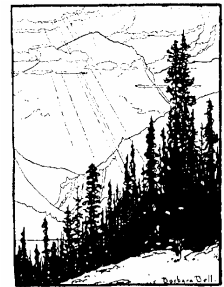




International Club of Andorra NEWS MONTHLY

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. 545

News for May 2009

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

This newsletter is sponsored by **Servissim** – go to their website at www.servissim.com to see their services.

The general elections last month have led to much jockeying for position this month – but we end the month with no new Cap de Govern and the key local news on the new government should appear in the first week of June – so this issue has little guidance about what is in store for us all on that front.

John Pinnell

MAIN NEWS

A new government?

The general election held on April 26 provided a change – at first sight possibly a very small change – in the composition of the 28 member Consell General. The “victory” went to the PS under Jaume Bartomeu which won 14 seats. That left CR with 11 seats and the new party of Eusebi Nomen, the ApC, with 3. Not surprisingly, the lack of an overall working majority has left the PS with problems. Not least of these was the failure to get Jaume Bartomeu voted in as Cap de Govern at the end of the month – the vote was 14 for him and 11 for Joan Gabriel of CR with 3 abstentions from the ApC. A new vote will be taken on June 3 at which it is expected that a repeat will allow the leader of the PS to become Cap de Govern as no absolute majority is required on the second round.

The month brought news of meetings between the parties all aimed at arriving at some sort of consensus for the new parliament. Many good words were spoken but actual agreements were thin on the ground. At first sight the programmes of PS and CR are in some respects closer than those of PS and ApC (especially as ApC is vehemently against the introduction of VAT which is a necessary part of any sensible tax reform programme). However, towards the end of the month it even looked as though there would be some coalition between PS and ApC – but in a rather complicated manner.

The current Andorran ambassador in Madrid (Xavier Espot) is tipped to become foreign minister and he is the suggestion of ApC. One of the three ApC Consellers may also become a minister, allowing him to resign his seat and a key ApC man from Encamp to take his place in the Consell General.

When the Consell General first met, the Syndics (ie Speakers) were elected on the first vote as ApC voted with the PS for the PS candidates. Then the Secretaries were also elected on the first vote – but because one PS conseller “accidentally” voted for the CR candidates who were also supported by ApC. Nobody had a clear explanation for what happened – but at least all four positions were filled and the official photograph of the Consell General taken.

During the month there have been various (mainly negative) comments reported about the outgoing administration. They have been accused of destroying certain (unspecified) documents and of taking steps to promote or transfer key personnel who are really political appointments. Jaume Bartomeu stated that his government (as and when it exists) would have fewer highly paid positions – the newspaper duly reported that there are up to 93 political appointments in place (of whom 14 are paid external advisers).

The Finance Minister attempted to get an issue of Treasury Notes for €75 million off the ground but appears to have failed to get that completed. The Government has released a series of contract approvals for public works worth €46 million – including the Encamp exit from the new tunnels (€16 million) and the fourth stage of the Sant Julia bypass (€13 million).


ARINSAL • CANILLO • LA MASSANA
IMMOBILIÀRIA • LLOGUERS • GESTORIA

Jaume Bartomeu stated that he hopes to take advantage of Spain's holding the EU presidency in 2010 to reach a revised agreement with the EU and appears to have asked Oscar Ribes (a former Cap de Govern and PLA member) to become a special emissary to the EU.

In his initial speech to the Consell General, Jaume Bartomeu appears to have been moderate and careful in what he said. He specifically called for a new agreement with the EU, tax reforms, social reforms and for a reform of the public administration to save money and modernize it. He also called attention to what were reported as total Government debts of €889 million (of which €500 million are owed on short term loans from the banks).

However, the actual composition of the new Government and its proposed policies will only be known after there is a new government – hopefully in the first week of June.

NEWS IN BRIEF

Inflation has disappeared for the time being – for the year to April 30 it was -1.1% and this situation is expected to continue through the summer as oil prices hit their peak in the summer last year.

The drop in GDP in 2008 is now estimated by Standard & Poors at 2.8% (very much an estimate as there is very little data available about real business activity here). They also forecast a further drop of 3% in 2009 and no recovery before 2011. They reduced the long term credit rating for the country to A+. An article pointed out that Andorra started its problems in 2005 when tourism started to decline and that this was camouflaged until 2007 when construction activity (which had been booming) started to decline. Now there is a longer term problem to deal with – construction is not expected to recover in the short term, while tourism and associated retail business continues to decline – and even when visitors do arrive they come for shorter stays and spend less per day.

The number of officially unemployed in Andorra stood at 614. However, as an editorial indicated, really there is very little reliable data on unemployment and virtually no experience of dealing with it as in the past this was a problem for immigrants. Now there are unemployed Andorrans to think about.

An odd contrast is showing up between the data on people employed (from CASS) and the data on

average earnings. Average earnings are still being reported as rising year on year while employment levels fall.

An assembly of cross border workers at La Seu d'Urgell heard detailed proposals for modifying social security rules in the agreement between Spain and Andorra. CASS says its responsibility is to apply the rules which have been agreed between governments. The PS seems to agree and indicated that political action would be needed as the agreement needed modifying; CR however thinks this is all purely technical.

The pharmacies are the latest group to say that business is bad. Levels of sales have dropped by between 10% and 25% mainly due to fewer sales of cosmetics and non prescription items and a notable fall in business from visitors.

Other indicators continue to show a slowdown of activity. Imports are said to be back down to 2001 levels. Property sales fell another 19% from last year in March. New car sales in the first four months were 488 as against 740 last year (VW sold 46, BMW 45 and Renault 45). The second hand car show attracted fewer visitors and many fewer sales were made. One reason is now alleged to be that the banks are refusing to give consumer loans.

An editorial drew attention to the high level of debt at the Comus (at the end of 2008 this totalled €208 million). An article showed a league table of debt by inhabitant. Ordino came top (ie worst) with €6,300, followed by Canillo at €4,600 and La Massana at €4,500. Interestingly, at the other end of the country Sant Julia only shows €2,000. The lowest debt per head is in Andorra la Vella – although it has the largest total outstanding at €55 million. Please compare the debt per inhabitant with the local taxes we pay and worry about the future.

The alleged drugs baron Marcia Dorado who operated from Galicia is supposed to have brought large quantities in cash into Andorra and then moved them to Switzerland. Carles Verdeguer (an ex conseller from Sant Julia) is alleged to have been the intermediary – but he claims the cash flowing from Andorra to Switzerland was from his tobacco trading business which, the newspaper alleges, he basically stopped some years before this particular set of cash flows started.

A man was arrested during a routine (but unusual) check on all the identities of passengers on the bus down to Barcelona. He is alleged to have killed his stepfather (in a small village in Guipuzcoa) and fled in his stepfather's 4x4 to Andorra, where he hid the

car on the road to Comella and decided to go back to Spain by bus.

The number of robberies has declined by 33% between the first half of 2007 and the second half of 2008. The Minister claims this is largely due to better policing in the streets. He also claims that most of the robberies are the work of gangs or at least people from Eastern Europe.

Three French citizens were arrested at the border after being found to have a number of items in their car – which proved to be the result of an organized shoplifting spree.

The first case of robbery with violence in the country was reported – a youth grabbed a lady's handbag and ran off to where his friend was waiting on a motor bike. They escaped temporarily but a plain clothes policeman had noted the registration number and they were soon stopped and arrested. They were both local residents.

The French police detained a Georgian near Foix for robbery from a jewellers and found that he was also the man wanted for a robbery of gold valued at €150,000 from a jewellers in Pas de la Casa in 2007. He had foolishly left a set of finger prints behind in Andorra.

About 55% of all homes are now wired up for fibre optic connections. However, only about 2,500 individual clients have yet signed up for the new services so sales are lagging behind installation work. Andorra Telecom expects that all homes (except the least accessible) will be wired up by the end of the first quarter of 2010. There are 20,000 ADSL contracts in service – so in theory a lot of customers should be changing to the new services.

Crèdit Andorra reported profits of €85 million for 2008, a drop of 33%. It will pay out €35 million in dividends. Its level of deposits has shot up from €3,800 million to €4,800 million as clients liquidated their investments.

Banca Mora reported profits of €52 million for 2008, a drop of 45% caused mainly by a huge drop in commissions. It is paying out dividends of €31 million. Its balance sheet is strong as so many clients have liquidated investments and put money into ordinary deposit accounts.

Susanna Georgi failed to get into the finals of the Eurovision song contest.

River Andorra (the best local basketball team) has been promoted into the third division of the Spanish

league. It now appears to need another €250,000 of funding to be able to support life in this higher environment.

The European synchronised swimming event was held at Les Serradells Olympic pool.

The Casa de Portugal organized its first folklore festival with dance groups from Andorra, Portugal and Spain.

The annual May Day demonstration attracted only 100 people (in the rain) and the main demand was that May 1st become an official public holiday.

There are complaints at the attitude of the new director at the French customs. He is making importers of goods worth less than €1,000 go through the full customs process rather than the simplified one as he alleges that a specific French importer based here is using multiple imports of less than this value to abuse the system.

Spain has closed the border to imports of Andorran processed sugar. This last happened in 2006. The same problem appears to have reappeared. Andorran companies are allegedly bringing in EU sugar at world prices (which are much lower than EU ones), giving it a “face lick” rather than “processing” and exporting it to Spain at a profit. The real issue here is that the Spanish Government is sufficiently fed up about this that they are simply stopping work on all open issues with Andorra until the situation is resolved from the Andorran side.

There is a new agreement between the Consols, the Government and others to promote UK skiers for 2010 – funded by the Government and the Comus with €315,000 each and Ski Andorra with €200,000. Most of the money will go to three tour operators provided they bring in a set number of skiers.

Soldeu/El Tarter indicated that it will close the season with losses of about €1 million – very different from its hopes and its budget. It expects growth of less than 5% for next season.

Vallnord presented its summer season stating that its bike park had now become a “reference in Europe”. Meanwhile it hosted the BTT world cup.

The Frank Gehry design for the National Archives to be built at La Massana has been unveiled (as a last gesture maybe) by Juli Minoves who stressed its potential for attracting tourists (citing the example of the Getty Museum in Bilbao) and shrugging off the price tag of about €30 million.

Caritas reported that the number of cases it is handling is not increasing but that their complexity and severity is. The most typical situation is an immigrant woman with children and no resources – but cases are now appearing of Andorran citizens with no resources.

The local police celebrated their “day” with over 200 of them going up to Arinsal one Saturday. Their main demand now appears to be for more on the job training.

The main transformer to be installed at Grau Roig arrived at the Spanish border before the end of the month on a special 14 axle trailer. It is expected to make the trip up to Grau Roig on June 2 – very slowly as it weighs 150 tons.

The work on the N145 to La Seu d’Urgell has started – initially by the painting of yellow lines prohibiting overtaking and by the first works to clear ground for where the new tunnel will be excavated.

The route for the proposed bypass at Oliana has been published and it sounds as if this may be the first of the new works on the C14. As it runs well away from Oliana it should not cause any relevant traffic hold ups while under construction.

AROUND THE PARISHES

Ordino – the Comu hopes to unblock the new development signed by Jean Nouvel – the main open issue is that the various owners of parts of the site have been unable to reach agreement on how to assign the development among them.

La Massana – the 13th edition of La Massana Comic opened with lots of people attending.

Andorra la Vella – the annual clown festival was held .

Sant Julia – the Spring Fair suffered from the rain – even in the sevillanas through the streets.

La Massana – Andoflora was held again at Les Fontetes and proclaimed a success although the weather was quite nasty at times.

Sant Julia – so far some fifteen grain stores from the neolithic period have been found at a site in Juberri which could make this the most important site for that period yet identified in the Pyrenees.

Ordino – the campaign to have children walk to school (escorted) has finally started with measures

that include shutting the Cami de Segudet at school opening and closing times.

La Massana – the Consol Major has indicated that if no solution can now be found to the Astra buildings in Arinsal then it is quite possible that they will have to be taken down entirely. They have stood as skeletons through at least two property booms so far.

Ordino – the investment in the new audio visual centre will be about €2 million over ten years after it starts up in September. There are allegedly some thirteen small companies interested in being located there.

Sant Julia – the Comu has now got clear ideas of what it wants to develop at Prat Gran – a large exhibition hall and a 4 star hotel.

Escaldes – the new shopping centre on Avda Carlemagny will be called Illa Carlemagny and is expected to create almost 400 new jobs. The supermarket there will be fed from Monoprix and owned by the entity which owns Escale.

Andorra la Vella – the land at Carrer Gil Torres which had been bought at a cost of €9 million will not be developed as a 1,000 space car park due to lack of financial resources at the Comu.

Sant Julia – the Monster Bike Park designed by Xavi Casas (a local biker) will open on June 6 as part of Naturlandia.

Sant Julia – the remodelling of the Plaza Major is expected to cost about €20 million – a lot of which is expected to come from the Government as it will be for the expansion of the University.

CLUB NEWS

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

The annual car boot sale will be held at Arinsal on Sunday, June 21 – please contact Servissim if you wish to reserve a stall and please do come and visit the stalls on the day. There will be food and refreshments provided by Michael and Susan Payne this year.

The weekly coffee morning is held at the Novotel Hotel bar while the Hotel Ibis is closed until July, each Wednesday between 11.30 and 13.00. Please come and join us there.