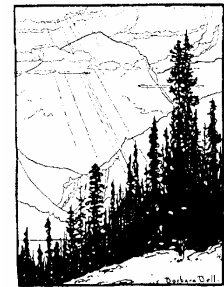




International Club of Andorra NEWS MONTHLY

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 February 2010

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

The Club AGM will be held at the Plaza Hotel in Andorra la Vella at 19.30 on March 17. Please do plan to come along and meet other members over a welcoming glass of cava and stay on afterwards for some drinks and snacks. We would very much appreciate volunteers to help organize events or to join the Board.

John Pinnell

MAIN NEWS

The current state of play:

The political situation has not improved in the last month. The main opposition party (CR) finally decided to vote against the budget. Eusebi Nomen (ApC) appeared at the last moment not to like the scenario of voting against the budget and provoking early elections. Jaume Bartomeu (JB) appeared to be surprised that his efforts to reach a compromise had failed. These were rumoured to have included making offers to Enric Dolsà (one of the founders of ApC), such as becoming the Chairman of CASS, in a supposed attempt to get José Maria Bringué (one of three ApC MPs) to break ranks and vote for the budget.

Now there is no 2010 budget – the Government is working based on a spend equal to one twelfth of the 2009 budget every month. It has indicated that it considers that it can spend some of the amounts approved in prior years for multi year projects (such as the Túnel) as well – although other parties have reacted strongly against that. The amounts involved that were approved for these multi year projects were large - €28.5 million for 2010 and €49.1 million for 2011 and rumours had it that the Government might be using up to €50 million of that. Surprisingly, there was no follow up to the initial articles about this.

JB has indicated that he is confident that tax reform will be passed some time this year, but given the inability to reach agreement on the budget that does not appear easy.

The CR is going forward with the process of transforming itself into a new organization – ready for what it anticipates will be early elections.

The leadership of the CEA (the employers' association) said at the end of the month that many entities had been in touch about setting up in Andorra and all had gone away without doing so. Most of them came into contact via Barcelona and most also had ideas of serving markets in France and Spain from Andorra. They went away for three main reasons: an alleged uncertainty about the rules for them in Andorra; the lack of clarity about the pending tax reforms; the lack of any double tax treaties with France or Spain. Although JB has stated that he expects tax reform to be approved by the end of this year, this would appear to be optimistic, and there is no clear route at present to dealing with the other two alleged issues.

Another comment from the CEA was that the efforts by the previous government to help business in the downturn had done little to help and that this government had better take some measures before the downturn ended. There is a feeling in all these comments of a sort of stalemate – a feeling that nothing is really happening to enable Andorra to move forward.

One positive thing happened this month – Andorra signed seven tax information exchange agreements in one day (with Denmark, the Faroes, Finland,

Greenland, Iceland, Norway and Sweden) and then the OECD confirmed that Andorra is no longer on its grey list of non-cooperating tax havens. Meanwhile both France and Spain have made moves to delete Andorra from their particular lists of tax havens.

Please note that the signing of these agreements should not open any risks for residents – and that in any event they are generally scheduled to come into operation in 2011 and contain clauses that prevent any retrospective actions.

NEWS IN BRIEF

Inflation for the twelve months to January stayed absolutely flat at 0%.

January vehicle sales were 129 units – 12% above last year. Imports overall were still 8% down on January of last year – but mainly because of expected drops in imports of construction materials and a totally unexpected drop in imports of fuel oil for heating.

The size of Andorra's population was called into question when it was revealed that census data (which is kept by the Comus) showed a total of 195 inhabitants being aged over 100 with a remarkable 55 being 108 years old. It seems clear that processes for taking people off the census are weak. The conclusion as stated in the newspaper was that the official population of 84,000 could really turn out to be as low as 70,000. A project is being set up to cross check data used to keep the census (against CASS and identity numbers for instance) – but this project is expected to take two years to complete.

There were also issues about conflicting statistics about tourism – the way in which the data is collected was changed during 2009. However, there is general agreement that the number of visitors declined in 2009 by about 4.4%.

The self-employed now have to pay significantly more to CASS – a minimum of almost €400 per month – as the new minimum basis is set at 20% of average salaries – and average salaries include the (relatively high) salaries of the public sector. There have been protests.

Spain and Andorra signed an agreement mutually recognizing high school qualifications for entering each other's universities – which brings to an end a problem for pupils in the Andorran education system.

JB and the Sindic visited Paris to meet Nicolas Sarkozy and brief him about progress on tax matters

(this was a short meeting with a photo after) and they obtained a promise that Sarkozy would visit Andorra before the summer.

Meanwhile, security measures were started at the end of the month for the visit in the first week of March by the President of Portugal.

JB appeared to be about to enlarge his cabinet by creating a position in it for a Tourism and Commerce portfolio – with the current chairman of SAETDE being mentioned as a candidate.

The purchases and usage of flu vaccine by the Government came under question. Basically, the epidemic has passed without being an epidemic. The Government followed international guidelines and ordered 118,000 doses (at the rate of two per person for 70% of the population). There are 80,000 doses still to be received (which will not be needed) but Glaxo (the maker) is not very interested in either cancelling the order or reducing the price (some €500,000 is at stake here). Meanwhile there is also a large stock of unused vaccine as only 2,000 people were inoculated.

There have been more cases of contraband tobacco and also of cash being seized at the frontier since the economic downturn began.

Total tobacco seizures in 2009 reached €850,000 by value.

On January 25, a truck apparently full of rocks and earth going down to Spain, was stopped and searched. It revealed 55,000 packets of cigarettes worth €75,000. The truck was impounded and the driver arrested.

The Guardia Civil reported that in the first weeks of the year it detected three cases where over €10,000 was attempted to be brought into Andorra in cash. In each case the cash was impounded except for a €1,000 "subsistence allowance". Towards the end of the month two other cases were reported. In all the cases the drivers intercepted seem to have been outwardly respectable middle aged or older people.

A Sahauri citizen managed to get to the Andorran border without either a passport or any other documentation. After being detected and held temporarily the authorities were unable to get any agreement from France or Spain to deport him via their territories. Luckily the man escaped and is believed to have got back into Spain. He had said he was on his way to look for work in France.

Caritas warned that 2009 was a bad year for poverty in Andorra, with increasingly severe cases being reported. It was gloomy about the prospects for 2010.

There were 788 births in Andorra in 2009 (a few less than in 2008) and 275 deaths, 259 marriages (of which only 69 were in church) and 184 divorces or separations.

The Generalitat and the Diputació of Lleida have signed agreements with Ryanair and Vueling to support the use of the new airport at Aiguairé. After the first flights took off fully loaded, the agreement provides for subsidies for empty seats on four routes (Frankfurt, Milan, Paris and Palma de Mallorca). The companies will cover the first 30% of empty seats and then the authorities the next 20% at an average price of €30 if they are empty.

Work has started on what appears to be a private heliport above Andorra la Vella on land owned by the Rebès family at Roc de Picaport. There is no road there (only a track) and work so far is site clearance. The objective is said to be to run a regular helicopter service to the port of Barcelona and then to the airport. Note that this is a private venture and no public money appears to be at stake.

Caldea is planning a share capital increase (7,000 shares at €917 per share) to help fund its expansion plans. As Escaldes owns 25% of the share capital and the statutes require that this stake be maintained it would appear that Escaldes has to subscribe for at least 25% of this increase.

The parishes with ski stations have protested that the current limits on borrowings discriminate against them as they have to finance their ski stations. They have also protested about their cost of electricity.

Encamp has claimed €5 million from the two ski stations using land in the Concordia across which ski lifts run. Naturally this has provoked strong reactions from Canillo (as a major shareholder in ENSISA) as the amount claimed is far more than Canillo receives from ENSISA – while SAETDE simply rejected such a claim as outrageously high. Both agree that some payment would be appropriate – but very much smaller in amount.

The number of ski accidents in 2009 was 0.48 per 1,000 passes as against 0.56 in 2008.

The Saint Valentine's weekend brought large numbers of visitors to the ski slopes and hopes that the season could be successful.

A 13 year old lost control on a blue slope at Pal and went off piste into a tree and was seriously hurt.

A Catalan mountain skier who was skiing above Ransol in Canillo was caught by an avalanche but able to call for help from his mobile phone. A second avalanche then engulfed him and, although pulled out by the rescue teams, he died.

Work is continuing on the N-145 from la Seu d'Urgell. One day this month a "controlled" explosion at lunch time brought down more rock than expected and led to single lane working on the road for several hours. This created a 9 km queue for traffic leaving Andorra.

The incinerator only managed to burn 40,500 tons of waste in 2009 (the minimum contracted for by the Government is 45,000 tons). This means that the Government will have to pay a subsidy to the plant at the rate of €6 per missing ton. In January rubbish levels reached 3,800 tons – a slight improvement. As rubbish volumes reflect the number of visitors, this could mean that tourism is levelling out or even improving slightly.

A study of the possible impact of a 5% VAT rate has shown that it does increase taxes compared to the current system and that a rate of around 3.6% would in fact yield about the same as the current regime of import taxes.

A small electronics business began to suspect that it was losing both goods and money. Last November the lady who had been in charge of its accounting lost her job and now she is being charged with stealing about €14,000 in goods and cash.

Five young people have been arrested charged with robberies and an assault. The leader came here from Reus where he already had a criminal record – but he came here to work and change his ways. He lost his job – and he, his Andorran girlfriend and three others went on to rob first the shop where he had been employed and then other places – leaving a "joker" card behind each time.

A Portuguese who had been having issues back home came here to work and settled down with a job and a family – until he lost his job and started drinking heavily and taking drugs. One night in La Massana he decided to steal a car to get to Arinsal to continue drinking. He found an envelope with €8,000 in the car and used some of that to go to La Seu d'Urgell to buy cocaine. He is now in court charged with theft and drug dealing (he bought too much cocaine for it to be just for his own use), along with his girlfriend

(who hid the drugs) and his friend (who shared in the money taken).

There was a serious fire at the Hotel Normandia in the middle of the night. There are conflicting versions but it appears the fire started (quite possibly from a short circuit) at reception and spread rapidly. The fire was reported at 03.29, the firemen arrived at 03.40, all guests were evacuated by 03.45 and the fire was out shortly after 04.00. However, three guests panicked and jumped out of windows – two were killed and one seriously injured. Another guest was badly injured by inhaling smoke and fumes. The “hotel” was really a long stay hostel for residents and quite old – with old wiring that could have been overloaded by the appliances the residents connected.

A man from La Massana was arrested and jailed for use of child pornography from the internet.

The Spanish police appear to have uncovered Andorran bank accounts containing about €10 million belonging to various members of the family of the local town planning manager of Estapona on the Costa del Sol.

Current rules in Andorra do not allow a suspect to be accompanied by a lawyer until after 24 hours in custody. Based on a recent Human Rights Court decision about Turkey, lawyers here are now planning a mass protest against the current rules. JB later indicated that he thought that legislation to amend the current rules could be passed within six months.

The level of property transactions (by value) fell back to the level of 2001 with a drop of 27% from 2008. However, some agents report increased activity recently and others are calling for making the market more open to foreign investors.

Two of the local electricity distributors (in La Massana and Sant Julia) have called for installing wind turbine generators at Pal, Arcalis and La Rabassa to generate electricity for the ski slopes among other things.

AROUND THE PARISHES

Andorra la Vella – the Santa Coloma frescos are currently on exhibition but nobody can now agree where they should go after that.

Ordino – the National Auditorium is said to have been neglected since its inauguration in 1991 and now it needs significant maintenance work – estimated costs are €400,000.

La Massana – the Comu has agreed to start taking steps to secure the site now proposed for the new National Archives building (the site is in the Avda El Traves).

Sant Julia – the tip used to receive earth and rock from construction sites has only been receiving it in the last few months from La Rabassa where the road is being improved. This would indicate very little construction activity in the parish.

Ordino – a parked and unoccupied yellow bus “ran away” and hit and damaged two parked cars close to the National Auditorium.

La Massana – a nineteen year old driver managed to overturn his car in the entrance to the Sant Antoni tunnel at nine in the morning – he walked away from the car unhurt but there was a long tailback of traffic waiting to go down through the tunnel.

Ordino – the Comu set up a competition for developing a publicity “spot” for a maximum fee of €10,000. There were several applicants but the award went to Ordino Studios. Immediately there were protests as the wife of one of the councillors works with Ordino Studios (but not on the creative or production side).

Encamp – the Comu is making efforts to cut all expenses by 10% below the budget for 2010.

Encamp – this is now the first parish to complete its cadastral register of all land and properties and have it approved by the Comu – but the cost of the project is said to have been some €3 million.

CLUB NEWS

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

The weekly coffee morning is held at the Hotel Ibis, each Wednesday between 11.00 and 13.00. Please come and join us there.

The Annual General Meeting of the Club will be held at the Hotel Plaza in Andorra la Vella on Wednesday, March 17 starting at 19.30. A welcome glass of cava will be offered and after the meeting drinks and snacks will be served.

The International Singers are taking part in a charity concert at Sant Esteve church in Andorra la Vella on March 25 when they and other choirs including the Petits Cantors will be singing to raise money for Haiti.