33.5
5. Prices paid by clients (compared with previous half year)	Higher	20	15	17.5	23	18	20.5	31	11	21
	Equal	48	31	39.5	56	47	51.5	53	49	51
	Lower	33	54	43.5	21	35	28	16	40	28
	Balance	-13	-39	-26	2	-17	-7.5	15	-29	-7
6. Number of employees (compared with same half of previous year)	More	7	4	5.5	10	10	10	16	19	17.5
	Equal	49	80	64.5	78	77	77.5	65	70	67.5
	Less	44	16	30	12	13	12.5	18	11	14.5
	Balance	-37	-12	-24.5	-2	-3	-2.5	-2	8	3

Chart 11.12

Source: Chamber of Commerce, Industry and Services of Andorra

Businesses' expectations for the first half of 2016 are the most positive in recent years and suggest a slight acceleration in the activity rate for the next few months, although levels will remain modest. The global volume of reservations recovered a little and businesses expect an increase in the average level of occupancy in all parishes and a general improvement in business, stronger than that of one year earlier. This expected increase in clientele will result in a rising trend in sales prices and an expansion in the number of workers in the sector.

The increase in operating costs was the factor most cited by businesses among the obstacles limiting an improvement in business – 75% indicated it in the second half of 2015 – followed by weak demand, which reached the lowest value in the last twelve years (only 58% of hotels mentioned it, compared with 75% in the second half of 2014). As for the other factors, the lack of qualified staff stands out, becoming the third most cited obstacle (56%), followed by increased competition (52%).

11.4. Transport and communications

In parallel with the main economic sectors, activity in the branch of transports and communication showed a gently improving trend in 2015, continuing the first signs of reactivation observed in the previous year. Specifically, nominal GVA in the sector of transport and storage saw an increase on 5.1%, higher than the 2.6% in 2014, and GVA for the sector of information and communications saw a rise of 7.3%, also higher than the 4.5% observed in the previous year. These advances resulted in an increase in the percentages of both subsectors to 1.7% and 4.5%, respectively.

Nevertheless, the number of employees for the whole of the sector of transport, storage and communications fell 0.7%, contrasting with the increase of 1.9% seen in 2014. This trend can be explained by the decline in employment in activities related to transport (-6.1%), offsetting the increases in land transport (2.9%) and air transport (12.5%) and the activities of post office and communications (0.6%).

In contrast, the average wage for the whole of the sector saw a moderate increase (0.6%), after the stable trend of the previous year, to which all subsectors contributed (post office and communications, air transport and activities related to transport), except land transport (-1%), linking two consecutive years of decline in the average wage.

Another indicator of activity in the sector which is improving is the number of establishments, the rate of growth of which accelerated from 0.2% in 2014 to 2.7% in 2015. So, the figure of 414 establishments was reached, 11 more than in 2014, 8 of which were created in activities related to transport.

As for vehicle registrations, data reflect an increase for the third consecutive year, being 10.2% in 2015, although progress slowed in comparison with the previous year (23.8%). In absolute terms, the number of registrations was 3,394, the highest in the last seven years, a rising trend which was driven by the measures taken by the Government to reactivate activity in this sector, with incentives to buy low emission cars (Engega Plan). By vehicle type, car registrations, which concentrate close to three quarters of the total, grew 10.8%. Also notable is the increase in registrations of vans (19.8%), motorcycles (9.3%) and mopeds (35.7%). In contrast, lorry and special vehicles registrations fell 26.7% and 25.6%, respectively, demonstrating the uncertainties still generated by businesses' investment plans. As a result, the total number of vehicles increased for the second consecutive year, at a modest rate of 1.2%.

The trend in the telecommunications branch continues its process of transformation in recent years, marked by technological changes. So, more classic installations and their traffic continue to fall, while the adoption and use of the latest technology grows rapidly. Specifically, in 2015, the rate of fall in land-line contracts accelerated (-4.3%), accumulating five years of decline and lowering the figure to 45,041 lines, some 4,700 less than in 2010. In contrast, mobiles increased 7.7% to 71,336 lines, approximately 12 for each 10 inhabitants over the age of 14, while fibre optic lines grew 7.2% and already exceed 30,000, almost triple the number of five years ago.

This infrastructure transformation is also evident in the telephone traffic data, with a reduction in national land-line traffic of 13.5% and an increase in the mobile network of 12.9%. As for international traffic in these

two systems, incoming fell 5.3% and outgoing by 2.9%. In contrast, Internet telephone traffic by fibre optic is growing strongly: national by 30.7% and international by 59.9%, while Internet mobile telephone traffic more than doubled in 2015.

statistical appendix 2015



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)					
	2011	2012	2013	2014	2015
Andorrans	33,481	34,417	34,989	35,412	35,750
Foreigners	44,634	41,829	41,109	41,537	42,264
Spanish	22,187	20,320	20,070	20,301	20,577
Portuguese	11,711	11,229	10,809	10,699	10,697
French	4,104	3,794	3,695	3,753	3,890
Others	6,632	6,486	6,535	6,784	7,100
Total	78,115	76,246	76,098	76,949	78,014

Registered population by parishes (persons)					
	2011	2012	2013	2014	2015
Canillo	4,826	4,133	4,151	4,270	4,124
Encamp	13,521	12,051	11,934	12,041	12,212
Ordino	4,322	4,417	4,546	4,675	4,687
La Massana	9,744	9,902	9,961	10,076	10,359
Andorra la Vella	22,256	22,398	22,546	22,615	22,886
Sant Julià de Lòria	9,051	9,063	9,101	9,270	9,379
Escaldes-Engordany	14,395	14,282	13,859	14,002	14,367
Total	78,115	76,246	76,098	76,949	78,014

Estimated population by parishes (persons)					
	2011	2012	2013	2014	2015
Canillo	3,140	3,204	3,180	3,277	3,368
Encamp	11,094	10,937	10,675	10,714	10,857
Ordino	4,091	4,210	4,281	4,390	4,429
La Massana	8,526	8,647	8,800	8,907	9,096
Andorra la Vella	21,018	20,988	21,113	21,126	21,428
Sant Julià de Lòria	8,404	8,406	8,404	8,522	8,681
Escaldes-Engordany	13,499	13,366	13,513	13,634	13,873
Total	69,772	69,758	69,966	70,570	71,732

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 since December 2009 and at the end of 2015 put the population at 71,732, representing a percentual divergence of +8.8%, slightly lower than in the previous year (+9.0%). However, this estimate is still not wholly precise because the figures on residents with Andorran nationality still have to be validated.

Natural population movement					
	2011	2012	2013	2014	2015
Births	793	737	637	639	659
Deaths	275	303	239	276	282
Natural growth	518	434	398	363	377
Birth rate (per thousand) *	11.366	10.565	9.104	9.055	9.187
Death rate (per thousand) *	3.941	4.344	3.416	3.911	3.931
Natural growth rate (per thousand) *	7.424	6.222	5.688	5.144	5.256
Total population growth *	-518	-14	208	604	1,162
Increase from migration and census regulation *	-1,036	-448	-190	241	785

* Data calculated taking the estimated population as a base.

Population structure by ages of the registered population (persons)					
	2011	2012	2013	2014	2015
Up to 14 years	12,095	11,841	11,644	11,511	11,434
From 15 to 64 years	56,163	54,801	54,485	55,115	55,806
65 years and over	9,857	9,604	9,969	10,323	10,774
Total	78,115	76,246	76,098	76,949	78,014

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

1.2 Employment

Jobs (annual average)					
	2011	2012	2013	2014	2015
Jobs	44,405	42,648	41,837	42,260	43,268

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

New CASS registrations (social security - annual total)					
	2011	2012	2013	2014	2015
New registrations	3,583	3,421	3,749	4,185	4,802

Note: 2015 data are provisional.

Source: CASS (Andorran Social Security)

Number of employees by major sectors (average)					
	2011	2012	2013	2014	2015
Primary	155	177	167	160	164
Industry	1,736	1,619	1,553	1,560	1,591
Construction	3,854	3,227	2,810	2,734	2,758
Services	31,556	30,755	30,508	30,877	31,415
Total	37,301	35,777	35,039	35,331	35,928

Number of employees by sectors (average)					
	2011	2012	2013	2014	2015
Agriculture, livestock, hunting and forestry	155	177	167	160	164
Extraction industries	2	2	2	1	2
Manufacturing industries	1,568	1,453	1,386	1,398	1,432
Production and distribution of electricity, gas and water	166	165	166	161	157
Construction	3,854	3,227	2,810	2,734	2,758
Commerce and motor vehicle repairs (etc.)	9,381	8,975	8,700	8,669	8,667
Hotels & catering	4,768	4,634	4,542	4,492	4,553
Transport, storage and communications	1,122	1,076	1,043	1,063	1,056
Financial system	1,679	1,709	1,750	1,830	1,960
Real estate and rental activities; business services	4,027	3,875	3,911	4,146	4,358
Public administration, defence & compulsory social security	4,336	4,340	4,363	4,420	4,405
Education	557	544	544	537	552
Health & veterinary activities, social services	1,694	1,682	1,679	1,721	1,807
Other social activities & community services; personal services	2,396	2,371	2,491	2,575	2,655
Households employing domestic staff	1,355	1,311	1,250	1,179	1,162
Extraterritorial bodies	26	22	19	20	19
Domestic work for the community (communities of owners)	216	217	215	226	221
Voluntary declaration, no activity (volunteers)	-	-	-	-	-
Total	37,301	35,777	35,039	35,331	35,928

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

Registrations with the Job Service by motive (average)					
	2011	2012	2013	2014	2015
Applicants looking for a better job	163	188	184	193	158
Job seekers	639	950	983	774	569
Total	802	1,138	1,167	967	727

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

Registrations with the Job Service by nationalities (average)					
	2011	2012	2013	2014	2015
Total applicants	802	1,138	1,167	967	727
Andorran	221	328	364	323	260
Spanish	268	377	382	327	251
French	22	30	31	30	24
Portuguese	174	251	237	160	102
Others	117	152	154	126	91
Job seekers	639	950	983	774	569
Andorran	176	269	307	262	211
Spanish	213	316	310	254	187
French	15	23	25	24	19
Portuguese	147	222	215	137	85
Others	88	120	126	98	67

Registrations with the Job Service by age brackets (average)					
	2011	2012	2013	2014	2015
Total applicants	802	1,138	1,167	967	727
Up to 17	17	18	16	18	12
18 - 25	129	182	179	147	104
26 - 39	252	359	353	275	196
40 - 59	354	505	539	445	336
60 and over	50	74	80	81	80
Job seekers	639	950	983	774	569
Up to 17	17	17	16	18	12
18 - 25	106	160	160	124	84
26 - 39	187	280	278	199	140
40 - 59	285	426	454	359	263
60 and over	45	68	75	74	71

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

1.3 Education

Population in education by education level					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
School	10,802	10,773	10,730	10,837	10,986
University (*)	1,496	1,609	1,632	1,579	1,322
Non-university abroad	295	299	266	256	301
Total	12,593	12,681	12,628	12,672	12,609

(*) The university population data relating to the school years 2013-2014 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 early childhood education, primary and lower secondary school, upper secondary education and mid-level vocational education.

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

Population in education by country of study					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Andorra	11,236	11,268	11,211	11,344	11,416
Spain	1,133	1,159	1,130	1,039	881
France	178	216	256	251	272
Others	46	38	31	38	40
Total	12,593	12,681	12,628	12,672	12,609

Note: The data for the university population relating to the 2013-2014 academic year have been revised and updated by the Institute of Andorran Studies.

School population by levels					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Early childhood education	2,380	2,435	2,423	2,453	2,427
Primary education	4,263	4,130	4,068	4,065	4,164
Lower secondary education	2,900	3,026	3,079	3,031	3,022
Upper secondary education	889	857	842	925	982
Vocational training	370	325	318	363	391
Total	10,802	10,773	10,730	10,837	10,986

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

School population by type of schooling					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
French educational system	3,402	3,351	3,350	3,423	3,546
French schools	3,402	3,351	3,350	3,423	3,546
Spanish educational system	3,243	3,217	3,146	3,116	3,082
Spanish schools	930	905	824	796	764
Congregational schools	2,102	2,088	2,108	2,107	2,067
Private schools	211	224	214	213	251
Andorran educational system	4,157	4,205	4,234	4,298	4,358
Andorran schools	4,031	4,082	4,104	4,138	4,184
Vocational schools	126	123	130	160	174
Total	10,802	10,773	10,730	10,837	10,986

University population by country of study					
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Andorra	434	495	481	507	430
Spain	912	941	936	860	673
France	118	148	194	190	207
Others	32	25	21	22	12
Total	1,496	1,609	1,632	1,579	1,322

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

Note 2: The data for university students for the 2013-2014 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					
	2011	2012	2013	2014	2015
Registrations	542	550	717	756	867
Deregistrations	602	652	510	473	453
Net creation of establishments	-60	-102	207	283	414

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

Number of establishments by sectors					
	2011	2012	2013	2014	2015
Primary ^(*)	32	37	39	40	43
Extraction industries	1	1	1	1	1
Manufacturing industries	331	321	340	351	362
Production and distribution of electricity, gas and water	5	5	5	5	5
Construction	817	791	789	795	808
Commerce and motor vehicle repairs (etc.)	2,627	2,556	2,573	2,654	2,800
Hotels & catering	963	950	982	984	991
Transport, storage and communications	414	411	402	403	414
Financial system	164	163	159	163	166
Real estate and rental activities; business services	1,242	1,253	1,376	1,512	1,687
Public administration, defence & compulsory social security	-	-	-	-	-
Education	66	66	76	83	91
Health & veterinary activities, social services	148	156	161	173	186
Other social activities & community services; personal services	470	468	482	504	528
Others	-	-	-	-	-
Total	7,280	7,178	7,385	7,668	8,082

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

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Electricity consumption (MWh)

	2011	2012	2013	2014	2015
Domestic use	89,485	92,249	94,743	93,012	93,576
Construction and construction related activities	4,822	4,359	3,678	3,613	3,860
Industries	4,249	4,247	5,848	4,021	4,135
Distribution	74,588	73,630	70,860	67,482	67,891
Hotels and catering	65,974	64,686	62,235	61,470	61,828
Financial services	23,468	23,179	22,407	21,393	21,679
Other services	68,415	66,703	65,816	66,784	67,681
Street lighting	7,505	7,979	8,451	8,538	8,143
Ski resorts	14,926	17,086	14,010	15,178	15,608
Government	24,945	25,645	24,967	25,294	24,529
Other distributors	179,087	182,011	179,970	175,230	182,446
Total	557,463	561,774	552,987	542,014	551,375

Source: FEDA (Andorran Electricity Company)

Vehicle registration (units)

	2011	2012	2013	2014	2015
Cars	1,884	1,573	1,682	2,194	2,431
Motorbikes	407	421	426	525	574
Vans	96	108	149	167	200
Lorries ⁽¹⁾	34	30	31	45	33
Special vehicles	28	35	28	39	29
Mopeds	14	13	17	14	19
Snowbikes	11	5	67	16	19
Others ⁽²⁾	54	74	87	79	89
Total	2,528	2,259	2,487	3,079	3,394

(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 sectors of activity

	2011	2012	2013	2014	2015
Primary ^(*)	159	152	245	241	238
Extraction industries	1	1	4	3	3
Manufacturing industries	230	232	255	288	295
Production and distribution of electricity, gas and water	6	6	6	7	7
Construction	612	600	609	608	626
Commerce and motor vehicle repairs (etc.)	1,585	1,592	1,671	1,791	1,892
Hotels & catering	782	806	815	842	855
Transport, storage and communications	228	231	252	265	281
Financial system	87	80	87	96	108
Real estate and rental activities; business services	1,058	1,077	1,336	1,484	1,695
Public administration, defence & compulsory social security	36	35	35	35	36
Education	49	51	64	74	80
Health & veterinary activities, social services	298	304	344	374	397
Other social activities & community services; personal services	455	456	510	533	587
Extraterritorial bodies	8	9	7	7	7
Special regimes ^(**)	-	1	1	1	1
Domestic work for the community (communities of owners)	580	580	579	567	558
Total	6,174	6,213	6,820	7,216	7,666

(*) 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.

Note: Data for December of corresponding year.

Number of businesses by number of workers

	2011	2012	2013	2014	2015
From 1 to 5	4,648	4,744	5,310	5,700	6,123
From 6 to 10	760	719	770	773	775
From 11 to 25	500	504	479	474	498
From 26 to 100	215	194	206	214	211
Over 100	51	52	55	55	59
Total	6,174	6,213	6,820	7,216	7,666

Note: Data for December of corresponding year.

Source: CASS (Andorran Social Security)

3. PRICES AND COSTS

Consumer price index (interannual variation rate in December) (%) - Base 2001					
	2011	2012	2013	2014	2015
CPI - GROUPS					
Group 1. Food, beverages and tobacco	2.6	2.2	1.7	2.0	1.4
Group 2. Clothing and footwear	-5.3	-0.7	-0.4	1.0	-0.4
Group 3. Housing, water, gas, electricity and other fuels	3.8	-1.4	-1.8	-1.7	-2.4
Group 4. Furniture, domestic appliances and household services	0.6	0.7	0.5	0.8	0.0
Group 5. Health (unsubsidised expenses)	0.9	-2.6	0.9	0.5	0.5
Group 6. Transport	5.6	1.6	-0.7	-1.2	-3.1
Group 7. Leisure, entertainment and culture	0.3	4.0	-1.8	0.2	1.0
Group 8. Education	2.7	3.2	2.6	1.5	1.5
Group 9. Hotels, cafes and restaurants	0.9	0.9	1.1	0.7	1.2
Group 10. Miscellaneous goods and services	0.4	-0.9	-0.1	-0.1	-0.3
Total	2.5	1.1	0.0	-0.1	-0.9
CPI - SPECIAL GROUPS					
Underlying inflation	0.1	1.4	0.4	0.5	0.6
Food	2.1	1.8	1.1	2.1	1.6
General index less tobacco	2.1	1.4	-0.1	-0.1	-0.9
Energy	14.9	2.8	-3.5	-6.2	-13.9
Services	0.3	0.5	0.5	0.6	0.6
Petroleum based products	16.6	4.2	-3.5	-6.9	-16.5
Fresh produce	1.2	2.1	2.1	2.6	1.9
Food - durables	3.6	1.3	-0.6	1.3	1.1
Rent, water and waste disposal	0.2	-0.7	-0.7	-0.5	-0.1
Health services	-1.6	-7.0	-0.5	-0.1	0.0
Petroleum based and fresh products	10.2	2.5	-1.3	-2.5	-7.2
CPI without energy	0.3	1.4	0.6	0.8	0.7
CPI without Group 1 (food, beverages and tobacco)	2.2	1.2	-0.2	-0.6	-1.4

Source: Department of Statistics. Government of Andorra

Average monthly salaries (euros)					
	2011	2012	2013	2014	2015
Agriculture, livestock, hunting and forestry	1,501.70	1,449.89	1,417.73	1,436.21	1,405.55
Extraction industries	2,199.93	3,015.47	1,619.01	1,334.39	2,293.02
Manufacturing industries	2,022.85	2,020.65	2,008.04	2,024.94	2,045.48
Production and distribution of electricity, gas and water	3,185.54	3,099.32	3,175.32	3,236.81	3,196.83
Construction	1,997.58	1,983.52	1,915.37	1,883.28	1,880.77
Commerce and motor vehicle repairs (etc.)	1,723.77	1,718.88	1,704.81	1,700.79	1,709.00
Hotels & catering	1,513.31	1,483.49	1,473.51	1,480.25	1,484.24
Transport, storage and communications	2,280.08	2,243.49	2,226.26	2,226.87	2,240.88
Financial system	4,636.88	4,603.72	4,633.17	5,534.57	4,214.29
Real estate and rental activities; business services	1,879.89	1,872.10	1,866.61	1,857.87	1,842.13
Public administration, defence & compulsory social security	2,519.16	2,474.39	2,455.86	2,451.72	2,458.92
Education	2,152.00	2,160.02	2,167.17	2,189.24	2,176.87
Health & veterinary activities, social services	2,440.36	2,395.25	2,302.48	2,281.97	2,239.57
Other social activities & community services; personal services	1,673.02	1,704.45	1,683.79	1,725.11	1,724.35
Households employing domestic staff	1,268.45	1,252.89	1,250.80	1,271.98	1,293.47
Extraterritorial bodies	2,397.23	2,658.94	2,374.50	2,478.61	2,577.13
Domestic work for the community (communities of owners)	1,299.58	1,336.55	1,296.40	1,280.55	1,269.39
Voluntary declaration, no activity (volunteers)	-	-	-	-	-
Average	2,017.64	2,010.10	1,998.63	2,053.18	1,992.00

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

4. PUBLIC SECTOR

4.1 Central government

Budgeted income for central government (thousand euros)					
	2011^(*)	2012	2013	2014	2015
Direct taxation	-	25,851.27	72,231.39	48,493.25	68,883.42
Indirect taxation	-	276,920.96	262,213.74	277,844.21	294,796.06
Other taxes and revenues	-	20,346.40	20,464.89	24,424.57	24,474.76
Current transfers	-	22.04	-	1,500.00	-
Investment income	-	10,774.23	8,915.91	11,482.30	10,862.28
Total non-financial revenue	-	333,914.90	363,825.93	363,744.33	399,016.52
Financial assets	-	60.81	53.21	72.87	1,514.42
Financial liabilities	-	313,060.41	608,784.57	204,769.55	389,339.48
TOTAL REVENUE	-	647,036.12	972,663.71	568,586.75	789,870.42

Budgeted central government expenditure (thousand euros)					
	2011^(*)	2012	2013	2014	2015
Current expenditure	-	310,390.40	301,144.11	290,920.32	314,893.09
Personnel costs	-	96,639.61	97,320.17	96,689.10	104,422.96
Consumption of goods and services	-	45,958.93	48,188.27	48,169.84	47,922.47
Financial expenditure	-	33,931.15	27,215.25	23,047.57	19,396.51
Current transfers	-	133,860.71	128,420.42	123,013.82	143,151.15
Capital expenditure	-	82,230.73	102,039.43	106,816.16	110,196.27
Real investments	-	35,917.10	46,930.14	50,517.60	50,261.63
Capital transfers	-	46,313.63	55,109.29	56,298.55	59,934.64
Total non-financial expenditure	-	392,621.13	403,183.54	397,736.48	425,089.36
Financial operations	-	254,414.98	569,480.17	170,850.27	364,781.05
Financial assets	-	214.68	146.25	2,116.23	1,478.62
Financial liabilities	-	254,200.30	569,333.92	168,734.04	363,302.43
TOTAL EXPENDITURE	-	647,036.12	972,663.71	568,586.75	789,870.42

Non-financial cash surplus or deficit (thousand euros)					
	2011^(*)	2012	2013	2014	2015
Non-Financial surplus or deficit	-	-58,706.23	-39,357.60	-33,992.15	-26,072.85

(*) Projected budget for 2011 not approved.

Note: Initial central government budgets; excluding budget credit modifications and extensions.

Settlement of central government income (thousand euros)					
	2011	2012	2013	2014	2015
Direct taxation	5,636.57	29,895.43	32,908.42	60,613.41	68,251.84
Indirect taxation	265,758.61	301,538.70	275,997.68	271,078.12	269,069.48
Other taxes and revenues	27,470.86	23,622.70	31,668.54	29,124.38	28,844.46
Current transfers	44.22	0.27	750.63	50.22	54.74
Investment income	9,320.40	12,957.51	50,806.64	10,161.65	23,534.33
Sale of real investment	-	1.00	6.32	10.27	4.43
Capital transfers	-	-	-	500.00	1,000.00
Total non-financial revenue	308,230.66	368,015.60	392,138.22	371,538.05	390,759.27
Financial assets	82.81	184.48	967.03	1,568.69	1,935.50
Financial liabilities	320,723.13	377,026.68	669,276.62	200,604.83	384,370.39
TOTAL REVENUE	629,036.60	745,226.75	1,062,381.87	573,711.57	777,065.16

Source: Ministry of Finance

Settlement of central government expenditure (thousand euros)					
	2011	2012	2013	2014	2015
Current expenditure	271,561.33	274,374.57	285,438.92	281,243.93	300,163.78
Personnel costs	95,227.09	94,443.68	94,505.59	96,458.90	100,155.10
Consumption of goods and services	40,904.90	41,934.12	44,056.90	43,919.87	45,385.23
Financial expenditure	18,804.67	29,320.18	23,848.99	21,378.31	17,488.13
Current transfers	116,624.67	108,676.60	123,027.44	119,486.85	137,135.32
Capital expenditure	87,571.23	180,548.19	90,991.19	95,644.77	103,851.36
Real investments	34,137.62	135,125.05	36,675.97	40,247.25	45,963.10
Capital transfers	53,433.61	45,423.14	54,315.22	55,397.52	57,888.26
Total non-financial expenditure	359,132.56	454,922.76	376,430.11	376,888.70	404,015.14
Financial operations	256,016.14	299,230.77	648,142.67	170,050.94	389,678.84
Financial assets	93.21	4,673.20	1,994.00	1,349.85	9,639.80
Financial liabilities	255,922.93	294,557.57	646,148.67	168,701.09	380,039.04
TOTAL EXPENDITURE	615,148.70	754,153.53	1,024,572.78	546,939.64	793,693.97
Operating costs ^(*)	136,131.99	136,377.80	138,562.49	140,378.77	145,540.32

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

Non-financial cash surplus or deficit (thousand euros)					
	2011	2012	2013	2014	2015
Non-financial surplus or deficit	-50,901.91	-86,907.17	15,708.11	-5,350.65	-13,255.86

Central government debt (thousand euros)					
	2011	2012	2013	2014	2015
Long-term debt	380,000.00	114,887.81	693,988.65	532,613.70	213,069.44
Public debt (Loans)	260,000.00	-	260,000.00	-	-
Public debt (Bonds)	-	-	150,000.00	320,000.00	-
Public debt (Treasury bills)	120,000.00	-	100,000.00	-	-
Loan l-t	-	114,887.81	106,509.12	101,955.33	97,526.93
Credit policies	-	-	77,479.53	110,658.37	115,542.51
Short-term debt	387,880.85	737,099.65	174,379.00	364,553.79	691,732.42
Public debt (Loans)	-	260,000.00	-	260,000.00	260,000.00
Public debt (Bonds)	-	-	-	-	420,000.00
Public debt (Treasury bills)	100,000.00	320,000.00	170,000.00	100,000.00	-
Credit policies	187,880.85	157,099.65	-22.39	-	7,304.02
Loan s-t	100,000.00	-	4,401.39	4,553.79	4,428.40
TOTAL DEBT	767,880.85	851,987.46	868,367.65	897,167.49	904,801.86

Note: The settlements of revenue and expenditure for 2014 and 2015 are provisional.

Source: Ministry of Finance

4.2 Commune authorities

Initial budgeted income for Commune authorities (thousand euros)					
	2011	2012	2013	2014	2015
Canillo	11,956.83	10,565.08	11,451.18	10,395.10	11,110.48
Encamp	29,376.21	25,408.02	24,750.04	25,355.89	26,739.64
Ordino	9,818.81	9,400.88	11,578.32	12,225.79	11,160.79
La Massana	11,608.97	11,057.23	11,973.32	11,930.27	12,190.68
Andorra la Vella	34,908.80	32,079.67	34,044.04	34,287.83	35,506.46
Sant Julià de Lòria	12,600.54	11,278.32	12,203.29	11,630.11	11,889.53
Escaldes-Engordany	22,072.44	20,696.74	20,153.09	19,883.05	22,913.09
Total	132,342.60	120,485.95	126,153.28	125,708.02	131,510.66

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

Initial budgeted expenditure for Commune authorities (thousand euros)

	2011	2012	2013	2014	2015
Canillo	11,956.83	10,565.08	11,451.18	10,395.10	11,110.48
Encamp	29,376.21	25,408.02	24,750.04	25,355.89	26,739.64
Ordino	9,818.81	8,409.41	11,578.32	12,225.79	11,160.79
La Massana	10,446.37	10,928.17	11,740.73	11,560.07	12,138.84
Andorra la Vella	34,908.80	32,079.67	34,044.04	34,287.83	35,506.46
Sant Julià de Lòria	12,242.01	11,278.32	12,019.57	11,532.67	11,778.35
Escaldes-Engordany	22,072.44	20,696.74	20,153.09	19,883.05	22,913.09
Total	130,821.47	119,365.42	125,736.97	125,240.38	131,347.65

Budgeted balance for Commune authorities (thousand euros)

	2011	2012	2013	2014	2015
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	991.47	0.00	0.00	0.00
La Massana	1,162.60	129.06	232.59	370.20	51.84
Andorra la Vella	0.00	0.00	0.00	0.00	0.00
Sant Julià de Lòria	358.53	0.00	183.72	97.44	111.17
Escaldes-Engordany	0.00	0.00	0.00	0.00	0.00
Total	1,521.12	1,120.53	416.31	467.64	163.01

Settlements of Commune authorities' revenue (thousand euros)

	2011	2012	2013	2014	2015
Canillo	11,052.54	10,790.89	13,362.77	12,255.81	12,776.08
Encamp	25,032.66	21,754.77	27,159.63	28,063.12	27,462.91
Ordino	10,262.63	10,170.13	14,227.50	11,336.53	11,900.58
La Massana	11,992.33	11,108.28	12,427.83	12,888.58	13,349.52
Andorra la Vella	33,989.41	35,944.10	32,679.02	35,401.65	33,741.03
Sant Julià de Lòria (*)	15,678.77	11,013.87	11,668.17	12,229.10	n.a.
Escaldes-Engordany	20,871.10	18,868.24	20,080.11	21,028.71	24,767.14
Total	128,879.44	119,650.28	131,605.03	133,203.50	n.a.

(*) At the date of closure of this edition the settlement data for the 2015 accounts of the Comú of Sant Julià de Lòria are not available.

Settlements of Commune authorities' expenditure (thousand euros)

	2011	2012	2013	2014	2015
Canillo	10,983.56	11,043.79	9,997.28	8,544.51	9,659.85
Encamp	26,714.16	23,988.28	22,867.92	22,068.49	25,947.81
Ordino	8,844.20	8,704.50	11,683.01	11,114.18	10,464.64
La Massana	10,455.66	10,401.90	10,131.57	10,909.87	11,989.50
Andorra la Vella	32,615.19	30,210.97	32,156.64	30,826.16	33,364.57
Sant Julià de Lòria (*)	14,196.88	10,877.97	12,209.83	12,684.99	n.a.
Escaldes-Engordany	21,280.53	18,592.76	18,374.39	20,431.51	21,820.06
Total	125,090.17	113,820.15	117,420.65	116,579.71	n.a.

(*) At the date of closure of this edition the settlement data for the 2015 accounts of the Comú of Sant Julià de Lòria are not available.

Commune authorities' surplus/deficit (thousand euros)

	2011	2012	2013	2014	2015
Canillo	68.98	-252.90	3,365.49	3,711.30	3,116.24
Encamp	-1,681.49	-2,233.51	4,291.71	5,994.64	1,515.10
Ordino	1,418.43	1,465.63	2,544.48	222.35	1,435.94
La Massana	1,536.68	706.39	2,296.26	1,978.72	1,360.02
Andorra la Vella	1,374.22	5,733.14	522.38	4,575.49	376.46
Sant Julià de Lòria (*)	1,481.89	135.90	-541.66	-455.89	n.a.
Escaldes-Engordany	-409.43	275.49	1,705.72	597.19	2,947.08
Total	3,789.27	5,830.13	14,184.38	16,623.79	n.a.

(*) At the date of closure of this edition the settlement data for the 2015 accounts of the Comú of Sant Julià de Lòria are not available.

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

Consolidated Commune debt - With investees (thousand euros)					
	2011	2012	2013	2014	2015
Canillo	23,871.90	23,366.41	19,295.10	13,196.15	11,431.84
Encamp	39,295.28	38,928.78	35,355.12	30,365.20	27,272.27
Ordino	23,924.99	22,555.12	20,592.79	21,275.13	20,274.10
La Massana	42,405.17	43,552.67	37,893.44	16,375.63	14,418.85
Andorra la Vella	58,348.78	55,124.44	51,887.11	46,146.93	42,217.09
Sant Julià de Lòria ^(*)	18,474.88	20,378.98	22,617.34	22,964.48	n.a.
Escaldes-Engordany	35,093.32	32,356.59	29,612.45	26,821.51	25,777.87
Total	241,414.32	236,262.98	217,253.36	177,145.02	n.a.

(*) At the date of closure of this edition the debt data on 31 December 2015 for the Comú of Sant Julià de Lòria are not available.
 Note: 2011-2014 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. 2015 data relating to the debt status presented by the Communes.
 n.a.: Not available

Source: Court of Accounts / Commune authorities

4.3 CASS (Andorran Social Security)

Revenue budget for the CASS (thousand euros)					
	2011	2012	2013	2014	2015
Contributions	180,952.00	207,889.97	195,446.52	200,046.44	202,327.77
Other taxes and revenue	1,660.19	1,504.51	2,385.49	1,714.91	1,539.81
Current transfers	1,149.00	47,414.80	36,732.67	34,653.63	52,109.15
Investment income	3,646.34	2,607.55	3,111.65	2,527.69	1,923.22
Total non-financial revenue	187,407.54	259,416.83	237,676.34	238,942.67	257,899.96
Financial assets	17,133.26	2,842.44	2,663.42	2,601.58	2,680.95
Financial liabilities	-	-	-	-	-
TOTAL REVENUE	204,540.80	262,259.27	240,339.76	241,544.24	260,580.91

Expenditure budget for the CASS (thousand euros)					
	2011	2012	2013	2014	2015
Current expenditure	175,611.71	215,673.23	205,714.08	211,008.52	219,379.36
Personnel costs	4,747.21	4,907.56	4,771.86	4,724.18	5,045.25
Consumption of goods and services	2,768.85	2,573.67	2,770.79	2,786.51	2,949.65
Financial expenditure	14.23	20.62	25.43	20.20	18.30
Current transfers	168,081.41	208,171.38	198,146.00	203,477.63	211,366.16
Capital expenditure	500.00	1,105.91	827.01	1,150.86	1,212.53
Real investment	500.00	1,105.91	827.01	1,150.86	1,212.53
Capital transfers	-	-	-	-	-
Total non-financial expenditure	176,111.71	216,779.14	206,541.09	212,159.38	220,591.89
Financial operations	-	45,477.17	35,698.67	29,384.87	39,989.02
Financial assets	-	45,477.17	35,698.67	29,384.87	39,989.02
Financial liabilities	-	-	-	-	-
TOTAL EXPENDITURE	176,111.71	262,256.30	242,239.76	241,544.24	260,580.91

Non-financial cash surplus or deficit (thousand euros)					
	2011	2012	2013	2014	2015
Non-financial surplus or deficit	11,295.84	42,637.70	31,135.25	26,783.29	37,308.07

Source: CASS / Department of Statistics. Government of Andorra

Settled revenue of the CASS (thousand euros)					
	2011	2012	2013	2014	2015
Contributions	205,505.78	200,618.71	200,151.70	204,357.67	209,310.75
Other taxes and revenue	1,331.56	1,980.62	1,911.25	1,696.45	2,911.41
Current transfers	38,016.49	25,080.05	34,609.48	33,465.53	48,226.36
Investment income	3,204.08	2,527.71	2,366.00	2,472.76	2,252.30
Total non-financial revenue	248,057.91	230,207.09	239,038.44	241,992.42	262,700.82
Financial assets	2,562.32	11,703.36	2,454.45	3,820.63	5,066.61
Financial liabilities	-	-	-	-	-
TOTAL REVENUE	250,620.23	241,910.45	241,492.89	245,813.05	267,767.44

Settled expenditure of the CASS (thousand euros)					
	2011	2012	2013	2014	2015
Current expenditure	193,605.96	196,141.20	203,228.66	211,948.30	221,174.71
Personnel costs	4,631.92	4,505.11	4,508.31	4,583.07	4,826.32
Consumption of goods and services	1,500.95	1,682.13	1,950.54	2,018.96	1,955.71
Financial expenditure	9.89	0.80	1.06	1.82	13.59
Current transfers	187,463.19	189,953.16	196,768.75	205,344.46	214,379.09
Capital expenditure	2,559.10	659.83	80.90	477.10	702.77
Real investment	2,559.10	659.83	80.90	477.10	702.77
Capital transfers	-	-	-	-	-
Total non-financial expenditure	196,165.06	196,801.03	203,309.56	212,425.40	221,877.48
Financial operations	49,573.53	44,445.72	35,385.65	31,033.65	43,032.06
Financial assets	49,573.53	44,445.72	35,385.65	31,033.65	43,032.06
Financial liabilities	-	-	-	-	-
TOTAL EXPENDITURE	245,738.59	241,246.75	238,695.20	243,459.05	264,909.54

Non-financial cash surplus or deficit (thousand euros)					
	2011	2012	2013	2014	2015
Non-financial surplus or deficit	51,892.85	33,406.06	35,728.88	29,567.02	40,823.34

Source: CASS / Department of Statistics. Government of Andorra

THE ANDORRAN ECONOMY: SECTORAL STATISTICS

5. PRIMARY SECTOR

Number of establishments					
	2011	2012	2013	2014	2015
Agriculture, livestock, hunting and auxiliary service activities	31	37	39	40	43
Forestry, forest management and auxiliary service activities	1	0	0	0	0
Total	32	37	39	40	43

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses by number of workers					
	2011	2012	2013	2014	2015
From 1 to 5	151	143	236	229	228
From 6 to 10	6	7	7	10	8
From 11 to 25	2	2	2	2	2
Total	159	152	245	241	238

Note: Data from December of corresponding year.

Source: CASS (Andorran Social Security)

Number of employees (average)					
	2011	2012	2013	2014	2015
Agriculture, livestock, hunting and auxiliary service activities	143	166	160	153	157
Forestry, forest management and auxiliary service activities	12	10	8	7	7
Total	155	177	167	160	164

Average monthly salaries (euros)					
	2011	2012	2013	2014	2015
Agriculture, livestock, hunting and auxiliary service activities	1,477.59	1,439.47	1,413.70	1,426.51	1,391.43
Forestry, forest management and auxiliary service activities	1,762.04	1,652.36	1,534.90	1,661.90	1,729.18
Average	1,501.70	1,449.89	1,417.73	1,436.21	1,405.55

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

Tobacco harvest by parish (kg)					
	2011	2012	2013	2014	2015
Canillo	16,013	8,716	15,721	15,839	14,127
Encamp	27,407	27,397	26,811	26,754	29,465
Ordino	33,730	33,666	34,114	34,273	31,672
La Massana	45,205	43,864	45,120	45,453	45,540
Andorra la Vella	30,120	30,126	24,423	30,040	30,074
Sant Julià de Lòria	80,680	80,736	77,091	75,402	80,389
Escaldes-Engordany	11,522	11,287	10,897	10,321	11,370
Total production	244,676	235,792	234,176	238,084	242,637

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

Livestock census (adult animals)

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Bulls	62	72	63	63	65
Cows	1,497	1,480	1,449	1,421	1,471
Working animals	-	-	-	-	-
Stud animals	198	165	170	149	129
Mares	711	688	687	658	515
Rams	75	83	98	103	83
Ewes	2,446	2,573	2,559	3,191	2,932
Billy goats	29	20	27	21	21
Nanny goats	349	344	347	323	267
Total	5,367	5,425	5,400	5,929	5,483

Number of farms per parish

	2011	2012	2013	2014	2015
Canillo	48	52	49	47	47
Encamp	55	54	47	45	46
Ordino	46	48	40	37	36
La Massana	67	69	57	57	57
Andorra la Vella	49	48	37	36	36
Sant Julià de Lòria	64	63	62	62	63
Escaldes-Engordany	30	32	30	30	30
Total	359	366	322	314	315

Total of farms by type (surface area in m²)

	2011	2012	2013	2014	2015
Hay	5,161,003	5,210,147	5,163,754	5,278,713	5,372,137
Tobacco	1,516,629	1,503,335	1,490,809	1,514,018	1,503,284
Pasture	12,606,943	12,605,792	12,773,491	12,804,556	12,887,540
Potatoes	234,019	243,456	200,703	175,845	159,346
Market garden	112,590	124,471	117,218	119,395	131,132
PAM ⁽¹⁾	47,566	40,683	35,047	12,957	6,990
Vines	96,571	109,875	90,305	85,443	85,443
Forage ⁽²⁾	32,750	26,965	29,634	17,377	22,595
Misc. ⁽³⁾	13,591	9,514	8,674	12,792	10,014
Fallow	473,913	501,455	528,074	485,714	430,764
Others	408,391	418,154	415,051	403,612	402,478
Total	20,703,966	20,793,847	20,852,760	20,910,422	21,011,722
Useful agricultural area	19,821,663	19,874,237	19,909,635	20,021,095	20,178,480

(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 businesses**

	2011	2012	2013	2014	2015
Extraction industries	1	1	4	3	3
Manufacturing industries	230	232	255	288	295
Production and distribution of electricity, gas and water	6	6	6	7	7
Total	237	239	265	298	305

Note: Data in December of corresponding year.

Source: CASS (Andorran Social Security)

Number of businesses by number of workers

	2011	2012	2013	2014	2015
From 1 to 5	146	155	173	201	210
From 6 to 10	43	41	46	50	47
From 11 to 25	32	30	34	36	36
From 26 to 100	14	10	9	9	10
Over 100	2	3	3	2	2
Total	237	239	265	298	305

Note: Data in December of corresponding year.

Source: CASS (Andorran Social Security)

Number of establishments

	2011	2012	2013	2014	2015
Extraction industries	1	1	1	1	1
Activities of services related to oil & gas production, except prospecting	1	1	1	1	1
Manufacturing industries	331	321	340	351	362
Food and beverage processing industries	41	42	44	47	50
Tobacco industries	7	7	7	8	8
Textile industries	9	9	6	5	5
Dressmaking and fur industries	9	7	7	7	5
Wood and cork industries, except furniture; basketware and wickerwork	48	48	46	46	45
Paper industries	1	1	1	1	1
Publishing, graphic arts and reproduction of recorded media	92	83	88	92	98
Chemical industries	4	4	4	4	4
Manufacture of products of rubber and plastic materials	1	1	2	2	2
Manufactures of other non-metallic mineral products	5	6	6	6	7
Metallurgy	-	-	1	1	1
Manufacture of metallic products, except machinery and equipment	35	33	32	33	32
Industries for the construction of mechanical machinery and equipment	26	27	31	30	33
Manufacture of electrical machinery and material	1	1	1	2	3
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	1	1	1	1	1
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	25	25	29	32	32
Manufacture of other transport materials	1	-	-	-	-
Furniture manufacturing; other manufacturing industries	24	25	31	31	32
Recycling	1	1	1	1	1
Production and distribution of electricity, gas and water	5	5	5	5	5
Production and distribution of electricity, gas, steam and hot water	3	3	3	3	3
Collection, purification and distribution of water	2	2	2	2	2
Total	337	327	346	357	368

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Electricity consumption by industry (MWh)

	2011	2012	2013	2014	2015
Electricity consumption	4,249	4,247	5,848	4,021	4,135

Source: FEDA (Andorran Electricity Company)

Number of employees (average)

	2011	2012	2013	2014	2015
Extraction industries	2	2	2	1	2
Extraction and agglomeration of anthracite, coal, lignite and peat	-	-	1	-	-
Extraction of oil and natural gas	-	-	-	-	1
Extraction of non-metallic or non-energy minerals	2	2	1	1	1
Manufacturing industries	1,568	1,453	1,386	1,398	1,432
Food and beverage processing industries	228	215	224	227	232
Tobacco industries	271	275	273	264	251
Textile industries	46	40	35	30	36
Dressmaking and fur industries	-	-	-	-	0
Wood and cork industries, except furniture; basketware and wickerwork	165	150	132	128	122
Publishing, graphic arts and reproduction of recorded media	237	215	196	191	202
Chemical industries	97	97	102	106	113
Manufacture of products of rubber and plastic materials	1	0	-	11	16
Manufactures of other non-metallic mineral products	41	34	13	20	25
Metallurgy	-	-	-	-	-
Manufacture of metallic products, except machinery and equipment	140	122	117	110	108
Industries for the construction of mechanical machinery and equipment	145	116	116	118	120
Manufacture of office machinery and computer equipment	-	-	-	0	3
Manufacture of electrical machinery and material	8	8	7	7	7
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	-	-	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	131	132	131	147	152
Manufacture of motor vehicles, trailers and semi-trailers	2	2	1	2	2
Manufacture of other transport materials	1	1	-	-	-
Furniture manufacturing; other manufacturing industries	42	33	27	27	28
Recycling	15	14	13	13	13
Production and distribution of electricity, gas and water	166	165	166	161	157
Production and distribution of electricity, gas, steam and hot water	127	126	125	122	121
Collection, purification and distribution of water	39	38	41	39	37
Total	1,736	1,619	1,554	1,560	1,591

Average monthly salaries (euros)

	2011	2012	2013	2014	2015
Extraction industries	2,199.93	3,015.47	1,619.01	1,334.39	2,293.02
Extraction and agglomeration of anthracite, coal, lignite and peat	-	-	1,701.67	-	-
Extraction of oil and natural gas	-	-	-	-	2,873.80
Extraction of non-metallic or non-energy minerals	2,199.93	3,015.47	1,536.34	1,334.39	1,470.25
Manufacturing industries	2,022.85	2,020.65	2,008.04	2,024.94	2,045.48
Food and beverage processing industries	1,639.22	1,626.20	1,590.41	1,580.11	1,606.09
Tobacco industries	2,175.26	2,133.99	2,233.30	2,433.31	2,431.19
Textile industries	1,463.90	1,442.58	1,437.33	1,456.31	1,591.00
Dressmaking and fur industries	-	-	-	-	-
Wood and cork industries, except furniture; basketware and wickerwork	1,897.04	1,938.12	1,833.25	1,778.48	1,817.37
Publishing, graphic arts and reproduction of recorded media	1,839.88	1,868.02	1,755.86	1,737.32	1,742.61
Chemical industries	1,836.87	1,932.50	2,018.38	1,954.91	2,032.79
Manufacture of products of rubber and plastic materials	1,700.00	1,700.00	-	1,663.50	1,813.09
Manufactures of other non-metallic mineral products	3,165.52	2,784.67	2,476.36	2,403.88	2,187.58
Metallurgy	-	-	-	-	-
Manufacture of metallic products, except machinery and equipment	2,118.69	2,012.36	1,940.84	1,903.59	1,939.55
Industries for the construction of mechanical machinery and equipment	2,451.83	2,588.07	2,685.18	2,652.56	2,753.95
Manufacture of office machinery and computer equipment	-	-	-	1,752.24	1,517.14
Manufacture of electrical machinery and material	1,485.00	1,458.99	1,436.34	1,530.23	1,518.30
Manufact. of electronic materials; radio, tv & communications equip. & apparatus	-	-	-	-	-
Manufact. of medico-surgical, precision, optical & watchmaking equip. & instruments	2,372.35	2,427.53	2,430.22	2,333.96	2,350.74
Manufacture of motor vehicles, trailers and semi-trailers	1,635.00	1,726.09	1,662.92	1,723.50	1,736.84
Manufacture of other transport materials	1,143.33	1,200.00	-	-	-
Furniture manufacturing; other manufacturing industries	1,772.08	1,773.03	1,876.03	1,937.29	1,937.86
Recycling	2,052.98	1,970.11	1,877.35	1,958.37	2,145.09
Production and distribution of electricity, gas and water	3,185.54	3,099.32	3,175.32	3,236.81	3,196.83
Production and distribution of electricity, gas, steam and hot water	3,565.21	3,463.36	3,596.49	3,618.41	3,544.11
Collection, purification and distribution of water	1,970.44	1,893.64	1,897.65	2,048.29	2,033.72
Average	2,134.37	2,131.22	2,132.16	2,149.42	2,159.38

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

7. ENERGY

Electricity					
	2011	2012	2013	2014	2015
Exports (MWh)	1	9	3	7	6
Production (MWh)	91,238	87,858	114,683	126,808	99,479
Urban waste thermal production	12,323	11,676	12,904	13,392	13,808
Hydro-electric production	78,915	76,182	101,779	113,416	85,671
Imports (MWh)	495,796	505,456	467,102	438,902	471,309
Total consumption	587,033	593,306	581,782	565,705	570,784

Real electricity consumption by charge band (kWh)					
	2011	2012	2013	2014	2015
Domestic rate - blue	90,455,256	92,213,569	94,742,266	92,837,635	93,522,453
Business rate - blue (up to 20 kW on contract)	50,663,371	48,736,694	48,170,291	47,097,721	46,940,754
Street lighting	178,966	299,382	649,502	575,626	550,254
Business rate - red (from 25 to 250 kW on contract)	113,183,475	112,336,860	111,378,372	111,111,250	113,880,517
Business rate - green (more than 250 kW on contract)	126,254,384	126,211,494	118,909,680	114,854,301	114,213,989
Total consumption by low-voltage (BT) customers	380,735,452	379,797,999	373,850,111	366,476,534	369,107,967
Charge to other distributors	179,271,641	182,011,144	179,969,996	175,229,956	176,621,273
Total	560,007,093	561,809,143	553,820,107	541,706,490	545,729,240

Electricity consumption by sector (MWh)					
	2011	2012	2013	2014	2015
Domestic use	89,485	92,249	94,743	93,012	93,576
Construction and construction related activities	4,822	4,359	3,678	3,613	3,860
Industries	4,249	4,247	5,848	4,021	4,135
Distribution	74,588	73,630	70,860	67,482	67,891
Hotels and catering	65,974	64,686	62,235	61,470	61,828
Financial services	23,468	23,179	22,407	21,393	21,679
Other services	68,415	66,703	65,816	66,784	67,681
Street lighting	7,505	7,979	8,451	8,538	8,143
Ski resorts	14,926	17,086	14,010	15,178	15,608
Government	24,945	25,645	24,967	25,294	24,529
Other distributors	179,087	182,011	179,970	175,230	182,446
Total	557,463	561,774	552,987	542,014	551,375

Source: FEDA (Andorran Electricity Company)

Fuel imports (litres)					
	2011	2012	2013	2014	2015
Unleaded petrol	28,080,840	27,191,927	25,478,296	25,113,814	25,036,349
Diesel for vehicles	102,216,532	101,249,226	97,007,606	97,849,613	97,898,126
Domestic fuel oil	54,298,678	55,834,708	57,507,520	51,516,641	52,442,080
Carbureactors	131,958	93,560	143,075	131,983	155,998
Total	184,728,008	184,369,421	180,136,497	174,612,051	175,532,553

Source: Department of Tax and Frontiers. Government of Andorra

Evolution in various forms of energy consumption (TOE)					
	2011	2012	2013	2014	2015
Electricity	123,756	124,714	122,763	120,327	122,405
Petrol	21,819	21,128	19,797	19,513	19,453
Diesel	90,155	89,302	85,561	86,303	86,346
Heating oil	47,891	49,246	50,722	45,438	46,254
Butane	461	421	380	358	354
Propane	2,352	2,115	2,069	1,971	2,006
Coal	105	115	132	183	196
Total	286,540	287,041	281,423	274,093	277,015

Source: Department of Statistics. Government of Andorra

8.CONSTRUCTION

Number of establishments					
	2011	2012	2013	2014	2015
Construction	817	791	789	795	808

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses by number of workers					
	2011	2012	2013	2014	2015
From 1 to 5	378	392	413	429	440
From 6 to 10	128	108	107	87	100
From 11 to 25	72	75	64	66	62
From 26 to 100	32	25	25	26	22
Over 100	2	0	0	0	2
Total	612	600	609	608	626

Note: Data in December of corresponding year.

Source: CASS (Andorran Social Security)

Number of employees (average)					
	2011	2012	2013	2014	2015
Construction	3,854	3,227	2,810	2,734	2,758

Average monthly salaries (euros)					
	2011	2012	2013	2014	2015
Construction	1,997.58	1,983.52	1,915.37	1,883.28	1,880.77

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

Electricity consumption (MWh)					
	2011	2012	2013	2014	2015
Construction and related activities	4,822	4,359	3,678	3,613	3,860

Source: FEDA (Andorran Electricity Company)

Number of authorised projects					
	2011	2012	2013	2014	2015
Total authorised works	483	399	460	526	429

Total authorised m² by category					
	2011	2012	2013	2014	2015
New build	109,860.33	127,520.47	75,726.95	65,519.51	42,026.67
Refurbishment	75,385.00	37,022.86	69,295.21	48,083.63	48,674.85
Extension	10,154.66	6,387.98	5,450.89	6,150.13	6,115.44
Demolition	7,862.87	3,504.10	5,153.16	8,094.90	5,814.48
Total	203,262.86	174,435.41	155,626.21	127,848.17	102,631.44

Source: Official Architects' Association of Andorra

Surface area authorised for building (square metres)					
	2011	2012	2013	2014	2015
Apartments	21,475	46,043	26,495	5,616	32,026
Houses	10,265	4,176	5,149	9,125	8,858
Other buildings (including offices, stores and hotels)	41,113	3,263	20,769	5,151	4,466
Total	72,853	53,482	52,413	19,892	45,350

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

Surface area authorised for building per parish (square metres)

	2011	2012	2013	2014	2015
Canillo	5,040	1,250	1,842	3,704	169
Encamp	18,816	1,134	4,219	2,214	8,563
Ordino	3,054	29,232	2,517	1,486	2,560
La Massana	6,570	7,121	3,592	2,600	647
Andorra la Vella	2,324	2,293	21,163	1,702	5,410
Sant Julià de Lòria	34,866	11,692	4,270	3,015	21,847
Escaldes-Engordany	2,183	760	14,810	5,171	6,155
Total	72,853	53,482	52,413	19,892	45,350

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

Imports of building materials (thousand euros)

	2011	2012	2013	2014	2015
Salt, sulphur, earth, stone, plaster, lime, cement (25)	8,003.17	4,594.52	3,904.37	4,985.53	5,855.82
Stone, plaster and mica products (68)	4,739.94	3,927.48	3,542.88	3,962.83	4,909.21
Castings, iron and steel (72)	5,219.65	2,485.25	2,432.71	2,940.12	2,981.26
Cast-iron, iron and steel products (73)	15,213.25	14,304.15	15,049.37	13,669.21	13,648.06
Total	33,176.01	25,311.40	24,929.33	25,557.70	27,394.35

Source: Department of Tax and Frontiers. Government of Andorra

9. SERVICES

Number of establishments

	2011	2012	2013	2014	2015
Commerce and motor vehicle repairs (etc.)	2,627	2,556	2,573	2,654	2,800
Sales, maintenance and repair of motor vehicles (etc.)	348	340	345	341	361
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	873	846	863	944	1,045
Retail, except sales of motor vehicles (etc.)	1,406	1,370	1,365	1,369	1,394
Hotels & catering	963	950	982	984	991
Transport, storage and communications	414	411	402	403	414
Overland transport; pipeline transport	221	214	206	203	204
Air and space transport	4	3	3	3	3
Transport related activities; travel agency activities	175	182	184	188	196
Post and telecommunications	14	12	9	9	11
Financial system	164	163	159	163	166
Financial activities, except insurance activities	69	66	63	65	65
Insurance activities, except compulsory social security	85	87	87	87	87
Activities related to finance	10	10	9	11	14
Real estate and rental activities; business services	1,242	1,253	1,376	1,512	1,687
Real estate activities	309	292	305	320	345
Hire of machinery & equipment without operator, personal effects, domestic appliances	116	113	108	106	104
IT activities	95	95	127	156	183
Research and development	3	5	7	9	10
Other business activities	719	748	829	921	1,045
Public administration, defence and compulsory social security	-	-	-	-	-
Education	66	66	76	83	91
Health and veterinary activities, social services	148	156	161	173	186
Other social activities and community services; personal services	470	468	482	504	528
Public sanitation activities	27	27	25	23	21
Leisure, culture and sports activities	180	176	187	200	216
Miscellaneous personal services activities	263	265	270	281	291
Others	-	-	-	-	-
Total	6,094	6,023	6,211	6,476	6,863

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses

	2011	2012	2013	2014	2015
Commerce and motor vehicle repairs (etc.)	1,585	1,592	1,671	1,791	1,892
Hotels & catering	782	806	815	842	855
Transport, storage & communications	228	231	252	265	281
Financial system	87	80	87	96	108
Real estate and rentals; business services	1,058	1,077	1,336	1,484	1,695
Public administration, defence and compulsory social security	36	35	35	35	36
Education	49	51	64	74	80
Health and veterinary activities, social services	298	304	344	374	397
Other social activities & community services; personal services	455	456	510	533	587
Extraterritorial bodies	8	9	7	7	7
Special regimes ^(*)	-	1	1	1	1
Domestic work for the community (communities of owners)	580	580	579	567	558
Total	5,166	5,222	5,701	6,069	6,497

(*) 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.
Note: Data in December of the corresponding year.

Number of businesses by number of workers

	2011	2012	2013	2014	2015
From 1 to 5	3,973	4,054	4,488	4,841	5,245
From 6 to 10	583	563	610	626	620
From 11 to 25	394	397	379	370	398
From 26 to 100	169	159	172	179	179
Over 100	47	49	52	53	55
Total	5,166	5,222	5,701	6,069	6,497

Note: Data in December of the corresponding year.

Source: CASS (Andorran Social Security)

Number of employees (average)

	2011	2012	2013	2014	2015
Commerce and motor vehicle repairs (etc.)	9,381	8,975	8,700	8,669	8,667
Sales, maintenance and repair of motor vehicles (etc.)	1,164	1,103	1,048	1,071	1,120
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,472	2,276	2,171	2,153	2,181
Retail, except sales of motor vehicles (etc.)	5,745	5,596	5,481	5,446	5,367
Hotels & catering	4,768	4,634	4,542	4,492	4,553
Transport, storage and communications	1,122	1,076	1,043	1,063	1,056
Overland transport; pipeline transport	479	452	440	447	460
Air and space transport	8	10	8	6	7
Transport related activities; travel agency activities	373	357	342	352	331
Post and telecommunications	262	258	254	257	259
Financial system	1,679	1,709	1,750	1,830	1,960
Financial activities, except insurance activities	1,448	1,481	1,518	1,594	1,721
Insurance activities, except compulsory social security	227	225	229	234	236
Activities related to finance	4	4	3	2	3
Real estate and rental activities; business services	4,027	3,875	3,911	4,146	4,358
Real estate activities	611	559	550	577	627
Hire of machinery & equipment without operator, personal effects, domestic appliances	177	157	145	142	152
IT activities	339	320	332	346	373
Research and development	11	7	7	7	5
Other business activities	2,889	2,832	2,877	3,074	3,200
Public administration, defence and compulsory social security	4,336	4,340	4,363	4,420	4,405
Education	557	544	544	537	552
Health and veterinary activities, social services	1,694	1,682	1,679	1,721	1,807
Other social activities and community services; personal services	2,396	2,371	2,491	2,575	2,655
Public sanitation activities	92	115	147	162	153
Associational activities	201	210	220	236	226
Leisure, culture and sports activities	1,632	1,609	1,691	1,750	1,846
Miscellaneous personal services activities	471	438	433	426	430
Households employing domestic staff	1,355	1,311	1,250	1,179	1,162
Extraterritorial bodies	26	22	19	20	19
Domestic work for the community (communities of owners)	216	217	215	226	221
Voluntary declaration no activity (volunteers)	-	-	-	-	-
Total	31,556	30,756	30,508	30,877	31,415

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

Average monthly salaries (euros)					
	2011	2012	2013	2014	2015
Commerce and motor vehicle repairs (etc.)	1,723.77	1,718.88	1,704.81	1,700.79	1,709.00
Sales, maintenance and repair of motor vehicles (etc.)	1,882.26	1,875.36	1,848.88	1,839.59	1,829.43
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,904.10	1,906.16	1,928.84	1,909.04	1,917.97
Retail, except sales of motor vehicles (etc.)	1,614.18	1,611.81	1,588.37	1,591.25	1,598.89
Hotels & catering	1,513.31	1,483.49	1,473.51	1,480.25	1,484.24
Transport, storage and communications	2,280.08	2,243.49	2,226.26	2,226.87	2,240.88
Overland transport; pipeline transport	2,012.36	1,911.34	1,927.45	1,917.76	1,898.54
Air and space transport	4,371.83	4,157.62	4,212.91	4,749.34	4,811.16
Transport related activities; travel agency activities	1,862.73	1,859.66	1,838.27	1,930.37	1,951.35
Post and telecommunications	3,302.68	3,285.26	3,202.36	3,112.72	3,153.24
Financial system	4,636.88	4,603.72	4,633.17	5,534.57	4,214.29
Financial activities, except insurance activities	4,967.18	4,922.77	4,940.19	5,942.87	4,439.08
Insurance activities, except compulsory social security	2,564.21	2,538.10	2,629.87	2,782.65	2,604.54
Activities related to finance	2,315.37	1,966.29	1,917.62	1,834.96	1,891.81
Real estate and rental activities; business services	1,879.89	1,872.10	1,866.61	1,857.87	1,842.13
Real estate activities	2,182.23	2,152.51	2,133.72	2,135.13	2,073.87
Hire of machinery & equipment without operator, personal effects, domestic appliances	1,809.91	1,966.33	1,789.69	1,720.04	1,678.70
IT activities	2,415.90	2,349.90	2,311.89	2,397.49	2,354.74
Research and development	1,785.88	2,101.95	2,817.15	3,048.70	3,529.81
Other business activities	1,757.55	1,757.18	1,765.67	1,748.94	1,742.27
Public administration, defence and compulsory social security	2,519.16	2,474.39	2,455.86	2,451.72	2,458.92
Education	2,152.00	2,160.02	2,167.17	2,189.24	2,176.87
Health and veterinary activities, social services	2,440.36	2,395.25	2,302.48	2,281.97	2,239.57
Other social activities and community services; personal services	1,673.02	1,704.45	1,683.79	1,725.11	1,724.35
Public sanitation activities	1,927.88	1,725.78	1,740.74	1,667.44	1,713.48
Associational activities	1,393.55	1,348.22	1,332.41	1,299.96	1,346.09
Leisure, culture and sports activities	1,739.03	1,801.89	1,756.03	1,825.15	1,821.75
Miscellaneous personal services activities	1,514.39	1,512.22	1,560.78	1,573.09	1,508.50
Households employing domestic staff	1,268.45	1,252.89	1,250.80	1,271.98	1,293.47
Extraterritorial bodies	2,397.23	2,658.94	2,374.50	2,478.61	2,577.13
Domestic work for the community (communities of owners)	1,299.58	1,336.55	1,296.40	1,280.55	1,269.39
Voluntary declaration no activity (volunteers)	-	-	-	-	-
Average	2,016.20	2,009.73	2,002.69	2,066.55	1,996.34

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

Electricity consumption (MWh)					
	2011	2012	2013	2014	2015
Distribution	74,588	73,630	70,860	67,482	67,891
Hotels and catering	65,974	64,686	62,235	61,470	61,828
Financial services	23,468	23,179	22,407	21,393	21,679
Other services	68,415	66,703	65,816	66,784	67,681
Street lighting	7,505	7,979	8,451	8,538	8,143
Ski resorts	14,926	17,086	14,010	15,178	15,608
Government	24,945	25,645	24,967	25,294	24,529
Other distributors	179,087	182,011	179,970	175,230	182,446
Total	458,907	460,919	448,718	441,368	449,804

Source: FEDA (Andorran Electricity Company)

9.1 Commerce

Number of establishments					
	2011	2012	2013	2014	2015
Sales, maintenance and repairs of motor vehicles (etc.)	348	340	345	341	361
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	873	846	863	944	1,045
Retail, except sales of motor vehicles (etc.)	1,406	1,370	1,365	1,369	1,394
Total	2,627	2,556	2,573	2,654	2,800

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses					
	2011	2012	2013	2014	2015
Commerce and motor vehicle repairs (etc.)	1,585	1,592	1,671	1,791	1,892

Note: Data in December of the corresponding year.

Number of businesses by number of workers					
	2011	2012	2013	2014	2015
From 1 to 5	1,205	1,214	1,294	1,408	1,511
From 6 to 10	210	211	217	223	212
From 11 to 25	114	119	110	109	115
From 26 to 100	43	34	36	37	40
Over 100	13	14	14	14	14
Total	1,585	1,592	1,671	1,791	1,892

Note: Data in December of the corresponding year.

Source: CASS (Andorran Social Security)

Number of employees (average)					
	2011	2012	2013	2014	2015
Sales, maintenance and repairs of motor vehicles (etc.)	1,164	1,103	1,048	1,071	1,120
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	2,472	2,276	2,171	2,153	2,181
Retail, except sales of motor vehicles (etc.)	5,745	5,596	5,481	5,446	5,367
Total	9,381	8,975	8,700	8,669	8,667

Average monthly salaries (euros)					
	2011	2012	2013	2014	2015
Sales, maintenance and repairs of motor vehicles (etc.)	1,882.26	1,875.36	1,848.88	1,839.59	1,829.43
Commercial wholesalers and intermediaries, except motor vehicles and motorcycles	1,904.10	1,906.16	1,928.84	1,909.04	1,917.97
Retail, except sales of motor vehicles (etc.)	1,614.18	1,611.81	1,588.37	1,591.25	1,598.89
Average	1,723.77	1,718.88	1,704.81	1,700.79	1,709.00

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

Electricity consumption (MWh)					
	2011	2012	2013	2014	2015
Distribution sector	74,588	73,630	70,860	67,482	67,891

Source: FEDA (Andorran Electricity Company)

9.2 Financial sector

Number of establishments					
	2011	2012	2013	2014	2015
Financial activities, except insurance activities	69	66	63	65	65
Insurance activities, except compulsory social security	85	87	87	87	87
Activities related to finance	10	10	9	11	14
Total	164	163	159	163	166

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses					
	2011	2012	2013	2014	2015
Financial system	87	80	87	96	108

Note: Data in December of the corresponding year.

Source: CASS (Andorran Social Security)

Number of businesses by number of workers

	2011	2012	2013	2014	2015
From 1 to 5	57	52	57	65	76
From 6 to 10	12	11	12	12	12
From 11 to 25	11	11	11	9	12
From 26 to 100	1	1	2	5	3
Over 100	6	5	5	5	5
Total	87	80	87	96	108

Note: Data in December of the corresponding year.

Source: CASS (Andorran Social Security)

Number of employees (average)

	2011	2012	2013	2014	2015
Financial activities, except insurance activities	1,448	1,481	1,518	1,594	1,721
Insurance activities, except compulsory social security	227	225	229	234	236
Activities related to finance	4	4	3	2	3
Total	1,679	1,709	1,750	1,830	1,960

Average monthly wages (euros)

	2011	2012	2013	2014	2015
Financial activities, except insurance activities	4,967.18	4,922.77	4,940.19	5,942.87	4,439.08
Insurance activities, except compulsory social security	2,564.21	2,538.10	2,629.87	2,782.65	2,604.54
Activities related to finance	2,315.37	1,966.29	1,917.62	1,834.96	1,891.81
Average	4,636.88	4,603.72	4,633.17	5,534.57	4,214.29

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

Electricity consumption (MWh)

	2011	2012	2013	2014	2015
Financial services	23,468	23,179	22,407	21,393	21,679

Source: FEDA (Andorran Electricity Company)

Number of bank branches

	2011	2012	2013	2014 ^(*)	2015 ^(*)
Number of bank branches	50	44	38	36	36

Note: 2014 and 2015 data do not include the branches of Banca Privada d'Andorra.

Number of employees in the banking sector

	2011	2012	2013	2014 ^(*)	2015 ^(*)
Number of employees in the banking sector	2,078	2,281	2,449	2,248	2,522

Note 1: Includes employees in Andorra and abroad.

Note 2: 2014 and 2015 data do not include the number of employees of Banca Privada d'Andorra.

Bank deposits (million euros)

	2011	2012	2013	2014 ^(*)	2015 ^(*)
Andbank Group	2,603.37	2,580.51	2,690.73	3,675.58	3,634.45
Banca Privada d'Andorra	1,484.68	1,621.48	1,516.24	-	-
MoraBanc Group	1,851.03	1,682.73	1,689.06	1,855.56	2,101.16
Crèdit Andorrà Group	4,315.61	4,454.88	4,447.27	4,775.75	4,883.69
BancSabadell d'Andorra	357.44	388.81	442.06	492.56	501.07
Total	10,612.12	10,728.40	10,785.35	10,799.44	11,120.38

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

Net loans by banks (million euros)					
	2011	2012	2013	2014^(*)	2015^(*)
Andbank Group	1,684.14	1,792.92	1,727.66	1,853.80	1,816.95
Banca Privada d'Andorra	1,077.96	1,124.66	975.37	-	-
MoraBanc Group	1,096.39	977.33	928.11	1,050.93	1,021.88
Crèdit Andorrà Group	3,090.78	3,071.82	3,006.86	2,909.20	2,908.67
BancSabadell d'Andorra	399.45	416.84	391.33	369.87	355.85
Total	7,348.72	7,383.58	7,029.33	6,183.79	6,103.34

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

Profit per banking entity (thousand euros)					
	2011	2012	2013	2014^(*)	2015^(*)
Andbank Group	54,246	56,581	64,080	64,269	54,048
Banca Privada d'Andorra	18,528	17,596	20,541	-	-
MoraBanc Group	46,687	45,175	42,375	40,187	34,885
Crèdit Andorrà Group	70,628	70,862	71,241	71,544	72,005
BancSabadell d'Andorra	6,452	6,624	6,960	7,268	7,610
Total	196,541	196,838	205,197	183,268	168,548

(*) 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. On 27 April 2015, the Board of Directors of AREB, within the framework of Law 8/2015, of 2 April, on urgent measures to introduce restructuring and resolution mechanisms for banking entities, declared the process of resolution of BPA open and on 11 June 2015 the BPA Resolution Plan was passed, the fundamental content of which centres on segregating the set of BPA's assets and liabilities considered legal. On 21 April 2016, the resolution of BPA was approved, allowing for Vall Banc to be set up, implementing the capitalisation and transfer of legal assets and liabilities from BPA to the new entity.

Due to these circumstances, the audited annual accounts of Banca Privada d'Andorra for 2014 and 2015 are not available.

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

9.3 Tourism

Number of establishments					
	2011	2012	2013	2014	2015
Hotels & catering	963	950	982	984	991

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Number of businesses					
	2011	2012	2013	2014	2015
Hotels & catering	782	806	815	842	855

Note: Data in December of the corresponding year.

Number of businesses by number of workers					
	2011	2012	2013	2014	2015
From 1 to 5	457	498	489	522	528
From 6 to 10	138	123	144	145	144
From 11 to 25	121	120	116	111	125
From 26 to 100	64	62	63	61	55
Over 100	2	3	3	3	3
Total	782	806	815	842	855

Note: Data in December of the corresponding year.

Source: CASS (Andorran Social Security)

Number of employees (average)					
	2011	2012	2013	2014	2015
Hotels & catering	4,768	4,634	4,542	4,492	4,553

Average monthly wages (euros)					
	2011	2012	2013	2014	2015
Hotels & catering	1,513.31	1,483.49	1,473.51	1,480.25	1,484.24

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

Electricity consumption (MWh)					
	2011	2012	2013	2014	2015
Hotels & catering	65,974	64,686	62,235	61,470	61,828
Ski resorts	14,926	17,086	14,010	15,178	15,608

Source: FEDA (Andorran Electricity Company)

Total visitors (any non-resident visiting the country)						
		2011	2012	2013	2014^(*)	2015
Total by nationalities	Spanish	3,976,718	3,863,167	3,687,002	3,696,405	3,886,580
	French	3,471,122	3,464,619	3,275,190	3,383,300	3,368,515
	Others	535,039	572,654	714,040	717,065	596,057
Sant Julià de Lòria	Spanish	3,681,354	3,591,673	3,414,449	3,484,792	3,676,610
	French	272,941	250,733	280,530	278,686	298,601
	Others	346,291	382,985	571,623	539,839	443,516
Pas de la Casa	Spanish	295,364	271,494	272,553	211,613	209,970
	French	3,198,181	3,213,886	2,994,660	3,104,614	3,069,914
	Others	188,748	189,669	142,417	177,226	152,541
Total visitors (tourists and same-day visitors)		7,982,879	7,900,440	7,676,232	7,796,770	7,851,152

Tourists (any visitor who spends more than one day, i.e. at least one night, in this country)						
		2011	2012	2013	2014^(*)	2015
Total by nationalities	Spanish	1,588,909	1,570,604	1,636,841	1,682,709	1,900,365
	French	341,484	345,898	393,646	331,329	443,728
	Others	311,169	321,437	297,637	349,398	326,351
Sant Julià de Lòria	Spanish	1,459,230	1,448,821	1,517,929	1,619,370	1,809,880
	French	63,171	59,479	94,136	92,039	126,515
	Others	212,547	224,565	236,331	284,452	255,055
Pas de la Casa	Spanish	129,679	121,783	118,912	63,339	90,485
	French	278,313	286,419	299,510	239,290	317,213
	Others	98,622	96,872	61,306	64,946	71,296
Total tourists		2,241,562	2,237,939	2,328,124	2,363,436	2,670,444

Source: Department of Statistics. Government of Andorra

Same-day visitors (only spends one day in the country)						
		2011	2012	2013	2014^(*)	2015
Total by nationalities	Spanish	2,387,809	2,292,563	2,050,161	2,013,696	1,986,215
	French	3,129,638	3,118,721	2,881,544	3,051,971	2,924,786
	Others	223,870	251,217	416,403	367,667	269,706
Sant Julià de Lòria	Spanish	2,222,124	2,142,852	1,896,520	1,865,422	1,866,730
	French	209,770	191,254	186,394	186,647	172,086
	Others	133,744	158,420	335,292	255,387	188,461
Pas de la Casa	Spanish	165,685	149,711	153,641	148,274	119,485
	French	2,919,868	2,927,467	2,695,150	2,865,324	2,752,700
	Others	90,126	92,797	81,111	112,280	81,245
Total same-day visitors		5,741,317	5,662,501	5,348,108	5,433,334	5,180,708

Number of overnight stays per type of accommodation						
		2011	2012	2013	2014^(*)	2015
Hotel		4,308,035	4,415,393	4,537,000	4,453,428	4,864,028
Aparthotel		271,390	289,389	344,884	200,803	368,310
Holiday apartment		672,008	651,581	655,395	783,562	1,307,397
Campsite		234,842	127,110	151,838	113,969	149,097
Friends' or family's house		527,561	723,980	816,015	677,427	829,110
Own or rental property		316,834	308,582	393,761	416,198	487,184
Other		184,189	120,244	76,974	134,678	144,558
Total		6,514,859	6,636,279	6,975,867	6,780,065	8,149,684

(*) 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						
		2011	2012	2013	2014	2015
Overland transport; pipeline transport		221	214	206	203	204
Air and space transport		4	3	3	3	3
Transport related activities; travel agency activities		175	182	184	188	196
Post and telecommunications		14	12	9	9	11
Total		414	411	402	403	414

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

Source: Ministry of Tourism and Commerce - Commerce and Consumption Unit. Government of Andorra / Department of Statistics. Government of Andorra

Number of employees (average)						
		2011	2012	2013	2014	2015
Overland transport; pipeline transport		479	452	440	447	460
Air and space transport		8	10	8	6	7
Transport related activities; travel agency activities		373	357	342	352	331
Post and telecommunications		262	258	254	257	259
Total		1,122	1,076	1,043	1,063	1,056

Average monthly salaries (euros)						
		2011	2012	2013	2014	2015
Overland transport; pipeline transport		2,012.36	1,911.34	1,927.45	1,917.76	1,898.54
Air and space transport		4,371.83	4,157.62	4,212.91	4,749.34	4,811.16
Transport related activities; travel agency activities		1,862.73	1,859.66	1,838.27	1,930.37	1,951.35
Post and telecommunications		3,302.68	3,285.26	3,202.36	3,112.72	3,153.24
Average		2,280.08	2,243.49	2,226.26	2,226.87	2,240.88

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

Number of vehicles

	2011	2012	2013	2014	2015
Vehicles with normal registration plates					
Cars	52,284	52,038	52,237	53,105	53,487
Light goods vehicles	966	950	924	938	957
Medium goods vehicles	3,288	3,273	3,108	3,160	3,220
Public transport vehicles	207	206	219	222	214
Heavy goods vehicles	896	852	809	812	807
Semitrailers	284	269	253	249	244
Industrial trailers	9	11	11	12	11
Private trailers	3,097	3,119	3,225	3,267	3,255
Motorbikes (50cc+)	10,415	10,572	10,722	11,405	11,464
Agricultural vehicles	357	354	366	375	358
Total	71,803	71,644	71,874	73,545	74,017
Vehicles with special registration plates					
Mopeds (< 50cc)	2,711	2,582	2,173	2,111	2,640
Special vehicles	1,984	1,965	1,981	2,024	1,993
Snowbikes	453	425	466	478	465
Total	5,148	4,972	4,620	4,613	5,098
TOTAL NUMBER OF VEHICLES	76,951	76,616	76,494	78,158	79,115

Number of vehicles per 1,000 inhabitants

	2011	2012	2013	2014	2015
Vehicles /1,000 inhabitants	1,103	1,098	1,093	1,108	1,103

Note: Data calculated on the base of estimated population.

Source: Department of Transport. Government of Andorra

Subscriptions to telecommunications services (units)

	2011	2012	2013	2014	2015
Land lines	49,171	48,166	47,983	47,075	45,041
Telephone lines	38,401	38,320	38,572	38,237	38,850
ISDN channels	10,770	9,846	9,411	8,838	6,191
Mobile telephones	65,044	63,865	63,931	66,241	71,336
Mobiland contract ⁽¹⁾	41,269	43,352	45,727	49,186	53,762
Mobiland Clic pre-pay ⁽²⁾	23,775	20,513	18,204	17,055	17,574
Point to point access	824	734	695	682	666
Ipsilon (copper)	368	218	88	11	7
Business Intranet (FTTH)	456	516	607	671	659
Broadband Internet	25,763	26,905	27,734	28,770	30,694
ADSL ⁽³⁾	8,337	5,238	2,191	148	-
Internet via fibre optic	17,426	21,667	25,543	28,622	30,694

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) On 3 November 2014 Andorra Telecom totally switched off the national ADSL service after completing the installation of the new fibre optic network throughout the territory.

Source: Andorra Telecom

Telephone traffic

	2011	2012	2013	2014	2015
TELEPHONE TRAFFIC (minutes)					
National total	175,724,899	163,847,511	155,793,112	146,572,914	137,764,693
Land-line network ⁽¹⁾	131,684,410	122,801,051	116,916,699	104,901,337	90,713,225
Mobile network ⁽¹⁾	44,040,489	41,046,460	38,876,414	41,671,577	47,051,468
International incoming	49,913,074	46,584,158	43,540,545	39,506,110	37,425,927
International outgoing	55,404,485	51,736,346	47,478,671	44,746,910	43,443,061
TELEPHONE TRAFFIC (Gb)					
Broadband Internet - National (up + down)	259,074	404,996	827,525	2,016,142	2,455,832
Via ADSL ⁽²⁾	99,590	111,145	130,960	137,124	-
Via fibre optic	159,484	293,851	696,565	1,879,018	2,455,832
Broadband Internet - International (up + down)	4,757,016	6,081,298	7,542,793	8,150,879	12,422,487
Via ADSL ⁽²⁾	1,980,786	1,312,668	869,287	383,838	-
Via fibre optic	2,776,230	4,768,630	6,673,507	7,767,041	12,422,487
Mobile Internet - National (up + down)	-	-	-	64,645	133,281

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

(2) On 3 November 2014 Andorra Telecom totally switched off the national ADSL service after completing the installation of the new fibre optic network throughout the territory.

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

Source: Andorra Telecom

THE ANDORRAN ECONOMY: FOREIGN TRADE STATISTICS

10. IMPORTS AND EXPORTS

10.1 Composition of foreign trade

<i>Imports by products (thousand euros)</i>					
	2011	2012	2013	2014	2015
01 Live animals	151.51	115.41	143.56	104.27	103.44
02 Meat and edible meat offal	25,262.38	25,328.68	25,106.85	26,055.37	26,565.91
03 Fish and crustaceans, molluscs and others	11,187.21	10,648.24	10,312.62	11,310.82	11,652.03
04 Dairy produce; birds eggs and natural honey	22,504.96	22,821.17	22,779.09	23,095.79	22,524.15
05 Products of animal origin	96.62	127.50	116.66	119.18	90.28
06 Live plants and floricultural products	1,471.13	1,387.10	1,329.74	1,327.56	1,295.96
07 Edible vegetables, plants and certain roots and tubers	9,514.59	9,192.92	9,400.61	8,862.73	10,111.49
08 Edible fruit and nuts; peel of citrus fruit or melons	4,892.72	5,071.74	5,209.65	5,060.57	5,827.22
09 Coffee, tea, maté and spices	5,423.05	5,264.22	5,597.05	4,270.89	5,197.31
10 Cereals	378.41	397.97	371.83	364.75	400.97
11 Products of the milling industry: malt; starches, etc.	871.80	850.88	844.75	852.35	792.26
12 Seeds and fruits; industrial or medicinal plants, etc.	474.21	549.61	524.10	428.12	411.82
13 Gums, resins and other vegetable saps and extracts	84.15	115.18	112.19	61.33	15.05
14 Vegetable plaiting materials and other vegetable products	4.45	46.01	6.45	7.38	6.65
15 Animal or vegetable fats and oils; waxes	4,774.08	4,638.52	4,721.19	4,987.23	4,889.75
16 Preparations of meat, fish or crustaceans, etc.	13,641.94	13,682.17	14,793.18	15,470.25	15,166.60
17 Sugars and sugar confectionery	8,208.04	6,449.09	6,537.53	6,679.31	5,809.13
18 Cocoa and cocoa preparations	8,765.06	8,090.37	8,655.22	9,286.71	8,719.76
19 Preparations of cereals, flour, etc.; pastry-cooks' products	17,140.29	16,912.87	16,509.64	17,084.80	17,732.81
20 Preparations of vegetables, fruit, etc.	8,384.84	7,800.92	8,192.82	8,709.10	8,547.31
21 Miscellaneous edible preparations	23,043.44	23,393.35	24,632.09	27,299.30	27,038.24
22 Beverages, spirits and vinegar	62,321.94	63,776.93	66,004.95	70,114.64	72,777.03
23 Residues and waste from the food industries, etc.	2,683.18	2,874.47	3,146.67	3,377.88	3,506.80
24 Tobacco and manufactured tobacco substitutes	30,970.58	31,075.35	32,869.19	30,373.80	27,002.70
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	8,003.17	4,594.52	3,904.37	4,985.53	5,855.82
26 Ores, slag and ash	0.55	2.99	8.52	9.87	12.39
27 Mineral fuels, oils and waxes; bituminous substances	141,742.78	156,283.29	143,502.24	127,443.97	103,966.59
28 Inorganic chemical products	669.03	620.35	653.62	714.50	703.07
29 Organic chemical products	783.49	646.58	683.81	636.26	650.99
30 Pharmaceutical products	28,920.61	28,326.08	27,785.00	29,433.23	31,655.68
31 Fertilizers	372.51	378.29	339.05	348.21	363.74
32 Paints and varnishes; putty and other mastics; inks	5,637.95	5,465.35	5,552.46	5,099.87	5,094.86
33 Perfumery, cosmetic and toilet preparations	90,267.28	72,369.37	74,863.19	80,737.62	85,497.73
34 Soap, organic products, waxes, candles	11,282.96	12,121.64	12,493.72	13,579.39	14,297.08
35 Albuminoidal substances; glues; enzymes	386.21	356.75	376.46	425.63	498.19
36 Explosives; pyrotechnic products; certain combustible preparations	336.21	312.51	268.88	315.67	334.44
37 Photographic or cinematographic goods	434.96	415.84	459.07	769.40	738.84
38 Miscellaneous chemical products	4,808.57	3,989.35	4,287.30	4,691.93	5,238.07
39 Plastics and articles thereof	13,639.48	14,569.62	14,558.69	15,322.38	16,454.65
40 Rubber and articles thereof	11,572.14	10,021.04	10,817.44	10,496.91	10,530.74
41 Raw hides and skins (other than furskins) and leather	2.11	5.07	15.01	14.62	5.88
42 Articles of leather; saddlery and harness, etc.	15,664.40	14,340.90	14,640.81	15,989.00	14,808.72
43 Furskins and artificial fur; manufactures thereof	956.66	606.38	496.52	594.28	584.92
44 Wood and articles of wood; wood charcoal	6,861.77	5,878.93	6,452.05	7,685.61	7,583.73
45 Cork and articles of cork	3.81	5.90	11.58	32.60	19.81
46 Articles of esparto or basketwork	127.89	79.01	62.72	115.77	190.77
47 Pulp of wood or of other fibrous cellulosic material	1.31	3.25	46.48	24.65	41.60
48 Paper and paperboard	16,658.58	15,800.38	15,803.47	15,795.55	16,350.05
49 Printed books, newspapers, pictures and other products of the printing industry	10,675.37	9,559.69	9,712.16	9,383.27	9,960.69
50 Silk	20.20	7.99	13.30	39.05	8.21
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	77.47	80.96	65.17	73.03	36.15
52 Cotton	141.56	136.02	133.56	137.89	98.79
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	11.25	12.26	9.24	10.35	14.31

Imports by products (thousand euros) - Continuation

	2011	2012	2013	2014	2015
54 Man-made filaments	683.29	455.98	459.19	161.51	172.92
55 Man-made staple fibres	1,175.51	1,135.72	1,272.40	1,465.63	1,092.35
56 Wadding, felt and nonwovens, cordage, ropes and cables	1,219.31	1,073.19	1,052.06	840.48	1,091.12
57 Carpets and other textile floor coverings	429.96	367.99	336.21	611.95	675.04
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	181.89	220.84	232.27	180.15	152.59
59 Textile articles of a kind suitable for industrial use	134.82	164.21	212.38	137.48	144.75
60 Knitted or crocheted fabrics	37.69	74.74	48.71	34.59	33.97
61 Articles of apparel and clothing accessories, knitted or crocheted	31,935.70	29,403.15	30,624.28	32,209.22	35,014.02
62 Articles of apparel and clothing accessories, not knitted or crocheted	72,324.60	65,758.76	62,049.54	64,653.32	59,144.28
63 Other made up textile articles; sets, etc.	7,517.88	5,883.02	5,816.39	6,203.69	7,046.84
64 Footwear, gaiters and the like; parts of such articles	30,414.07	25,209.02	26,502.40	28,640.11	28,018.02
65 Headgear and parts thereof	5,932.40	4,773.37	4,748.19	6,467.84	5,983.86
66 Umbrellas, sun umbrellas, walking sticks, etc.	601.20	819.30	523.99	642.13	661.97
67 Feathers, artificial flowers, articles of human hair	121.04	167.35	116.71	120.32	159.68
68 Articles of stone, plaster, cement, asbestos, mica	4,739.94	3,927.48	3,542.88	3,962.83	4,909.21
69 Ceramic products	4,773.77	4,462.12	3,675.72	4,174.17	4,534.76
70 Glass and glassware	4,457.31	4,717.70	3,524.38	3,647.73	3,862.73
71 Pearls, precious stones and metals, imitation jewellery; coin	11,478.72	8,291.36	22,368.39	28,563.49	16,878.83
72 Iron and steel	5,219.65	2,485.25	2,432.71	2,940.12	2,981.26
73 Articles of iron or steel	15,213.25	14,304.15	15,049.37	13,669.21	13,648.06
74 Copper and articles thereof	562.54	398.51	258.82	329.28	267.37
75 Nickel and articles thereof	1.77	0.39	-	0.09	0.21
76 Aluminium and articles thereof	6,256.31	6,145.99	4,706.71	5,345.08	5,768.44
77 Reserved for the Harmonised System	-	-	-	-	-
78 Lead and articles thereof	2.54	20.38	3.84	19.75	1.84
79 Zinc and articles thereof	53.66	67.39	60.52	48.18	56.51
80 Tin and articles thereof	19.77	15.98	1.66	3.09	0.70
81 Other base metals; cermets	10.80	16.31	46.83	84.82	82.70
82 Tools, implements, cutlery	4,120.94	3,487.40	3,961.45	3,854.94	3,502.76
83 Miscellaneous articles of base metal	3,580.01	3,568.67	3,310.69	3,445.65	4,283.78
84 Nuclear reactors, boilers, mechanical appliances	50,280.33	55,883.49	58,716.93	56,076.92	55,810.55
85 Electrical machinery and equipment, etc.	86,289.39	81,323.12	81,829.53	78,692.64	85,292.37
86 Railway locomotives and equipment of all kinds	120.47	133.84	167.14	420.66	87.72
87 Vehicles, tractors, motorbikes, bicycles	80,593.03	67,510.32	80,337.27	104,969.29	117,390.90
88 Aircraft, spacecraft	159.35	8.99	61.03	192.16	188.13
89 Ships, boats and floating structures	2,492.11	1,621.54	990.09	953.37	894.29
90 Optical, photographic, cinematographic and measuring apparatus, etc.	21,988.47	20,177.93	20,947.17	23,519.38	23,444.34
91 Clocks and watches and parts thereof	22,074.96	24,100.14	24,736.42	24,509.19	25,208.19
92 Musical instruments	921.66	870.04	783.72	702.84	903.27
93 Arms and ammunition	965.35	1,065.85	923.15	832.57	845.60
94 Furniture; lamps and lighting fittings	23,325.60	19,710.87	18,917.30	22,711.15	21,592.04
95 Toys, games and sports requisites; parts and accessories thereof	24,973.86	17,971.55	18,001.25	20,399.39	20,906.32
96 Miscellaneous manufactured articles	3,534.89	5,903.44	5,996.14	6,585.29	5,332.34
97 Works of art, collectors' pieces and antiques	781.71	992.86	2,119.90	1,149.76	1,878.45
98 Reserved for the Harmonised System	-	-	-	-	-
99 Specific movements of goods	341.97	390.30	647.67	664.22	811.09
Total	1,164,354.37	1,102,681.01	1,128,046.90	1,175,045.84	1,168,537.37

Source: Department of Tax and Frontiers. Government of Andorra

Exports by products (thousand euros)

	2011	2012	2013	2014	2015
01 Live animals	48.91	29.45	45.38	150.88	68.90
02 Meat and edible meat offal	264.63	195.67	5.49	1.83	0.34
03 Fish and crustaceans, molluscs and others	14.24	2.34	2.65	-	1.60
04 Dairy produce; birds eggs and natural honey	-	0.98	2.60	0.16	27.06
05 Products of animal origin	5.06	4.48	6.55	7.69	9.53
06 Live plants and floricultural products	-	-	0.91	-	-
07 Edible vegetables, plants and certain roots and tubers	-	-	9.14	-	0.10
08 Edible fruit and nuts; peel of citrus fruit or melons	-	-	-	-	-
09 Coffee, tea, maté and spices	0.31	21.64	0.26	0.05	1.16
10 Cereals	-	-	-	-	-

Exports by products (thousand euros) - Continuation

	2011	2012	2013	2014	2015
11 Products of the milling industry: malt; starches, etc.	0.41	-	-	-	0.43
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	40.73	59.49	105.64	99.29	98.21
16 Preparations of meat, fish or crustaceans, etc.	2.44	-	0.54	2.06	5.84
17 Sugars and sugar confectionery	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	2.88
20 Preparations of vegetables, fruit, etc.	0.47	5.19	-	3.14	0.12
21 Miscellaneous edible preparations	9.42	14.95	4.23	8.15	23.40
22 Beverages, spirits and vinegar	89.55	568.50	130.51	254.76	497.15
23 Residues and waste from the food industries, etc.	0.07	1.06	0.48	-	-
24 Tobacco and manufactured tobacco substitutes	44.04	61.65	47.57	95.78	46.89
25 Salt; sulphur; earths and stone; plastering materials, lime and cement	161.97	235.73	195.81	283.64	197.02
26 Ores, slag and ash	7.41	7.26	3.09	4.90	8.08
27 Mineral fuels, oils and waxes; bituminous substances	2.43	78.72	94.07	81.57	35.92
28 Inorganic chemical products	2.86	2.64	0.20	0.84	0.11
29 Organic chemical products	8.14	2.08	17.04	99.44	83.03
30 Pharmaceutical products	219.54	20.53	32.39	39.37	85.38
31 Fertilizers	-	-	-	0.04	-
32 Paints and varnishes; putty and other mastics; inks	65.06	94.52	99.70	33.17	20.77
33 Perfumery, cosmetic and toilet preparations	3,493.76	2,560.07	1,132.64	578.27	654.83
34 Soap, organic products, waxes, candles	66.26	30.40	24.22	20.93	8.92
35 Albuminoidal substances; glues; enzymes	3.17	1.45	0.05	0.53	1.24
36 Explosives; pyrotechnic products; certain combustible preparations	0.27	9.81	6.84	10.73	7.22
37 Photographic or cinematographic goods	4.29	9.21	1.52	5.36	32.66
38 Miscellaneous chemical products	30.58	7.63	30.08	34.36	66.61
39 Plastics and articles thereof	1,002.06	1,112.42	1,294.76	1,756.76	1,470.38
40 Rubber and articles thereof	76.07	133.44	73.81	67.22	125.76
41 Raw hides and skins (other than furskins) and leather	49.38	50.10	60.07	64.56	49.26
42 Articles of leather; saddlery and harness, etc.	680.15	688.33	506.47	496.90	607.66
43 Furskins and artificial fur; manufactures thereof	7.20	35.30	13.15	7.98	50.15
44 Wood and articles of wood; wood charcoal	785.51	803.50	955.31	724.08	750.68
45 Cork and articles of cork	0.15	-	-	-	-
46 Articles of esparto or basketwork	2.51	-	0.69	-	0.17
47 Pulp of wood or of other fibrous cellulosic material	1,317.14	1,175.03	907.25	868.74	1,016.39
48 Paper and paperboard	963.39	1,137.11	1,000.33	1,449.28	2,070.86
49 Printed books, newspapers, pictures and other products of the printing industry	1,287.73	1,385.56	4,565.85	875.34	610.87
50 Silk	-	-	-	-	-
51 Wool, fine or coarse animal hair; horsehair yarn and woven fabric	-	-	-	-	0.38
52 Cotton	-	-	0.78	-	-
53 Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	-	-	-	-	-
54 Man-made filaments	1.75	0.78	2.75	0.50	0.09
55 Man-made staple fibres	0.91	0.46	-	-	-
56 Wadding, felt and nonwovens, cordage, ropes and cables	796.71	585.83	321.74	126.70	56.00
57 Carpets and other textile floor coverings	117.69	90.70	73.90	58.12	58.16
58 Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery	486.69	340.68	314.38	239.49	192.67
59 Textile articles of a kind suitable for industrial use	173.90	217.48	169.40	187.93	275.65
60 Knitted or crocheted fabrics	-	-	3.19	0.80	-
61 Articles of apparel and clothing accessories, knitted or crocheted	1,220.84	3,566.90	839.02	782.98	992.12
62 Articles of apparel and clothing accessories, not knitted or crocheted	2,451.59	3,469.98	2,231.71	3,244.68	4,477.46
63 Other made up textile articles; sets, etc.	2,268.06	1,373.70	269.72	732.50	1,003.89
64 Footwear, gaiters and the like; parts of such articles	1,767.56	1,395.59	1,502.64	1,237.75	1,176.30
65 Headgear and parts thereof	955.50	761.96	667.08	654.16	692.26
66 Umbrellas, sun umbrellas, walking sticks, etc.	1.23	1.69	1.32	8.75	5.59
67 Feathers, artificial flowers, articles of human hair	0.32	0.48	0.73	3.07	-
68 Articles of stone, plaster, cement, asbestos, mica	77.90	39.82	20.66	49.13	30.43
69 Ceramic products	46.19	27.21	30.33	50.46	42.11
70 Glass and glassware	256.95	211.52	175.82	157.74	121.58
71 Pearls, precious stones and metals, imitation jewellery; coin	5,520.98	7,354.13	5,090.22	2,734.01	4,806.35
72 Iron and steel	1,748.84	1,630.37	1,336.76	1,678.65	1,435.58
73 Articles of iron or steel	2,016.10	2,086.32	1,847.88	1,171.41	1,416.95

Exports by products (thousand euros) - Continuation

	2011	2012	2013	2014	2015
74 Copper and articles thereof	513.47	726.68	530.99	478.94	288.87
75 Nickel and articles thereof	-	-	-	-	-
76 Aluminium and articles thereof	547.84	501.56	467.24	466.87	1,758.30
77 Reserved for the Harmonised System	-	-	-	-	-
78 Lead and articles thereof	8.83	0.09	-	0.16	-
79 Zinc and articles thereof	2.13	-	-	-	-
80 Tin and articles thereof	0.75	0.97	2.38	1.47	0.55
81 Other base metals; cermets	0.10	-	0.01	0.12	180.27
82 Tools, implements, cutlery	216.64	116.17	79.19	96.31	44.06
83 Miscellaneous articles of base metal	19.55	13.58	2.24	14.68	15.97
84 Nuclear reactors, boilers, mechanical appliances	5,051.43	3,829.89	2,959.02	2,978.87	2,485.78
85 Electrical machinery and equipment, etc.	17,164.00	19,399.14	17,658.66	16,615.11	17,818.19
86 Railway locomotives and equipment of all kinds	2.00	-	-	-	-
87 Vehicles, tractors, motorbikes, bicycles	15,252.57	10,656.27	12,333.96	14,188.59	15,287.60
88 Aircraft, spacecraft	77.70	104.55	355.85	62.28	27.26
89 Ships, boats and floating structures	1,242.49	58.54	42.34	250.00	159.45
90 Optical, photographic, cinematographic and measuring apparatus, etc.	6,837.40	6,595.58	7,082.02	10,347.39	9,163.80
91 Clocks and watches and parts thereof	1,514.24	3,358.49	3,601.79	3,992.05	3,963.41
92 Musical instruments	236.86	211.15	224.06	138.32	300.56
93 Arms and ammunition	109.31	64.67	80.78	96.73	75.87
94 Furniture; lamps and lighting fittings	776.30	1,113.87	729.45	596.64	654.38
95 Toys, games and sports requisites; parts and accessories thereof	448.23	568.77	820.33	623.87	644.10
96 Miscellaneous manufactured articles	138.23	867.73	613.43	329.55	153.72
97 Works of art, collectors' pieces and antiques	220.45	3.05	147.25	746.00	1,552.32
98 Reserved for the Harmonised System	-	-	-	-	-
99 Specific movements of goods	716.63	496.22	481.13	455.98	509.42
Total	81,781.38	82,408.35	74,489.60	73,737.59	80,605.00

Source: Department of Tax and Frontiers. Government of Andorra

10.2 Geographical distribution of foreign trade

Imports by country of origin (thousand euros)

	2011	2012	2013	2014	2015
AE United Arab Emirates	0.87	0.83	40.91	102.97	140.86
AF Afghanistan	-	-	6.89	0.60	1.64
AI Anguilla	-	-	42.16	-	-
AL Albania	22.76	40.23	128.73	32.50	28.65
AM Armenia	20.46	39.28	97.97	157.59	64.71
AN Dutch Antilles	-	-	-	-	0.12
AR Argentina	190.81	21.45	17.28	10.89	36.29
AT Austria	4,458.64	4,239.91	4,576.82	6,461.86	5,623.31
AU Australia	217.51	292.28	215.19	156.91	131.93
AZ Azerbaijan	-	-	0.46	1.40	-
BA Bosnia-Herzegovina	87.32	21.13	22.68	17.59	23.72
BB Barbados	-	-	0.20	-	3.96
BD Bangladesh	1,746.18	2,046.23	2,002.23	2,346.57	3,615.24
BE Belgium	4,906.75	4,568.76	4,000.29	4,060.05	5,130.48
BF Burkina Faso	-	0.54	-	-	-
BG Bulgaria	493.76	469.70	593.52	732.37	723.73
BH Bahrain	0.80	9.78	-	-	1.15
BI Burundi	-	-	4.14	13.53	-
BJ Benin	-	-	-	-	0.13
BN Brunei	0.51	0.64	3.62	0.63	-
BO Bolivia	3.74	8.36	4.05	-	-
BR Brazil	547.39	657.95	635.16	178.05	44.77
BS Bahamas	37.26	3.35	-	2.07	1.06

Imports by country of origin (thousand euros) - Continuation

	2011	2012	2013	2014	2015
BT Bhutan	-	-	-	0.17	-
BW Botswana	-	-	-	0.19	-
BY Belarus	2.04	-	-	92.31	-
CA Canada	342.34	318.04	316.66	195.60	282.20
CD Democratic Republic of Congo	1.93	-	-	-	0.05
CF Central African Republic	7.35	-	-	-	-
CG Congo (Republic)	-	-	-	-	0.94
CH Switzerland	13,768.96	15,728.15	17,825.14	34,398.76	19,496.04
CI Ivory Coast	-	-	7.45	0.56	-
CL Chile	15.99	5.61	14.57	4.71	20.13
CM Cameroon	0.48	-	0.66	0.76	-
CN China	48,806.40	40,964.94	41,867.53	48,595.61	44,567.17
CO Colombia	13.15	23.15	5.51	35.37	37.72
CR Costa Rica	3.62	5.66	5.37	2.46	3.73
CU Cuba	1,965.66	1,981.96	2,489.60	1,802.40	2,249.16
CY Cyprus	-	-	0.86	-	4.35
CZ Czech Republic	1,324.89	2,262.45	1,268.48	1,608.10	1,036.07
DE Germany	50,588.03	39,067.65	35,028.00	45,189.74	36,802.77
DK Denmark	1,521.07	1,262.46	1,008.90	1,023.05	905.89
DM Dominica	-	22.65	0.19	0.56	-
DO Dominican Republic	685.76	613.65	583.47	409.07	668.88
DZ Algeria	2.73	3.05	34.41	6.68	-
EC Ecuador	0.10	0.69	-	0.59	1.28
EE Estonia	24.75	9.45	28.08	16.89	0.78
EG Egypt	74.64	45.27	19.32	262.20	598.83
ER Eritrea	-	31.93	-	21.87	0.04
ES Spain	698,786.61	668,188.36	697,178.26	722,772.36	742,704.04
ET Ethiopia	3.17	4.33	-	5.15	2.04
FI Finland	454.09	555.26	575.00	489.49	704.29
FJ Fiji	-	-	0.13	380.63	121.80
FK Falkland Islands	-	-	0.05	0.32	-
FR France	201,837.42	193,015.16	185,774.50	181,817.70	184,849.88
GA Gabon	-	-	-	3.04	10.83
GB United Kingdom	16,565.78	18,294.07	14,700.39	15,442.33	15,922.63
GE Georgia	48.22	-	1.66	2.55	1.03
GH Ghana	0.37	-	-	-	-
GR Greece	196.27	295.17	258.74	269.32	335.37
GT Guatemala	54.42	9.04	1.19	13.69	38.27
GY Guyana	15.10	-	-	-	-
HK Hong Kong	505.21	909.75	1,016.93	199.37	366.99
HN Honduras	22.36	53.93	8.88	28.63	56.87
HR Croatia	61.44	55.50	44.78	54.28	76.68
HU Hungary	530.48	361.17	351.23	265.24	232.89
ID Indonesia	1,731.30	1,304.57	1,515.50	1,848.00	1,489.96
IE Ireland	1,659.43	1,727.48	1,757.97	1,370.54	1,724.65
IL Israel	18.73	131.66	66.43	8.45	754.72
IN India	4,035.19	3,944.10	3,813.51	4,203.18	3,279.34
IR Iran	6.87	5.17	11.22	1.67	5.49
IS Iceland	27.56	31.22	26.47	30.17	20.03
IT Italy	28,990.41	26,128.63	30,119.14	27,072.92	24,641.67
JM Jamaica	15.58	-	5.50	3.37	10.35
JO Jordan	10.65	1.93	1.55	3.60	6.08
JP Japan	8,688.07	7,256.46	5,110.73	3,673.42	2,655.76
KE Kenya	-	0.10	63.59	0.20	-
KG Kyrgyzstan	0.18	-	-	-	0.10
KH Cambodia	120.08	164.31	488.19	506.19	619.19
KM Comoros	-	0.01	1.39	0.03	-
KP North Korea	19.22	31.56	0.27	1.69	0.45
KR South Korea	3,883.20	3,073.19	6,005.50	3,980.49	3,504.60
KW Kuwait	-	-	0.71	-	-
KY Cayman Islands	-	-	-	-	0.12
KZ Kazakhstan	14.14	16.51	1.38	0.94	0.04
LA Laos	0.15	6.18	10.26	9.69	25.07
LB Lebanon	-	5.27	7.57	-	-
LC Saint Lucia	-	-	-	4.25	-
LI Liechtenstein	0.10	-	-	-	-
LK Sri Lanka	268.80	173.04	235.72	212.62	146.45

Imports by country of origin (thousand euros) - Continuation

	2011	2012	2013	2014	2015
LT Lithuania	22.78	71.69	100.00	80.21	151.96
LU Luxembourg	3,765.29	2,491.03	2,017.09	2,356.69	2,422.59
LV Latvia	22.98	47.28	124.04	45.23	13.41
MA Morocco	551.97	562.82	637.57	1,179.85	1,469.80
MD Moldavia	107.08	66.85	18.64	30.63	28.99
MG Madagascar	26.12	47.57	44.35	31.41	31.87
MK Macedonia	6.20	12.37	8.98	17.96	39.07
ML Mali	0.17	0.41	-	0.41	-
MM Myanmar (former Burma)	19.57	17.91	18.81	20.22	11.30
MN Mongolia	-	0.13	-	0.33	-
MO Macao	3.78	2.99	0.50	-	0.45
MR Mauritania	2.91	0.09	-	1.62	2.43
MT Malta	-	6.31	5.77	7.57	1.88
MU Mauritius	72.95	43.44	11.90	2.44	18.81
MW Malawi	1.26	0.04	0.14	-	-
MX Mexico	421.65	371.53	265.08	304.73	411.46
MY Malaysia	945.45	1,188.52	528.66	275.64	133.67
NA Namibia	-	0.51	4.61	-	0.64
NC New Caledonia & dependencies	-	-	-	-	2.98
NE Niger	0.82	13.36	-	-	-
NG Nigeria	2.50	0.59	0.17	-	3.81
NI Nicaragua	13.17	23.47	65.53	6.76	27.08
NL Netherlands	9,713.73	11,079.34	11,245.87	12,161.66	8,985.29
NO Norway	40.34	336.83	16.18	35.77	177.59
NP Nepal	15.51	0.51	0.97	7.18	-
NR Nauru	25.77	-	-	-	1.86
NZ New Zealand	10.62	0.69	0.17	21.81	4.69
OM Oman	8.65	-	6.34	-	-
PA Panama	7.78	0.04	15.95	8.77	58.05
PE Peru	148.29	37.62	8.97	20.83	20.44
PF French Polynesia	28.75	-	-	-	53.87
PG Papua New Guinea	22.49	-	-	-	-
PH Philippines	327.21	218.88	181.94	233.38	171.93
PK Pakistan	445.87	338.69	353.42	623.68	450.83
PL Poland	3,288.60	3,832.62	4,215.60	4,140.97	4,755.55
PT Portugal	10,491.74	12,403.25	10,526.92	11,206.82	8,415.60
QA Qatar	16.13	-	1.41	13.85	14.86
RO Romania	1,641.81	1,397.70	1,465.32	1,544.85	1,386.02
RU Russia	22.98	24.00	18.30	13.66	52.33
RW Rwanda	0.16	-	-	-	-
SA Saudi Arabia	-	-	1.27	1.26	68.12
SB Solomon Islands	-	-	21.01	-	-
SC Seychelles & dependencies	-	-	0.06	-	-
SE Sweden	2,516.54	2,495.96	1,097.04	1,952.64	2,508.08
SG Singapore	38.98	93.43	507.24	352.97	73.38
SI Slovenia	328.24	373.80	234.49	38.48	142.33
SK Slovakia	427.78	408.57	326.73	225.24	114.54
SL Sierra Leone	2.38	3.60	0.74	76.52	11.00
SM San Marino	0.08	0.07	-	-	-
SN Senegal	-	3.17	-	-	-
SO Somalia	-	-	1.48	-	-
SR Surinam	-	0.20	-	-	0.19
SV El Salvador	10.41	3.61	5.79	239.93	191.98
SY Syria	1.79	-	0.15	-	-
TC Turks and Caicos I.	-	0.24	1.95	-	-
TH Thailand	2,606.14	1,755.97	1,247.76	841.69	580.06
TM Turkmenistan	-	2.49	-	-	-
TN Tunisia	1,408.49	944.85	1,002.47	1,141.83	1,028.47
TR Turkey	2,414.73	2,466.17	2,249.62	4,224.24	4,660.38
TT Trinidad & Tobago	-	-	3.19	5.88	0.08
TW Taiwan	1,625.76	1,275.58	1,602.74	1,606.66	2,351.68
TZ Tanzania	2.44	6.89	1.04	2.69	0.17
UA Ukraine	432.66	421.28	437.32	468.73	429.99
UG Uganda	0.72	-	0.02	6.76	-
US United States of America	8,402.58	7,025.62	5,921.71	6,656.96	7,207.30
UY Uruguay	10.77	0.19	13.86	165.82	2.63
UZ Uzbekistan	-	0.93	-	-	-

Imports by country of origin (thousand euros) - Continuation

	2011	2012	2013	2014	2015
VA Vatican City	-	-	0.05	-	-
VE Venezuela	40.71	23.13	3.21	1.66	209.01
VI Virgin Islands (U.S.)	-	4.13	4.21	0.16	15.74
VN Vietnam	4,341.28	3,609.68	4,370.86	5,579.25	6,414.30
WF Wallis & Futuna	-	-	4.79	-	2.86
WS Samoa	1.03	22.74	-	-	0.23
YE Yemen	-	-	12.56	-	-
ZA South Africa	16.81	1.29	9,879.04	79.07	185.74
ZW Zimbabwe	-	-	-	5.75	-
Others	7,025.74	6,588.00	5,134.45	4,357.93	6,462.49
Total	1,164,354.37	1,102,681.01	1,128,046.90	1,175,045.84	1,168,537.37

Source: Department of Tax and Frontiers. Government of Andorra

Exports by country of destination (thousand euros)

	2011	2012	2013	2014	2015
AE United Arab Emirates	59.04	95.57	33.88	92.55	198.47
AF Afghanistan	0.21	-	-	0.61	-
AG Antigua and Barbuda	-	0.04	-	-	-
AL Albania	-	-	0.26	3.04	0.23
AM Armenia	17.60	10.50	-	0.08	-
AN Netherlands Antilles	-	-	28.44	117.46	51.29
AO Angola	3.09	47.19	-	-	-
AR Argentina	177.31	123.57	121.99	37.83	10.55
AT Austria	132.15	113.34	168.04	51.41	37.98
AU Australia	23.08	3.51	15.49	82.03	35.92
AW Aruba	-	0.80	-	0.38	-
AZ Azerbaijan	35.37	361.53	239.06	58.05	134.64
BA Bosnia & Herzegovina	-	-	2.50	0.00	0.02
BB Barbados	-	-	-	0.03	-
BD Bangladesh	-	-	1.50	-	-
BE Belgium	511.11	309.65	212.84	773.03	1,305.02
BF Burkina Faso	5.94	-	-	0.01	-
BG Bulgaria	2.32	28.76	38.48	12.49	56.92
BH Bahrain	-	0.59	-	-	2.37
BN Brunei	0.19	0.05	-	0.25	0.68
BO Bolivia	-	0.23	0.80	-	-
BR Brazil	12.76	13.12	8.81	58.75	25.52
BS Bahamas	-	-	1.04	0.88	0.17
BT Bhutan	-	-	-	-	1.60
BY Belarus	1.50	-	-	0.40	-
BZ Belize	-	-	-	0.02	-
CA Canada	4.35	4.69	11.17	20.89	17.02
CD Democratic Republic of Congo	-	-	-	4.45	1.00
CH Switzerland	3,563.36	3,647.95	2,434.23	1,127.70	529.63
CI Ivory Coast	-	-	2.87	-	0.02
CL Chile	108.06	79.29	48.42	204.18	668.62
CM Cameroon	-	3.41	-	-	-
CN China	-	-	20.67	473.87	1,542.70
CO Colombia	207.57	33.52	56.72	91.85	540.33
CR Costa Rica	-	0.36	14.50	43.52	4.16
CU Cuba	0.90	-	-	0.21	0.34
CV Cape Verde	-	0.03	-	-	-
CY Cyprus	48.30	-	6.77	1.06	2.06
CZ Czech Republic	31.54	59.06	344.09	30.99	26.09
DE Germany	1,988.45	1,893.24	1,893.89	987.09	545.80
DJ Djibouti	-	-	8.50	-	-
DK Denmark	4.68	5.25	17.29	15.75	24.01
DO Dominican Republic	-	-	-	-	1.12
DZ Algeria	10.81	34.74	-	-	3.10
EC Ecuador	0.13	0.04	0.01	-	-
EE Estonia	1.55	3.07	1.16	25.88	2.55
EG Egypt	8.88	-	0.14	24.97	-

Exports by country of destination (thousand euros) - Continuation

		2011	2012	2013	2014	2015
ES	Spain	45,612.17	44,295.97	39,097.92	40,858.80	42,396.07
FI	Finland	12.64	12.37	8.76	3.81	20.95
FJ	Fiji	-	-	0.03	-	-
FO	Faroe Islands	-	-	-	0.09	-
FR	France	14,926.35	13,187.70	13,194.56	12,724.28	15,045.80
GA	Gabon	0.21	9.11	-	-	18.34
GB	United Kingdom	171.24	52.15	3,366.28	644.61	829.75
GE	Georgia	83.84	16.85	79.60	4.17	0.58
GI	Gibraltar	11.02	-	0.17	4.74	0.26
GL	Greenland	-	-	-	-	0.21
GN	Guinea	-	3.60	108.41	-	15.00
GQ	Equatorial Guinea	34.94	11.74	-	107.02	8.00
GR	Greece	5.23	3.01	5.77	12.18	47.99
GT	Guatemala	114.59	100.25	109.91	117.42	356.75
GY	Guyana	24.54	48.17	55.36	31.51	116.36
HK	Hong Kong	713.68	3,133.39	2,593.01	2,211.66	2,347.52
HN	Honduras	17.16	-	5.24	13.63	25.87
HR	Croatia	1.18	0.03	2.88	2.32	1.83
HT	Haiti	-	-	-	-	0.10
HU	Hungary	0.09	0.35	11.30	4.79	5.61
ID	Indonesia	0.90	-	8.81	77.41	0.14
IE	Ireland	7.30	3.97	13.68	15.99	12.04
IL	Israel	482.14	9.86	32.07	29.01	92.49
IN	India	-	9.12	0.48	0.34	0.22
IQ	Iraq	-	-	-	0.20	-
IR	Iran	15.92	25.83	-	99.65	-
IS	Iceland	-	-	0.05	0.49	0.30
IT	Italy	442.31	2,082.33	1,911.57	1,325.58	2,308.81
JM	Jamaica	-	-	0.02	0.16	0.21
JO	Jordan	6.45	17.50	30.50	0.20	37.50
JP	Japan	1.95	7.25	38.73	16.31	19.84
KE	Kenya	125.27	93.90	4.98	-	-
KG	Kyrgyzstan	-	-	-	3.30	-
KH	Cambodia	-	-	143.24	72.15	2.57
KI	Kiribati	1.88	-	-	-	-
KM	Comores	-	-	-	0.01	-
KN	Saint Christopher & Nevis	-	-	-	0.03	-
KP	North Korea	-	-	-	-	1.39
KR	South Korea	20.00	488.15	14.18	17.30	15.96
KW	Kuwait	7.33	-	3.11	3.13	2.90
KY	Cayman Islands	-	-	1.04	-	-
KZ	Kazakhstan	-	-	0.61	6.41	2.61
LB	Lebanon	5.80	-	24.94	20.44	0.85
LI	Liechtenstein	0.10	-	3.47	-	-
LK	Sri Lanka	-	0.02	-	-	-
LS	Lesotho	-	0.02	-	-	-
LT	Lithuania	-	1.43	4.53	3.51	1.26
LU	Luxembourg	3.97	39.75	8.55	11.42	13.75
LV	Latvia	1.58	0.38	4.38	4.44	1.78
LY	Libya	-	42.60	26.97	-	-
MA	Morocco	10.83	10.21	76.48	71.72	95.34
MD	Moldavia	-	-	7.85	1.76	0.54
MG	Madagascar	-	-	-	-	0.02
MK	Macedonia	-	-	0.02	-	-
ML	Mali	-	7.50	10.35	-	-
MN	Mongolia	-	-	-	10.00	0.90
MO	Macao	-	1.24	1.12	4.54	8.87
MR	Mauritania	0.32	-	-	-	-
MT	Malta	0.99	0.38	0.80	0.64	0.59
MU	Mauritius	-	0.02	-	0.03	182.20
MV	Maldives	-	-	-	0.78	-
MX	Mexico	10.78	6.00	13.02	15.65	35.38
MY	Malaysia	0.22	0.07	0.07	0.79	3.54
MZ	Mozambique	11.72	17.92	-	-	-
NA	Namibia	3.71	-	-	-	1.69
NC	New Caledonia & dependencies	1.65	0.63	1.82	16.00	2.36
NG	Nigeria	-	-	2.00	0.20	0.99

Exports by country of destination (thousand euros) - Continuation

		2011	2012	2013	2014	2015
NI	Nicaragua	42.64	98.28	-	-	-
NL	Netherlands	785.97	744.15	606.77	1,064.30	763.18
NO	Norway	4,054.28	4,846.86	1,833.53	4,254.63	2,954.85
NZ	New Zealand	-	0.47	1.69	2.65	1.49
OM	Oman	12.15	7.10	-	-	0.29
PA	Panama	-	181.60	0.26	39.29	167.12
PE	Peru	0.12	12.65	1.31	0.64	1.24
PF	French Polynesia	-	6.02	2.85	0.97	1.42
PH	Philippines	-	0.07	0.22	0.72	-
PK	Pakistan	-	0.03	-	-	-
PL	Poland	5.91	82.55	6.21	4.11	6.34
PM	Saint Pierre & Miquelon	-	-	-	1.59	-
PT	Portugal	297.75	336.34	76.81	112.02	82.05
PY	Paraguay	3.25	20.04	12.07	10.50	-
QA	Qatar	0.36	23.83	0.07	1.49	1.89
RO	Romania	3.15	0.93	9.48	10.49	103.78
RU	Russia	101.50	346.28	460.63	195.40	100.01
RW	Rwanda	-	27.30	18.89	15.60	26.32
SA	Saudi Arabia	66.20	15.36	0.99	9.09	114.19
SC	Seychelles & dependencies	0.26	0.16	-	-	-
SE	Sweden	169.93	2.23	56.74	47.11	91.16
SG	Singapore	-	0.11	0.62	5.73	6.28
SI	Slovenia	2.34	1.10	2.50	3.59	2.94
SK	Slovakia	27.30	6.70	17.46	9.16	4.19
SM	San Marino	0.49	0.03	0.02	0.15	0.09
SN	Senegal	8.46	0.04	219.14	34.40	407.37
SV	El Salvador	-	-	-	26.61	9.11
SZ	Swaziland	-	-	-	0.02	-
TG	Togo	0.17	-	-	-	-
TH	Thailand	0.40	0.23	13.38	0.03	1.12
TJ	Tajikistan	71.62	37.95	-	-	-
TN	Tunisia	38.79	75.52	0.16	5.59	0.72
TO	Tonga	3.13	-	-	-	-
TR	Turkey	0.05	0.26	8.81	70.78	4.17
TW	Taiwan	4.77	0.40	35.09	2.56	3.04
TZ	Tanzania	1.48	-	-	-	-
UA	Ukraine	0.53	4.25	2.15	1.04	1.89
US	United States of America	44.61	193.60	346.95	1,213.21	569.32
UY	Uruguay	37.25	66.81	8.77	35.63	5.71
UZ	Uzbekistan	-	25.09	48.24	-	-
VE	Venezuela	0.66	0.19	7.28	-	-
VG	British Virgin Islands	0.71	-	-	0.16	-
VN	Vietnam	-	-	0.02	0.06	0.27
WF	Wallis & Futuna	-	-	-	0.43	-
YT	Mayotte	-	-	63.75	-	-
ZA	South Africa	0.87	-	0.08	0.09	1.04
	Others	6,142.06	4,629.96	3,864.50	3,645.39	5,318.41
Total		81,781.38	82,408.35	74,489.60	73,737.59	80,605.00

Source: Department of Tax and Frontiers. Government of Andorra

ENGLISH

economic report 2015



CAMBRA
DE COMERÇ
INDÚSTRIA I SERVEIS
D'ANDORRA