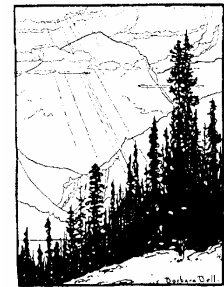




# International Club of Andorra NEWS MONTHLY

**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.

No. 532

News for April 2008

If you like this newsletter you may also be interested in the additional news and articles on the International Club Andorra website. It is easy to access - just click here to enter [www.international-club-andorra.com](http://www.international-club-andorra.com)

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

The month ended with the Club AGM – and this is being written on the last day of the month and so what happens at the AGM is for next month. The Club needs a steady flow of volunteers to help organize events. It also needs ideas for events that would make a change and be enjoyable. Only then can we expect to remain attractive to existing members and attract new members. Please spend a minute to think about what you would like that we could provide but are not providing – and let a Board member know.

**John Pinnell**

## MAIN NEWS

### **No crisis here - yet:**

Perhaps a little provocative considering the steady stream of news about the construction industry, the number of visitors, new and second hand vehicle sales, the job market and so on.

However, let's start with some positive factors.

The banks – all five of them – have reported results for 2007. They (individually and collectively) look healthy. Their loan portfolios have grown in 2007 and the level of overdue loans (not yet overdue enough to be called bad loans – there are hardly any of those) is very low at the end of 2007. As to profits – well the two small banks reported healthy increases as they grow faster in volume than in fixed costs. Then Andbanc reports slightly lower profits, BIBM is flat and Crèdit Andorrà reports profits 5% up on 2006. Between them the three big banks represent 85% of the market (with Crèdit Andorrà holding 37% of the market). They all look healthy.

The winter ski season was at least reasonable. Numbers of skiers did not reach the levels of 2005 but were well up on the poor season of 2006. Grandvalira was relatively cautious in making statements – but not at all pessimistic. Vallnord was more positive. La Rabassa was overjoyed to report over 40,000 visitors – of whom 16,000 have gone there to use the Tobotronic since it opened.

There have been no cries of pain from either the hotel associations or the retail associations (although before Xmas the latter complained that there were more shoppers than shopping being done).

Construction has slowed down fast, property sales have slowed even faster, a number of individual “investors” who bought apartments off plans are unable to realize their “investment” and a lot more apartments are available for rental. However, although the bubble has been pricked, and although employment in construction and in property in general is down significantly, total employment (as measured monthly by CASS) is down just over 2% on a year ago. It may be a pity that the only significant increase in jobs that offsets the decline is in public administration (as that is not in itself going to help the economy grow). It is a pity that the decline in employment affects mainly immigrants so far – as what then happens is that they generally have to go back home as there is no provision for unemployment benefit here.

What is happening here is what has happened before when things slow down – those well established and well financed key local businesses continue to function at a lower rhythm and the strain is taken

 **Servissim**  
ARINSAL • CANILLO • LA MASSANA  
IMMOBILIÀRIA • LLOGUERS • GESTORIA

primarily by immigrants and more recently established businesses. The “passive residents” are generally not affected – unless they wish to sell up and leave. In fact – less construction traffic and less pressure on local resources can be enjoyable.

One negative effect of the end of the property boom can be clearly seen in the results of the Comus for 2007. One after another they have reported shortfalls in income compared to budget – and as result they tend to have deficits for the year and more borrowings. La Massana reported a deficit of €2 million. Encamp reported one of €9 million despite spending less than planned on investments. Andorra la Vella reported €13 million (in this case a mixture of high investments and higher regular operating expenses which will have to be trimmed). Finally, Canillo revisited its 2008 budget and took out €2 million of spending after seeing its results for 2007 and rethinking its probable level of income for 2008.

The Government deficit for 2007 was €68 million despite investment spending being under plan. Expenses were almost on target – it was income that fell short (blame the property market slowdown and lower imports reflecting both that and perhaps lower tourist spending). The Government now has total debt of €370 million according to the same report.

What should be clear from this news is that the Comus will need to think twice about investment spending and additional services for residents in 2008. The new Comu in Ordino has been very open about that. The Consol Major of Andorra la Vella has said that on the radio (not what she hoped for in her election pledges though) – and the cuts by Canillo have already been commented on.

What the Government will do is not clear – it certainly needs approval for financing (in the case of the almost completed Túnel de los Dos Valires the refinancing) of major public works by “pay as you go” long term external financing. That is still awaiting final approval by the Consell General it seems.

## **NEWS IN BRIEF**

The police mounted a big raid on the Bay Bay nightspot. The aim was to bust what was suspected to be a prostitution ring. They arrested the owner of the Club (Spanish) and his wife (Russian) and another woman (Czech) and then there were several Slavic young women working at the club who had no work permits. They were entertainers (literally part of a group called Ballet Vision) but still are in trouble and

to be expelled from the country. However, it seems that no supporting evidence was found and so those arrested are released. The origin of the raid may lie in complaints from neighbours who complained about “comings and goings” in nearby apartments.

On the other hand,, a solid case appears finally to have been built up by the prosecutor against the owners of and people related to Feelings – which was the hottest nightspot in Andorra when it was raided and closed in 2002 (according to the newspaper reports). A total of 16 people (9 Andorrans and 7 Spaniards) appear to be facing charges related to prostitution, drug trafficking and cigarette smuggling – all arising from the investigations that started when this nightspot was raided. The trial is supposed to be going to be held at the Congress Centre rather than in the law courts because so many people are involved.

The police have arrested three Serbo Croats charged with various robberies from apartments owned by Indians (where they stole only cash and jewellery). Later the police tracked down their rented apartment in the Gran Sol complex at Canillo and recovered amounts of cash and jewellery that had been hidden in the walls of a portable refrigerator.

A 43 year old Portuguese woman resident was knocked down by a truck and badly injured while crossing the street in Andorra la Vella on a pedestrian crossing that was just round a corner – the truck driver did not see her in time.

A 65 year old French resident failed to negotiate the roundabout at the southern end of the Encamp bypass. He hit it straight on without apparently slackening speed – he was severely injured and his car was a total mess.

Two people (both French) died when their car had a head on collision on the road between the French customs and Pas de la Casa in the early hours of a Sunday morning – their car was on the wrong side of the road and out of control. Nobody in the other car was injured.

The speed record for Andorran residents on Spanish motorways has again been broken. The latest case is a driver stopped by the Guardia Civil on the AP7 near Fraga after being clocked at 223 kph – a speed of over 180 kph on a Spanish motorway leaves the driver open to charges for reckless driving that could result in a prison sentence.

The Túnel de Pont Pla is in the news for having received an award and certificate from the European motor clubs as the best tunnel of the year – for its safety measures.

STA will offer new services over the optical fibre network it is installing. It hopes that 16,000 homes in Andorra la Vella, Escaldes and Ordino will be connected this year and all homes by 2010. The services start with a basic telephone and television pack at €49 per month (which includes another 17 TV channels from Digital Plus – ie in Spanish - as well as free local calls to fixed lines and a 300 minute monthly allowance for calls to Europe) or a basic package for internet and telephone (with 100 MB internet access rather than the limited capacity most current ADSL lines receive) for €54. The whole package (television, telephone and internet) would cost €76 per month.

The foreign and finance ministers went calling on their Swiss and Austrian counterparts to seek reactions to the EU plans to tighten the savings directive and to confirm that neither country had any intention of giving up bank secrecy. They were reassured.

A study of the current tax system in Andorra (which counted up to 19 different national and local taxes) recommends a significant simplification – which would require the introduction of VAT and some direct taxes (eg on salaries). The report was commissioned by the Family Business Association.

Annual inflation hit 4.62% in March – the highest since 2001 and slightly higher even than Spain at 4.5%. The cost drivers are primarily food and fuel. The best hopes are that by the end of the year the annual rate will be just under 4%.

The association of retailers in the Avda Meritxell has been studying comparative prices between Andorra, France (Toulouse) and Spain (Barcelona). It has concluded that there are still bargains in Andorra (apart from the real best buy of cigarettes which are 30% below Spanish prices and almost 60% below French). It thinks that perfumes, watches and clothing all present good buying opportunities. It also complains that the Government fails to promote Andorra as a shopping destination.

Spain might just start insisting on medical examinations for Andorrans wishing to live there ...musing from the embassy. Spain is definitely interested in taxing Andorrans on the property and assets and incomes they may have in Spain.

The French consul maintains that the immigration quotas should not apply to either French or Spanish nationals – but then also says that he accepts the current quota system...

The Council of Europe approved a text calling for countries to allow abortions – Andorra (and Ireland) are conspicuous because they do not allow abortions under any circumstances.

The review of Andorran hotels by a group of Spanish inspectors revealed that the better hotels (4 or 5 stars currently) meet standards and requirements – but lower down the scale there are deficiencies – starting with reception in most smaller hotels.

Caldea made profits of a little over €3 million in 2007 which is well down on the €4 million of the previous year as lower attendance more than offset higher entrance fees.

The proposed text of the new law regulating CASS was admitted to the Consell General unanimously, with the PLA representative criticising the statements made by the Government about the very high costs of the proposal.

Some Canadian advisers (Lord Culture Resources) have been advising the Government about what cultural centres to build and where – at a cost reputed to be €60,000. The recommendations appear to include a combined National Archive and Museum in La Massana (where their favourite site appears to be privately owned land that lies between Avda El Traves and the river) and a National Museum of Art for Andorra la Vella (which could be housed in the old fire station).

There was human life in Andorra 10,000 years ago and, based on excavations at la Margineda there were almost no trees then (just bushes) and the main wild animals were goats. The humans living here were hunter gatherers and not settled cultivators. A book and an exhibition is coming assures Juli Minoves.

The Ramon Llull Foundation was formally established in Andorra by Andorra and the Ramon Llull Institute (which in turn is funded by Catalonia and the Balearic Islands). Its object is to promote the Catalan language. Albert Pintat heads the Foundation. However, actual resources initially are limited – with a founding capital of only €100,000 (of which €35,000 from Andorra).

Sant Jordi saw good weather, aggressive selling of roses (young men even pursued ladies asking them to buy their own – when it is the man who is supposed to do the buying and presenting) and large sales of books the town squares of both Andorra la Vella and Escaldes.

Problems for Casa Molines – which is proposing a major development at la Margineda. It has claimed

that the construction material recovery plant situated just uphill from its land should be closed. The plant apparently does not have the necessary permissions to operate (but has applied for them) and appears to be located in a zone where the new town plan would not allow it to operate. All that remains is to get the plant closed then...

Some 3,000 litres of heating oil ended up in the river at Canillo when something went wrong when the fuel was delivered to a new building. The reports of the clean up operation first showed that everything went well and then questioned whether some of the cleaning agents would not do more damage than the heating oil. Police are working on what may turn into the first criminal prosecution under the ecology laws.

A notarial issue. An individual has charged the Government with a failure arising from not having had the College of Notaries (sounds grand but the telephone book only lists four notaries in Andorra) develop a code providing for disciplinary sanctions under the 1998 law. The case arises from an allegation that a notary acted where a family member was involved in a transaction – which is a breach of the 1998 law – but there are no sanctions provided for notaries at the moment for breaching the law.

The Council of Youth approved (but only just) some resolutions such as the proposed text for a law on sex education. The controversy here arose from Article 2 which deals with allowing the use of the “day after” contraceptive pill and whether this is progressive or an incitement to licentiousness...

## AROUND THE PARISHES

**La Massana** – the Comu closed 2007 with loans of €16 million – which jumps to €39 million if EMAP (ie Pal/Arinsal) is consolidated into the Comu data. The Consol Major has been heard to talk about a possible partial privatization of the ski stations – although over the last four years they have made total profits of about €5 million, so it appears so they are not a drag on the Comu.

**Encamp** – the Comu closed 2007 with loans of €20 million – which rises to €34 million if FUNISA (ie Funicamp) is included.

**Escaldes** – the Comu closed 2007 with loans of €32 million which includes a new loan of €10 million taken out in 2007 to finance investments.

**Ordino** – there are delays in approvals for the residential complex being designed by Jean Nouvel –

which is said to feature a small amphitheatre (for what?), an artificial lake and 69 individually different dwellings ranging from 90 to 400 square metres in size.

**Odino** – The Consol Major is talking to representatives of the quarts to hear what they want (mainly relatively minor public works it seems) – and this is said to be a big change from how his predecessor worked.

**Encamp** - a fire in the kitchen of the Bar Malibern caused a lot of smoke (and that caused a lot of damage) but no injuries. Initially the building was evacuated but later it was found that there was no structural damage and the neighbours could come back home.

**Escaldes** – the Comu unanimously approved reducing car parking charges to help fight inflation – rather a token effort one might think.

**Engolasters** – a man apparently fell off the roof of his three storey house while trying to adjust his television aerial – he was seriously injured.

**Sant Julia** – the Spring fair organized by Al Andalus combined horses parading through the streets (26 of them) with food – and rain – but despite the rain 3,500 people turned out.

**Andorra la Vella** – the Comu is to spend almost €1 million making the Marginets area acceptable – new drains, new pavements, more rubbish containers are among the changes.

## 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 results of the AGM held on April 30 will be included in the May newsletter.