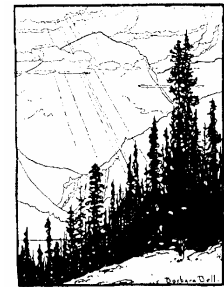




# International Club of Andorra NEWS MONTHLY

**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 June 2008

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The annual car boot sale at Arinsal was held on June 29 – thanks to the relationship built up by Simon Binsted with the Comu this is now an established event. A lot of stalls appeared – mostly selling a variety of genuine down market car boot sale “stuff”. Many of the buyers seemed (if anything) more needy than before. Even the unsold goods piled up by the bins at the end received a lot of attention. The English Speaking Church raised just over €1,350 from its stall and would like to thank everybody who contributed to make that possible.

**John Pinnell**

## MAIN NEWS

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

The latest data for inflation for Andorra is from May – and the annual rate is now officially just over 5% and still rising (note Spain reported 4.6% and France only 3.3%), with fuel costs as the main cause. During June the effects of the transport strike in Spain had a short, sharp upward effect on fresh food and some other prices. The local transport sector is also very concerned about what is happening to margins – they want Government action to stop truckers from nearby locations in France and Spain from making deliveries in Andorra, to have some form of minimum tariff and a new transport law (to replace one that is about sixteen years old). They have talked of strike action – but so far only talked.

On the wages and salaries front there are also strong signs of a slowdown – with average salaries 1% below last year (to March) and total salaries 2% down – the only sector holding up (yet again) is public administration. Here there is news of a

Government hiring freeze (but no sign of any reduction in employees).

El Diari probably exaggerated (at least one would hope so) when a headline this last month said that the Government was “in technical bankruptcy”. What they meant was that the Government has not got all its financing needs sorted out and that its revenues are falling below budget. The key points appear to be:

- Revenues are below budget partly because imports are not reaching the minimum levels expected. Fuel imports were down 10% in March (and they are a big source of tax revenues) – one reason being that truckers from Spain now find it cheaper to fill up there and reclaim VAT rather than fill up for cash in Andorra.
- The income from ITP on property sales continues to drop almost vertically – down 37% from 2007 levels so far with a revised forecast of total transactions in 2008 of only €300 million. This affects both the Government and the Comus (where all Comus except Ordino, which was particularly conservative in its budget, are seeing less income so far than they expected).
- The costs of hiring more personnel through 2007 are now ensuring that a significant part of the Government’s costs are “fixed”
- The Minister of Finances has ordered a drastic cut in all possible expenses for the rest of the year – articles mention an objective of 14% reduction from budget for the period. The headline saving target was €60 million.
- There is now no possibility of “pay as you

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go” financing being approved this year and the Government has indicated that this will have to wait until after the elections in April 2009. This creates a huge hole in the 2008 budget as the plan was to refinance all the costs of the Túnel de los Dos Valires and credit this as extra income in 2008 to arrive at a budget surplus. Logically there will now be a large budget deficit – although the target cutback in running costs of €60 million may be aimed at avoiding this even more than at offsetting the drop in revenues.

- The Government appears to be tying itself in knots with two separate bills being put forward to obtain special additional financing for the Sant Julia bypass (figures of both €44 million and €51 million have appeared). It insists the work will go ahead but, without the money being available now, there should be some delay at least.

It would seem likely (but not yet commented openly) that the Government will have to slow down on some key public works as well as cut back on routine expenses. That would affect the construction sector still more – while cutting back on current expenses will also take money out of the economy. It should appear logical that the Comus will also have to start cutting back (and any cuts should start with delays in “investments” in small public works).

Editorial comments in El Diari have at times been scathing about the apparent competence of the Government in its efforts to finance its programme of public works.

On the last day of the month it reported that Albert Pintat has indicated both that he has no plans to bring forward the elections due in April 2009 (an unnecessary statement unless there is speculation that he would be forced to) and that he does not really expect to be the PLA candidate in those elections (several other names were mentioned but the PLA is really not currently united behind any one name it would appear).

Sadly for Albert Pintat the King of Spain will not now be visiting Andorra before the second half of 2009 (as against the original promised date of this autumn) – so he appears to be likely to miss that photo opportunity.

## **NEWS IN BRIEF**

The number of fines imposed in 2007 for speeding (2,251) was slightly up on 2006 and was the main cause of traffic infractions – followed by fines for not

wearing seatbelts (1,101) and then fines for either not carrying a driving licence or not having an Andorran one after having been in the country over six months (and driving a locally registered vehicle) (817).

New car sales in the first five months of 2008 were only 963 – which is down 20% on 2007 which was already well down on 2006. The only manufacturer scoring over 100 sales was BMW (Suzuki was second with 98).

The new car show created some interest among potential buyers (but not enough to make any of the dealers satisfied) – but the most popular activity was the one organized for children to practice traffic safety rather than looking at cars.

The transport strike in Spain (which was called by a small association which represents mainly self employed truckers – but which effectively kept all trucks off the roads for most of a working week) had a big effect on supplies of fresh food until some additional supplies were routed in from France.

The express bus service to Sant Julia reached an average of 45,000 passengers per month. No data was provided on the express bus service to Ordino.

The Spanish frontier police are in dispute over wages with their Government – and have launched a “work to rule” campaign. The first day of this caused long delays at the border – starting in the morning rush hour when the “transfronteros” (workers who live in Spain but work in Andorra) had to show the right papers to get into Andorra. Naturally there were also opportunities to slow down traffic leaving Andorra. There are several days of this planned for July – which has led the Government to make protests to Spain because of the potential impact on tourist traffic.

A truck driver who knocked down and killed a woman at a pedestrian crossing opposite the Hotel Reata in Santa Coloma in 2004 was given a one year prison sentence and required to pay €118,000 compensation to the family of the victim and €121,000 to CASS.

A 72 year old grandmother and her grand daughter were trapped when the 4x4 she was driving went out of control as she left her home in Aixaravall and turned over. They were both successfully rescued without injury.

A French man (aged 76) who went for a walk near Engolasters failed to come back. Despite exhaustive searches he has not been found after a fortnight.

Three persons (two Russian men and a Georgian woman) were arrested for shoplifting and, after a rapid trial, expelled from the country.

A man believed to be a Croat but carrying French identity papers was arrested in Ordino and charged with fraud relating to a failed property transaction last year. He appears to have managed to obtain over €50,000 in cash from an estate agent. He was supposedly in Andorra to set up another similar “sting” when identified by police and arrested.

A resident (believed to be Dali’s ex personal secretary) allegedly denounced the “loss” of a Dali watercolour from his house (but this is a little mysterious as nothing else appears to have been stolen, there was no report of a break in and the resident was absent at the time).

STA made a profit of €17.7 million in 2007 and paid €9.6 million of that in dividends to the Government (having already paid over €8.8 million from the 10% service charge on telephone calls).

FEDA is taking measures to increase production locally – a third hydro unit of 17 MGW will be installed mainly to produce power for peak hours and a new type of LNG fired local plant is being set up in Canillo with the active cooperation of the Comu to supply power at peak winter demand times at Soldeu (the idea is to replace other sources of power for heating as electricity generated by the LNG powered plant should be cheaper than using fuel oil for domestic heating). Meanwhile note that French wholesale prices for electricity supplied to FEDA have been raised by 50% effective 2009.

RTVASA appears to be in financial difficulties – according to a report of a Board meeting the Managing Director says that it has no money to pay for any new projects and maybe not enough to cover its existing debts. It is not expected that the Government will come up with more money this year to help it out.

The number of shops and businesses opening is fewer than those closing based on overall data for permits issued – but while in Andorra la Vella the score is 76 openings and 83 closures, in La Massana the score is positive – with 32 openings and 17 closures.

The jewellers association has been lobbying the Government for the abolition of the luxury goods rate of IMI indirect tax that affects their sales – at the rate of 14.4% - as they argue that this has been abolished in France and Spain and leaves them unfairly treated

compared to new car sales (taxed at 8.4%) and electronic goods sales (taxed at 4.4%).

The University of Andorra is to widen its limited range of degree courses by adding courses on Tourism.

The Government intends to make special efforts to recover British tourism – which has declined from about 80,000 visitors a year in 2001 to 40,000 – which will require changing the image of Andorra as a cheap but limited ski destination.

The quality of drugs coming into Andorra (the illicit sort) is apparently very poor according to some reports.

The Harlem Globetrotters came to town and well over 2,000 people turned out to see them.

Bob Dylan came to Encamp and was on stage for two hours to a near sellout crowd – it was reported that the only time he left his hotel was to go and sing.

The BTT World Cup competition at Pal got on to Eurosport and helped put Andorra on the map – the success of Vallnord in organizing this for the first time has led to Pal being selected again for 2009 and rumours have it that up to 20,000 visitors may be attracted for that weekend.

The Park Central will have experimental free WIFI access all summer.

La Poste has announced that it will stop providing banking services at the end of the year as it has no permission to offer such services (and really because it finds them uneconomic one assumes). The Government has made offers to allow the limited services provided to become legal – and the many users of the services (for transferring money to France at low cost mainly) are anxious that these offers should succeed. La Poste has not indicated any intention to change its mind (and the decisions are made back at head office, not here).

Aigües d’Arinsal has finally come to the end of the road. First the Batlle accepted the claim from CIVA (from Valencia) that it is entitled to repossess most of the machinery at the plant as it was under leasing contracts that had never been fully paid and so title had never passed. Then the last creditors’ meeting rejected yet another worsened offer for the business from Smart Innovation (a French entity) and as a result the company is now entering formal liquidation. With almost no assets to sell it is likely that there will not even be enough cash to pay the preferred creditors (the key ones being the

employees). It is then quite likely that action will be taken against previous owners and managers to attempt to obtain some form of compensation.

El Diari is asking that special efforts be made to help the “transfronteros” who work in Andorra but live in Spain – they do not get certain social services in Spain (especially unemployment benefit) as they do not pay Spanish Social Security (presumably they pay CASS) but they do have to declare their income for Spanish income taxes. It estimates that some 2,000 workers are affected.

## **AROUND THE PARISHES**

**Encamp** – the Comu is protesting that the Government should not have signed a contract with La Massana to have the excess spoil from the excavation of the Túnel de los Dos Valires deposited in a tip at Anyos – the one at Pas de la Casa should have been given the contract. Meanwhile the Comu of Escaldes is protesting at the truck traffic passing through its streets (it is a pity that the spoil could not have been left where it was until after the tunnel is open).

**Ordino** – the Mountain Festival of Vallnord attracted 300 competitors to a unique race featuring both BTT biking and mountain running – which was won by an Andorran resident, Oscar Reig.

**Sant Julia** - the Comu has carried out a survey of all the traffic accidents occurring since late 2005 on the CG1 as it passes through the parish and counted about 300 – most of which are both minor and have occurred in the built up stretch between the entrance to Sant Julia and La Mergineda. This is being used to stress the need for the bypass to reduce accidents (as well as to eliminate the frequent traffic hold-ups in Sant Julia caused by the pedestrian crossings and other obstacles).

**Canillo** – ENSISA announced that it intends to keep its ski stations (basically El Tarter and Soldeu) open until May 2 next season. Nothing was reported from SAETDE (which runs Pas de la Casa and Grau Roig) but Vallnord has come back to indicate that it will also be looking into prolonging the ski season until May 2.

**Ordino** – the Comu is taking back responsibility for running the (generally underused) Congress Centre.

**Andorra la Vella** – the Comu is to invest heavily to improve the walkways that lead around the town – the Solà and the Obac – and figures of close to €1 million were mentioned – the work on the Solà will

be the more difficult as that requires renewing the irrigation system originally built in the 1880s to bring water to the allotments up there.

**Andorra la Vella** – it was reported that the Comu is to pay €4.3 million for the old Hostal Calones where the lower floor has been turned into a dining room for old folk.

**Sant Julia** – bad weather at the beginning of June did not stop some 800 people making it to the sanctuary at Canollich for the celebration of La Diada de Canollich.

## **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 Wednesday.

Gaye Keep organizing a trip to Pic de Negre to see the wild flowers, walk and picnic on July 8 (deferred from late June as the flowers were not yet in bloom) – please contact [gckeeep@andorra.ad](mailto:gckeeep@andorra.ad).