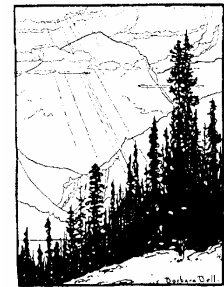




# International Club of Andorra NEWS MONTHLY

**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.

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News for May 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 AGM had to be held without our President being able to attend – but it still passed off well – partly because the Hotel Ibis provided more snacks than those present could finish off and made more drink available than would have been wise to drink before driving. Please make a note to come next time – it really does appear that the hotel sets out to please.

**John Pinnell**

## MAIN NEWS

### **Latest economic data are pessimistic:**

The latest data for inflation for Andorra is from April – and that was already at 4.8%. It looks like going higher (if provisional EU and Spanish data for May are good indications). The cause is simple – oil prices. Anybody filling the car tank will have seen just how fast prices (especially it seems for diesel) have gone up this last month. Transport companies are protesting that they must have some relief (fuel accounts for about 35% of their costs but their prices to their customers have gone up by much less). Andorra is very vulnerable to fuel costs – as everything has to come in by road (including all tourists and visitors).

One small ray of light – Vallnord is hosting a stage of the World Cup for BTT bikes – and the cost of fuel to get here does not seem to have dampened any of the enthusiasm for that event (even if the weather may damp down the participants).

Meanwhile the April employment data is worse than the last figures reported (based on February) – total employment per CASS data is down about 3.4% from a year ago with drops of 10% on both hotels

and restaurants and in construction – the sectors that seem to be taking the brunt of the problem. Construction activity is clearly down a lot – but the hotel and restaurant sector is down by more than seems logical from the relatively muted noises being heard from the Hotel Associations. Across the May 1 bank holiday weekend, for instance, both hotel and retail associations seemed to have been at least satisfied with business.

In the construction sector, however, the effect of the downturn can be seen in the desperation that contractors show for getting public works contracts – for instance a €300,000 contract for road work at Arinsal attracted 13 bidders (at least twice as many as would have been normal a year ago).

Various bodies have been making comments about Government policies (mainly negative ones). There are criticisms of the holding back of quotas for new work permits (which is aimed at allowing resident immigrants to find another job if they lose one) which sound like a defence of employing the cheapest labour possible – and logical criticism of the growth of the number of jobs in the public sector (and their cost). On that last point the Finance Minister is pushing for a public sector hiring freeze for 2009.

On the property front, recent data from Andorra has not been published – but it would be surprising were it to be much better than the data for Spain given that Andorra had as much of a boom in construction until eighteen months ago – and Spanish data is increasingly awful.

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ARINSAL • CANILLO • LA MASSANA  
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What we do have is the data from ITP declarations from 2007 which show a drop in total property transaction value from €800 million in 2006 (it was a peak €1,000 million in 2005) to €500 million in 2007. The most important drops were in Escaldes and La Massana – but the impact in Canillo might be at least as important given it is much smaller as a Comu.

El Diari comments that while everybody talks about a property crisis, nobody seems to be doing much about it (ie they are not reducing asking prices). However, right at the end of the month some adverts by estate agents showed big apparent price reductions on selected properties.

## **NEWS IN BRIEF**

The law on apartments (the law on “horizontal property”) which came into force some years ago contains a final deadline of June 2009 for properties to conform – with particular respect to community associations and building standards. All buildings have to be divided in accordance with a coefficient (which in practice is cited in purchase and sales deeds and used to allocate common costs). Many older blocks do not have this (or indeed a properly constituted community association which is also required). The issue is that of the four notaries in Andorra, some insist that all the owners are present (or officially represented) to approve the coefficients while others only require a report from an architect to the community. The more demanding ones are making life difficult (given the number of non resident apartment owners).

However, more important are the building standards – it seems that for some buildings they will be expensive and for others impossible. The present official stance is that any buildings not complying or not registered by the deadline will be liable to be classed as uninhabitable. That would imply a number of demolitions – some comments talked of one building in ten being potentially in this position (which actually means a lot of older buildings). The articles in the press stimulated lots of political comments all calling for some form of agreed moratorium – but the Government kept quiet (possibly so as to ensure that all those able to comply with the deadline in fact do so).

A survey among members of the PLA showed that a significant majority were against making it any easier to become an Andorran national and almost all were against allowing foreigners any vote in local elections. So now the majority of the population know exactly where they stand.

El Diari has changed its layout – and some four hundred people attended a reception at the Park Hotel to celebrate the changes (at the paper’s cost one assumes).

The fibre optic network will be connected to Spain by 2009 – so far the main network has reached Pobla de Segur by following the railway line and will now reach Adrall by following the electric power line – and approval is being given to reach Andorra via la Seu d’Urgell but it is not clear what right of way will be used.

FEDA earned €12 million in profits in 2007 – consumption increased and so did prices (and its imports from France).

Caritas reported slightly fewer cases needing help in 2007 (note that in 2006 there had been a significant increase over 2005) – but stated that the cases were worse. The typical case involves an immigrant woman with dependent children. New this year are cases of young people with serious problems – usually they also have almost no educational or other qualifications to help them find work. Rising issues involve old people (especially widows) with tiny pensions.

CASS will now start accepting certain dealings by internet – the website has a new private section which can be accessed using a CASS membership number and a personal access code (obtained from the telephone helpline).

There is a possibility that the French Lycée will be split in two – with a new location in Encamp – but financing first has to be agreed.

Archaeologists have started work at Roureda de Malreu – the site near la Margineda which includes a medieval fort and dwellings dating from some time between the 9<sup>th</sup> and 13<sup>th</sup> centuries.

It is alleged that it takes the Government an average of 115 days to pay a bill – the law stipulates a maximum period of 90 days. The cause is alleged to be slow administrative processes rather than a deliberate policy or lack of money.

Gisela and her song sung in English failed to make it into the final of the Eurovision song contest – provoking queries as to why ATV is spending a relevant amount of its annual budget supporting this effort.

This has been a particularly wet month and that provokes news too:

After concerns about how little water there is around here the country has been on yellow flood alert after persistent rains led to the rivers filling fast.

Mud and rock slides were reported at Aldosa and Escaldes. Two different rock slides provoked concern at Santa Coloma.

The reservoir at Oliana which was at about 25% capacity is so full that the run off gates have been opened and the valley below it shows water overflowing the banks of the river.

A study on water consumption by country shows Andorra uses the most in Europe (but dividing total consumption by residents is not a reliable measure for a small country with so many tourists).

The traffic news was as varied as ever:

A Portuguese resident of 22 managed to drive his car into a shop window in Escaldes – and did not test positive for alcohol.

The police found 17,000 cartons of cigarettes in the back of an SUV that had suffered an accident – well it went off the track when it saw a police patrol and the driver abandoned it

A young British tourist was killed when the quad he was driving back from Os de Civis after a dinner with friends fell into the river and he was swept 500 metres downstream – the quad was hardly damaged.

A Spanish tourist was badly injured when the quad he had hired ran down a bank at Col de Botella.

An unlucky driver returned to his car in the Parking Central to find it occupied by a swarm of bees – a beekeeper came with a portable hive and took them back under control

The Avda Carlemagny is back under road improvement – so more delays there.

The CG1 will be widened between Aixovall and la Margineda at a cost of €5 million – it is only a few hundred metres of road but lots of rock has to be moved.

A new evacuation tunnel at the Envalira Tunnel will cost €20 million.

The improvements to the N-145 from la Seu d'Urgell to the border should be completed in 2010 – including blasting a tunnel to do away with that last nasty bend close to la Seu.

There have been more court cases that make it clear that the authorities take a very dim view of crime against property:

Two French citizens accused of using false credit cards to take money from ATMs are facing up to eight years in prison.

A man who snatched a handbag when he was out of money is facing a serious charge including some version of assault.

The Government was shaken up a bit when Conxita Marsol (the leader of the PLA in the Consell General) was brought in to take over the economy Ministry and the Presidency so as to get the new companies legislation to work and also to help out on getting the new proposed law on public administration into being.

The draft law on “pay as you go” financing was finally agreed – however there are some expected new works that have no financing – such as the celebrated National Archives and Library at La Massana by Frank Gehry which are now planned to be built on a site opposite the fire station and the National Museum still promised in some form or another to Andorra la Vella.

The Government is taking tax fraud seriously and asserts that a major cause for a shortfall in income is a failure to declare for some taxes. Meanwhile the efforts of the Spanish government to collect taxes from non residents have shown up in repeated adverts in local papers from offices ready to prepare non resident tax returns for Andorran residents with property or income in Spain.

There is a real possibility of a single ski pass for next season – there appears to be basic agreement between Grandvalira and Vallnord but there are practical issues as the validation equipment at each is different. The impetus for the single pass is the possibility of saving over €6 million in publicity costs if a single integrated campaign is mounted – and the possibility of increasing prices if there is no competition between the ski stations.

The family which owns the land where the Parking Central and the Central Park are situated are locked in dispute over their inheritance and over the actions of one son who spent more than the allowed, for €12 million on remodelling the Andorra Park Hotel. The family wealth is estimated at between €600 and €900 million by the way. Meanwhile the Comu at Andorra la Vella expects to be able to renew the licences for the car park and the park as the family cannot decide on any actions while busy with their dispute.

The Valora case could just run and run. The good news for the investors is that the portfolio was liquidated with almost no extra losses. The bad news is that while the liquidators want to assign the losses individually there are rumours that some larger investors are looking for an “equitable” solution (which sounds more like spreading the losses across everybody).

After Sweden and Denmark, Andorra has the highest female participation rate in the labour market in Europe – the effect of all those underpaid immigrants needing two incomes to survive perhaps.

The May Day demonstration by the trade unions only attracted 80 people.

The extensions to the hospital will cost between €15 and €18 million and (after finishing off work to the cafeteria now in progress) will centre on doubling the size of intensive care and extending the laboratory.

After one year in the Elysée Palace, Nicolas Sarkozy finally found time to receive Albert Pintat - and agreed to visit Andorra before the 2009 elections here. Will that help either Andorra or Albert Pintat? Perhaps if the famous wife comes (with flat heels of course).

## AROUND THE PARISHES

**Encamp** – the dispute as to whose fault it is that the new geriatric residence is still not being built has the Government stopping the work because the height appears excessive and the Comu suing the Government. That does not help get anything actually built.

**Andorra la Vella** - a fire in an apartment in the Avda Tarragona was apparently started by a child playing in a bedroom used as a store with lots of inflammable stuff in it. The effect of the fire was quite dramatic for a while (lots of activity and all traffic stopped) – but no relevant damage and no injuries resulted.

**Ordino** – the Comu is refusing to consider paying for the cost of upgrading the privately owned water distribution system at els Xalets de Cortinada. The owner of the system objects – but basically it was built long ago and totally fails to meet current standards and the Comu sees no reason to pay for past mistakes on private land.

**Sant Julia** - the Comu closed 2007 with a deficit €1.2 million. There was an interesting debate about

debt – the opposition wanted to consolidate the companies owned by the Comu and the Consol replied that this was not appropriate as the law did not allow it (or did he mean require it?).

**La Massana** - Andorflor took more risks this year – a new site in the centre of town and almost everything in the open air. So it rained the whole time.

**Pas de la Casa** - a new rubbish compactor has been installed so that many fewer trucks have to be used to take the rubbish down to the incinerator.

**Andorra la Vella** – the Consol Major and the leader of the opposition have jointly written to Albert Pintat reclaiming the National Museum for the parish as promised in a letter written by Juli Minoves in November 2007.

**La Massana** – the Roc del Bisbe building which was evacuated months ago when there was a landslide is still empty and will stay empty until reinforcing works are both started and completed on the exposed rock face.

## 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.

There is a day trip to Villefranche de Conflent on June 5 – please contact Charles Schaller- Kelly urgently if you are interested (842324 or [cvsk@andornet.ad](mailto:cvsk@andornet.ad))

Gaye Keep is trying to organize a trip to Pic de Negre to see the wild flowers, walk and picnic on June 24 – please contact [gkeep@andorra.ad](mailto:gkeep@andorra.ad)

The results of the AGM held in April:

1. The level of subscriptions for 2008 was confirmed as €12 for a single membership and €24 for a family membership.
2. John Coville was re elected to the Board and as Secretary
3. Pop Goldsteen and George Trepte were elected to the Board (after having been coopted during 2007)