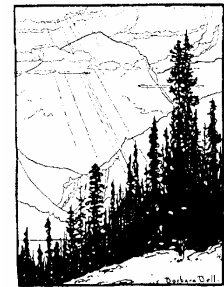




# International Club of Andorra NEWS MONTHLY

**FOR MEMBERS ONLY**

Editor: John Pinnell



The News Monthly is a selection from the main items in the local press, information of general interest and Club news. It would be appreciated if any factual errors could be brought to the attention of the editor. Please note that any opinions expressed are not necessarily those of the C.I.A. Board. **Copyright © 2008**

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News for March 2008

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This newsletter is sponsored by **Servissim** – go to their website at [www.servissim.com](http://www.servissim.com) to see their services.

The Club AGM will be held on Wednesday April 30 at the Hotel Ibis at 7.30 pm – when along with regular business a welcoming glass of cava will be served and after the meeting snacks and wine will be offered. Please do try to join us for the AGM.

At the end of this newsletter you will also find details of three candidates for the Board. However, our statutes allow for a Board of up to 11 members and we would be very pleased to hear of additional candidates willing to stand for election.

**John Pinnell**

## MAIN NEWS

### **Executive Failings:**

The current Government seems to have an inbuilt failure mechanism – driven in large part by its not having a majority in the Consell. The key lies in the role that two members of the Consell – the “Centrists” – have in enabling the PLA to pass legislation against the opposition of the Socialists.

Recently the power of this blocking minority was revealed in the unseemly negotiations about the 2008 budget. Now it has been shown up again in the final draft of the proposed legislation to open up foreign investment in Andorra. The local press simply called the final draft text a “caricature” of what had been proposed by the Government. Basically, the main change is to allow investors to own up to 49% of businesses (instead of 33%) and to own 100% of businesses where there is no existing Andorran presence (the only possibly viable ones quoted were “wellness” and education). There is not even any change in the property ownership rules (so resident

foreigners are still limited to one apartment with up to two parking places or a plot of land for building a house – which plot cannot exceed 1,000 square metres).

We also have the Government’s assurance that Andorra will be able to be removed from the OECD blacklist of tax haven countries and have double tax treaties in place (at least with Spain and France) by 2011. That will require at least some basic corporate income tax legislation and the introduction of VAT (among other things). Based on what has been opposed by the Centrists so far this seems unlikely.

Somewhere buried now beneath all this is the infamous Andorra 2020 set of proposals about which very little is now heard in the press – perhaps because the Government is de facto incapable of making things happen. That would not be surprising – the Government has a vision of the future that requires significant change – on the part of established interests.

All that the role of the Centrists shows is that established interests simply wish to stay perpetually established.

All that the Socialists seem to show is that they will find grounds to vote against any major proposal by the Government.

That makes change unlikely – and most of the external signs are that rapid and effective changes in the current business and economic model are needed if Andorra is to prosper long term.

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Meanwhile even the changes the Government makes are touched with incompetence or farce – the detailed regulations proposed to require deposit of information and accounts by companies (implementing the law recently approved) took a wrong definition of “interested parties” from another set of regulations and would appear to make the registry much more public than ever intended. The Syndic is going to have to go to the Constitutional Court to get a ruling to redefine “interested parties” in the terms the law intended.

At least the Concordat with the Vatican has been signed without any upsets. It allows for some limited influence for Andorra on announcing the naming of the Bishop of La Seu d’Urgell and his automatic assumption of the role of Co Princep.

### **Other items:**

Now we have ahead the Government’s reaction to the unanimous Consell Committee report on the proposed reform of CASS (which will extend coverage for certain pensions and other benefits). The wording of the comments released seems to indicate that we simply cannot afford the proposals. The existing surpluses in CASS would need to be fully applied to cover excess costs in the first few years – and then significant additional fiscal resources would be needed (all this being in addition to the increases in quotas for CASS on employers and employees that have been indicated). Yet the report was unanimous – all the members of the PLA in the Consell supported it.

The news about tax havens and OECD blacklists has been settling down. The Government hopes to start negotiations for getting off the blacklist when a senior OECD official visits Andorra in May. Meanwhile the Spanish press has been revealing that the ETA terrorist organization used Lichtenstein bank accounts to squirrel away funds received from extorting businessmen in the Basque country (fortunately there is no Andorra connection) and that the Spanish government is seeking cooperation from the Lichtenstein authorities to unravel this.

The EU Finance Ministers did agree (with opposition from Austria, Belgium and Luxembourg) to extend the ambit of the EU Savings Directive to all savings products – ie including shares and bonds (and also geographically to certain Far East havens – notably Singapore and Hong Kong – which is not contentious). Do not expect any move to relax bank secrecy rules as the three opposing countries have quite enough clout to slow that down – for ever if the comments of the Prime Minister of Luxembourg are taken freely.

The PSOE won the Spanish elections – which is de facto good news for Andorra as the minister responsible for relationships with Andorra has been constructive over the past four years and is crucial to the negotiation of any double tax treaty (as he would drive political compromise when Andorra will be seeking to do as little as possible to get a deal).

## **NEWS IN BRIEF**

The police force keeps growing – with recent new incorporations it has now reached 200 members.

To celebrate that, here are some notes of a few recent operations:

A Portuguese resident was arrested charged with a total of at least 15 robberies from residences and 21 from cars in parkings.

A Spanish resident from Sornas was arrested charged with 27 thefts from cars, 15 from residences and 3 from shops. Later in the month he was accused of being the “man in an anorak” who had robbed banks in Ponts, Puigcerda, Oliana, Igualada and Garaf.

In La Massana, two Chilean residents were accused of five incidents of breaking and entering and stealing from ski equipment shops.

A total of 17 arrests were made in connection with cocaine trafficking and use. In the end only two were detained in prison – a Spanish resident who appears to have been responsible for organization and distribution and another who seems to have been the “camel” responsible for bringing the drug in across the Spanish border.

At least two shoplifting groups have been broken up – both comprised of non residents (one of 3 Rumanians and the other of 5 Armenians).

On the traffic front the news was of more action to improve circulation:

The Government is ready to execute the expropriations required to extend the Carrer de l’Unió and expects that demolition work will start by late June and that the road will be in service by the end of the year at a cost of €3 million.

There should be some immediate work to make the rest of the road between Sant Julia and the Spanish border 4 lanes.

The Sant Julia bypass now looks imminent – which will be a long undertaking (allow three years for

results) with some 164,000 cubic metres of rock and earth to be excavated of which only some 46,000 will be reused in the works (and no disclosure as yet of where the rest is going).

A new record for an Andorran resident driver being stopped by the Spanish police – a Portuguese resident was “clocked” at 207 kph on the AP7 (any speed faster than 180 kph + the allowance for error on the radars is sufficient to justify a prison sentence now in Spain – although so far none have been noted).

Thinking of errors on radars it is not only the Andorran police that allow a margin for drivers (here reported as only prosecuting over 80 kph on fixed radars where the official limit is 60 kph). The same happens in Spain – on motorways the Guardia Civil reportedly only trap drivers at over 140 kmh and the Mossos at over 138 kph. On main roads the radar traps have proportionately similar limits – so on most (where the official limit is 90 kph) it seems impossible to trigger that tell tale flash of the radar camera light until at least 100 kph.

Naturally, with Constitution Day falling just before the weekend, many Andorrans (and their cars) left the country (giving us self created traffic problems). That was shortly followed by a significant influx of traffic across Holy Week and Easter with its usual traffic problems augmented by the snow which fell all day on Easter Monday.

This year the ski resorts reported “full house” across Easter and almost all the hotels were full – a very different situation from last year. Overall this should be a good ski season for business.

Valora has been in the news again. A number of investors have denounced the situation to the Bank of Spain and the CNMV in Madrid – accusing Fibanc (a Spanish financial entity) of having misled them (they must be desperate – surely the money invested had never been declared for Spanish tax purposes). At the same time action is being taken to wind up Valora in Andorra – the two liquidators ( a lawyer and an economist) are finally liquidating the investment portfolio (the delay in so doing should have increased the losses) and counting up and identifying all the investors (some 400 of them) and preparing to work out how to divide the losses on the portfolio across the investors.

Orfund was also in the news. A single entity has been declared insolvent and claims of only about €1 million recognized – other claims were rejected as they related to other entities associated with but not the same as the entity declared insolvent. The

reporting was unclear and the situation appears murky or messy or both.

Verònica Mandicò disappeared from her home in Ordino with her 8 year old daughter. That was on a Monday – and her family thought she had taken her daughter to France for horse riding. However, on that Monday she had gone out and bought a shotgun, driven up the Col d’Ordino and on to a forest track and there shot her daughter and then herself. On the Thursday the family raised the alarm (after not hearing from her for three days) and after some hours the car was found with the two dead bodies close by. It was believed she had been suffering from depression after the break up of her relationship with her partner a while ago.

About two years ago Andorra agreed to give refuge to 5 Eritreans from among a group who were rescued near Malta by a Spanish fishing boat and who nobody wanted. They have been here since – unable ever to leave the country at all. Two have now run away – and been tracked to Germany and then Norway. Claustrophobia maybe?

The Council of Europe has declared that Andorra should legalize abortions.

The Spanish Government has insisted on a modification to the agreement to hand over the land on which Radio Andorra stands to ensure that the land will never be used for profit making purposes.

The general quota for immigrants ran out at the end of February (but there is space for domestic help immigrants with its special quota of 300) – and the winter temporary worker quotas were never fully taken up. The Government is hoping that by not extending the main quota immigrants already in Andorra will be able to change jobs to stay here as jobs run out in some sectors. Given that some of the job vacancies not being filled are somewhat specialized (eg IT technicians) this may be a little optimistic.

Andorra ranks 14<sup>th</sup> in a list of countries ranked by prosperity and security. The Vatican ranks first. France comes in at 22 and Spain at 26. The difference is more in security than prosperity.

The value of property transactions declared for ITP has fallen by over 40% between 2006 and 2007 (and it fell between 2005 and 2006). The biggest drop was in Escaldes (over 70%). The surprise was that 25% of all transactions by value were in Canillo.

The Government has purchased a painting by Utrillo of St Joan de Caselles in Canillo – presumably for

display in the National Museum (whenever that may be built).

The Andorra Football Federation has inaugurated a new football stadium at Alas near la Seu d'Urgell (that explains why a small village ground suddenly looks so good). The Bishop gave his blessing (in both of his roles one assumes).

After all the fuss from Spain about the issue of medical examinations for potential immigrants the official figures show 11 rejections out of 4,200 applications in 2007 – and 5 of those were for chronic alcoholism (maybe it is lucky that renewals do not require new examinations).

The new incinerator is back in the news. It did not burn enough rubbish last year to meet the minimum level agreed with the contractors who run it – 45,000 tons. But it did burn some Spanish rubbish. It appears that the contractors initially claimed for payment from the Government for the difference between the Andorran rubbish burned and the minimum – the Government only offered to pay for the difference between the total rubbish burned and the minimum. The Government certainly seems to be taking the right line here.

## **AROUND THE PARISHES**

**Sant Julia** – TurboTronic attracted 3,400 paying passengers during its first week of operations. Most of those were at the weekend – so try it out during the week.

**Ordino and La Massana** – are considering a proposal to resolve their mutual parish boundary disputes using a nominated commission rather than going to court; that would be a very positive precedent were it to proceed successfully.

**Sant Julia** – the newly revamped sports centre reported last month as re opening is heading for problems due to the sharp increase in annual subscriptions – over 140 members have formally complained about these so far.

**Canillo** – the Comu closed 2007 with an unexpected deficit of €133,000 caused by a shortfall in income – driven by the drop in construction permit revenues mainly.

**Canillo** – the ONCA held its first “snow concert” in the parish church in the morning and there was a full house. This is a new initiative to start another regular event at which the ONCA performs in Andorra (after the concert its members left to travel to Barcelona

where they were performing at the Palau de la Musica).

There must have been more happening in the parishes than this – please accept apologies from the editor for not noting more down this month...

## **CLUB NEWS**

The Club continues to have activities – are you as a member aware of them and taking part?

The weekly coffee morning is at the Hotel Ibis in Escaldes – starting at 11 am each week.

The Annual General Meeting of the Club will take place at the Hotel Ibis on Wednesday April 30 at 7.30 pm. If no quorum is available at that time a second call will occur at 8.00 pm at which time the Club is entitled to hold its AGM without any specific quorum of members being present. There has been no notification of any special business to be transacted at the AGM other than the motion to confirm the reduced level of subscriptions for single members for 2008 (€12 with family membership remaining at €24) which was discussed at the EGM held in December, 2007.

There are three candidates for the Board who have already been notified to the Board:

John Coville, who became a member of the Board in 2004 and is the Secretary of the Club, has indicated that he is willing to stand for a further four year term.

Pop Goldsteen, who agreed to be coopted to the Board after the 2007 AGM, has agreed to stand for a four year term commencing this year.

George Trepte, who organized the successful ice karting events and the Valentine's Day lunch this year, recently agreed to be coopted to the Board and has also agreed to stand for a four year term commencing this year.

Votes in favour of or against these candidates may be deposited in writing at the Club mailbox at Servissim, La Massana or handed to the Secretary before the meeting. They may also be notified electronically to John Coville as Secretary at [johncoville@andorra.ad](mailto:johncoville@andorra.ad) - and at the AGM the voting box will be available for deposit of votes in writing.

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