ANDORRA IN FIGURES 2017

Govern d'Andorra

CAMBRA DE COMERÇ INDÚSTRIA I SERVEIS D'ANDORRA

ACTUA Invest in Andorra

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Andorra Development and Investment (ADI)
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ANDORRA IN FIGURES 2017

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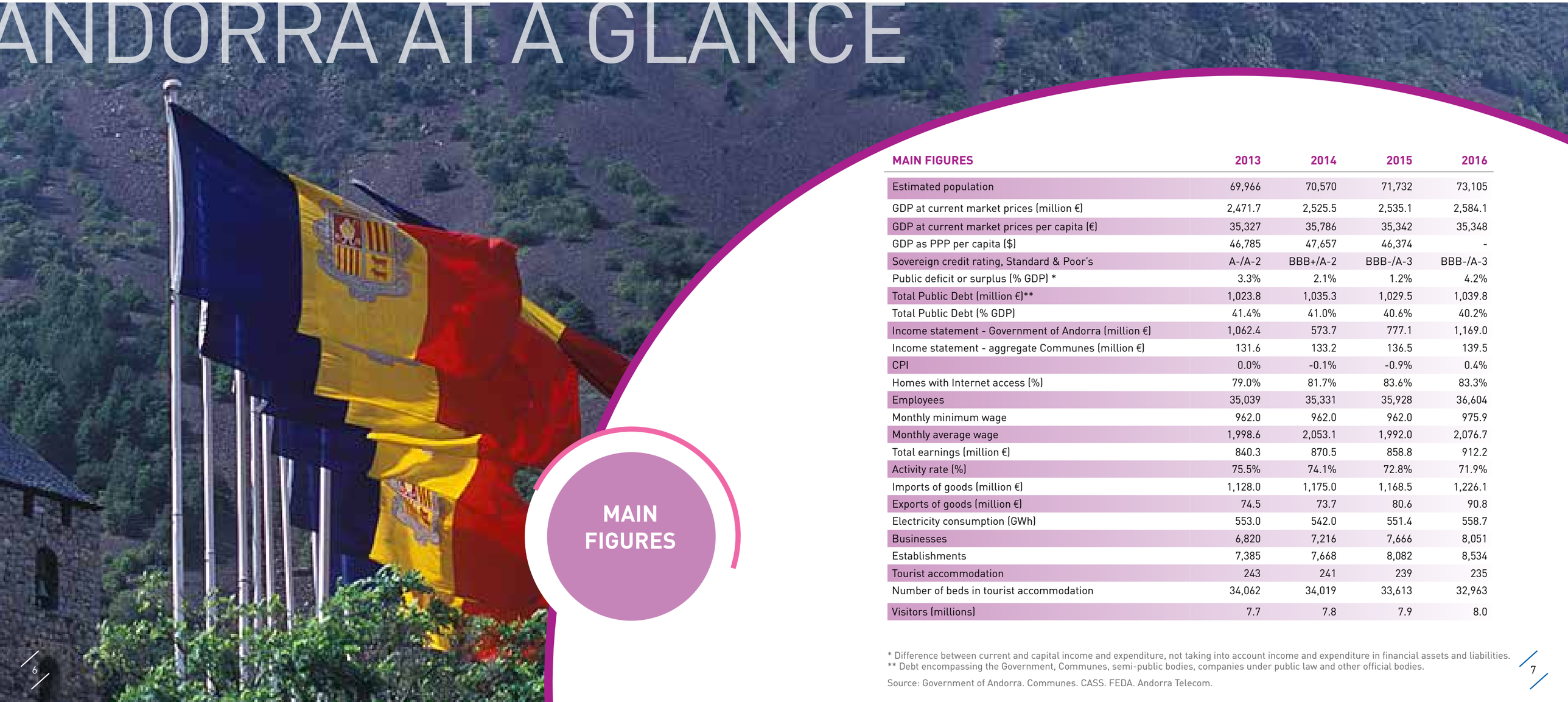
ANDORRA AT A GLANCE



MAIN FIGURES

MAIN FIGURES	2013	2014	2015	2016
Estimated population	69,966	70,570	71,732	73,105
GDP at current market prices (million €)	2,471.7	2,525.5	2,535.1	2,584.1
GDP at current market prices per capita (€)	35,327	35,786	35,342	35,348
GDP as PPP per capita ($)	46,785	47,657	46,374	-
Sovereign credit rating, Standard & Poor's	A-/A-2	BBB+/A-2	BBB-/A-3	BBB-/A-3
Public deficit or surplus (% GDP) *	3.3%	2.1%	1.2%	4.2%
Total Public Debt (million €)**	1,023.8	1,035.3	1,029.5	1,039.8
Total Public Debt (% GDP)	41.4%	41.0%	40.6%	40.2%
Income statement - Government of Andorra (million €)	1,062.4	573.7	777.1	1,169.0
Income statement - aggregate Communes (million €)	131.6	133.2	136.5	139.5
CPI	0.0%	-0.1%	-0.9%	0.4%
Homes with Internet access (%)	79.0%	81.7%	83.6%	83.3%
Employees	35,039	35,331	35,928	36,604
Monthly minimum wage	962.0	962.0	962.0	975.9
Monthly average wage	1,998.6	2,053.1	1,992.0	2,076.7
Total earnings (million €)	840.3	870.5	858.8	912.2
Activity rate (%)	75.5%	74.1%	72.8%	71.9%
Imports of goods (million €)	1,128.0	1,175.0	1,168.5	1,226.1
Exports of goods (million €)	74.5	73.7	80.6	90.8
Electricity consumption (GWh)	553.0	542.0	551.4	558.7
Businesses	6,820	7,216	7,666	8,051
Establishments	7,385	7,668	8,082	8,534
Tourist accommodation	243	241	239	235
Number of beds in tourist accommodation	34,062	34,019	33,613	32,963
Visitors (millions)	7.7	7.8	7.9	8.0

* Difference between current and capital income and expenditure, not taking into account income and expenditure in financial assets and liabilities.
** Debt encompassing the Government, Communes, semi-public bodies, companies under public law and other official bodies.

Source: Government of Andorra. Communes. CASS. FEDA. Andorra Telecom.

GENERAL INFORMATION

THE PRINCIPALITY OF ANDORRA

BORDER COORDINATES

North (Basers de Font Blanca)	42º 39' 15''
South (Comagle – River Runer)	42º 25' 38''
West (Aquell pass)	1º 24' 34''
East (River Palomera – River Ariege)	1º 47' 19''

BORDERS

Spain	63.7 km
France	56.6 km

LANGUAGES

Official	Catalan
Other languages	Spanish, French, Portuguese

POLITICAL SYSTEM

System of government	Parliamentary co-principality
Episcopal co-Prince	Joan Enric Vives i Sicília
French co-Prince	Emmanuel Macron
Head of Government	Antoni Martí Petit

CAPITAL

Capital	Andorra la Vella

SURFACE AREA

Total	468 km²
Highest peak	Comapedrosa 2,942 m
Lowest point	Confluence of River Runer 840 m
Woodland	38%
High mountain meadows	26%
Natural scree and rocky areas	20%
Urban areas and infrastructures	5%
Bodies of water	<1%
Others	10%
Population density	156 inhab./km²

OTHER DATA

Currency	Euro (EUR)
Time difference	UTC+1
Year of Independence	1278
National anthem	El gran Carlemany
Internet domain	.ad
Telephone prefix	+376
Citizenship	Andorran

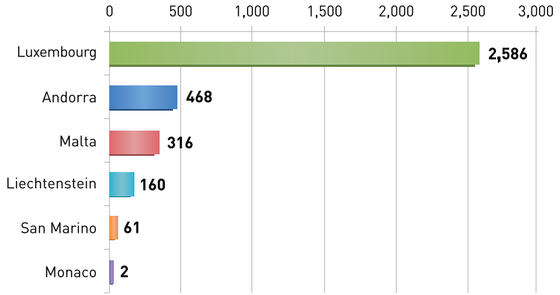
ANDORRA AT A GLANCE

ANDORRA AND OTHER SMALL EUROPEAN STATES

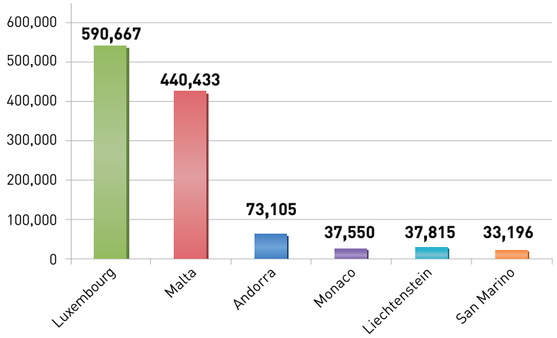
The population of Andorra is almost double that of other small European states such as Monaco, Liechtenstein or San Marino.

On the other hand, the Principality of Andorra has a relatively large surface area compared with the other small states of Europe. With 468 km² (of which only 1.3% are urban areas), its population density is lower than the average for European small states (156 inhab./km²).

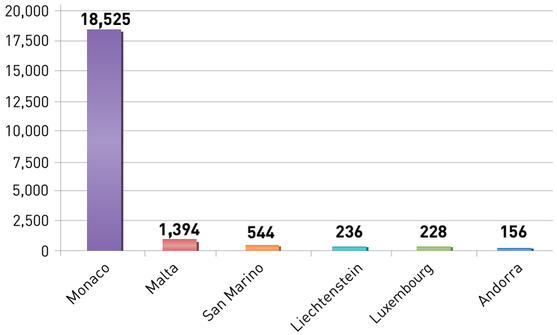
Surface area (in km²)



Population (2016)



Population density (inhab./km²)



Source: STATEC (Luxembourg); National Statistics Office (Malta); IMSEE (Monaco); Office of Statistics of Liechtenstein; UPECEDS (San Marino); Statistics Department of the Government of Andorra.

ACCESS BY LAND

Andorra can be accessed from Spain via the N-145 road, which runs from Seu d'Urgell to the Andorran border, joining the CG1 main road in the parish of Sant Julià de Lòria.
From France, it can be accessed via the N-20 road, which joins the CG2 main road in Andorra at the town of Pas de la Casa, in the parish of Encamp.

APPROXIMATE DISTANCE AND TIME FROM:

Barcelona // 197 km / 2h15
Lleida // 150 km / 2h00
Madrid // 613 km / 6h20
Toulouse // 185 km / 2h30
Perpignan // 170 km / 2h20
Paris // 861 km / 8h40

ANDORRA, A EUROPEAN STATE

Andorra, the Pyrenean country

TERRITORY AND ENVIRONMENT

The Principality of Andorra lies in south-west Europe, on the Mediterranean face of the Eastern Pyrenees, between two EU countries: France and Spain. In the north, Andorra borders 56.6 km of the departments of Ariège and Pyrenees Orientales, in France. In the south, it borders 63.7 km of the Catalan counties of Cerdanya, Alt Urgell and Pallars Sobirà, in Spain. Andorra occupies an area of 468 km^2, with an average altitude of 1,996 m. Politically, it is divided into seven parishes, each of which has its own local government, called *Comú* (Commune).

ALTITUDES:

Canillo	1,526 m
Encamp	1,238 m
Ordino	1,298 m
La Massana	1,230 m
Andorra la Vella	1,013 m
Sant Julià de Lòria	908 m
Escaldes-Engordany	1,050 m

Source: *Atlas d'Andorra* (1989).

CLIMATE

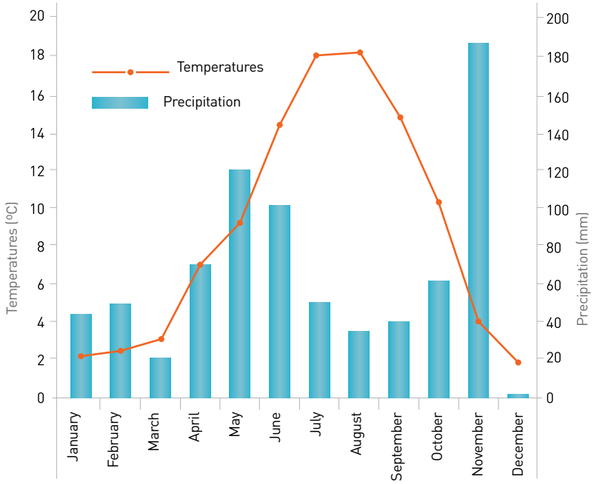
The Andorran valleys are frequently sheltered from Atlantic turbulence by the Pyrenean peaks, which rise above 2,700 m. Despite its mountainous terrain, Andorra is bathed by the sun, with over two thousand sunshine hours per year.

The mountain climate means regular precipitation throughout the year, enough in winter to guarantee the quality and depth of the snow, with relatively mild temperatures for the altitude and predominantly north-westerly winds.

Temperatures (ºC) and precipitation (mm)

CLIMATE	Temperatures	Precipitation
1980	7.1	759.2
1990	8.4	1,011.4
1995	9.0	825.7
2000	9.4	962.5
2005	8.4	680.7
2010	8.2	760.3
2011	9.5	557.3
2012	9.8	568.8
2013	9.2	628.8
2014	6.3	771.8
2015	9.1	924.0
2016	8.9	783.2

Climograph. Average 2016



Source: Ministry of the Environment, Agriculture and Sustainability.

WASTE MANAGEMENT

Waste is managed within the framework of international conventions, the bilateral treaty with Spain and legislation drawn up over the years in the Principality of Andorra.

Of the waste generated in Andorra in 2016, 35% was treated inside the country and 65% was exported for management outside Andorra. Specifically, in 2016, about 109,748 tonnes of waste was managed, including domestic waste and all waste exported directly by private waste managers to recycling or reuse plants. Moreover, a total of 39,841 tonnes of waste earth and stones from construction were exported for recycling.

Final waste management 2016

	Quantity (tonnes)	%
Treated in Andorra	38,532	35%
Exported	71,216	65%
Total	**109,748**	**100%**

Source: Ministry of the Environment, Agriculture and Sustainability; Department of the Environment.

Andorra carries out selective collection of glass, light packaging, paper and cardboard, batteries, mobile phones, textiles and vegetable oil, in compliance with the European Directive on waste collection percentages.

Selective collection of urban waste 2016

In 2016, 52% of glass packaging generated in Andorra was collected selectively, representing 2,354 tonnes, a very similar figure to that of the previous year (2,396 tonnes). On the other hand, selective collection of paper and cardboard increased progressively to reach 8,713 tonnes, 59% of the paper and cardboard generated in Andorra. As for light packaging, 18% of the packaging generated in Andorra was collected, representing 998 tonnes, 8.1% less than in 2015.

	2014	2015	2016
Glass	70%	63%	52%
Packaging	22%	24%	18%
Paper and cardboard	62%	52%	59%

Source: Ministry of the Environment, Agriculture and Sustainability; Department of the Environment.

The valleys of Andorra have a deep-rooted history

HISTORY

843 AD
First documented mention of Andorra (precept of Emperor Charles the Bald, in which he gives the valley of Andorra and others to his loyal follower Sunifred, the count of Urgell).

10th – 11th centuries
Struggle for the sovereignty of Andorra between the Lords of Caboet and Castellbò and the Bishopric of Urgell.

13th century
Struggle for sovereignty of Andorra between the bishops of Urgell and the counts of Foix.

1278
Signing of the first *Pariatge* treaty (establishing joint suzerainty of Andorra between the Bishop of Urgell and the Count of Foix) by Pere d'Urtx, Bishop of Urgell, and Roger Bernat III, Count of Foix and Viscount of Castellbò.

1288
Signing of the second *Pariatge* treaty between Pere d'Urtx, Bishop of Urgell and Roger Bernat III.

1419
Legal recognition of the *Consell de la Terra* (the body that managed common affairs, with powers to appoint *sindics* and *procuradors* to defend rights and privileges).

1748
Fiter Rossell edits the *Manual Digest de les Valls neutres d'Andorra* (a compendium of history, customs and practices, privileges and the political organization of Andorra).

1806
Decree by Napoleon I re-establishing ancient political and administrative ties with France, which had been cut during the French Revolution.

1866
The New Reform of the General Council, headed by the Andorran noble, Guillem d'Areny Plandolit, establishing 24 councillors.

1933
The co-Princes grant universal male suffrage, at the request of the Andorrans. Meetings of the General Council become public.

1968
The Andorran Social Security System, *Caixa Andorrana de Seguretat Social*, is set up.

1970-1979
Suffrage extended: women gain the right to vote and stand for election and the legal age is lowered. Creation of the parish of Escaldes-Engordany (1978). Approval by the General Council of the Memorandum of Institutional Reform (1978).

1981
The co-Princes decree the creation of the Executive Council.

1991
Entry into force of the customs union agreement with the European Economic Community.

1993
On 14 March the Andorran people approves the Constitution of the Principality of Andorra by referendum. Andorra joins the United Nations (UN).

2003
On 1st July, agreements come into force between the Principality of Andorra, the Kingdom of Spain and the French Republic relating to the entry, circulation, stay and settlement of their nationals and to the circulation and stay in the Principality of nationals from third-party states.

2004
The Valley of Madriu-Perafita-Claror is declared a UNESCO World Heritage Cultural Landscape.

2005
1st January, entry into force of the European Social Charter.

2008
Entry into force of the agreement between Andorra and Portugal relating to the entry, circulation, stay and residence of their nationals, and the agreement between the Principality of Andorra and the Holy See.

2009-2011
Andorra signs bilateral tax information exchange agreements with nineteen countries, including Spain and France. On 30 June 2011, the Principality of Andorra signs the monetary agreement with the European Union to make the euro the official currency of Andorra.

2012
Law 20/2012 is passed on foreign investment in the Principality of Andorra, opening up foreign investment. In the same year, Andorra signs a tax information exchange agreement with Poland.

2013-2014
In 2013, a double taxation agreement is signed with France and a tax information exchange agreement with the Czech Republic. In 2014, Andorra mints the first Andorran euros and becomes the fourth country outside the EU to do so. Also in 2014, a double taxation agreement is signed with Luxembourg and tax information exchange agreements are signed with Switzerland and South Korea.

2015
A tax information exchange agreement is signed with Italy and four DTAs: with Spain, the UAE, Portugal and Liechtenstein. The first agreement for the mutual protection of investments is signed, with the UAE.

2016
The DTA with France is implemented on 1 January, and the DTA with Spain on 26 February. On 12 February, Andorra and the EU sign an automatic tax information exchange agreement. On 20 September, a double taxation agreement is signed with Malta.

European democracy

POLITICAL SYSTEM AND INSTITUTIONS

THE POLITICAL SYSTEM

The political System of Andorra is a parliamentary co-Principality.

THE INSTITUTIONS

HEAD OF STATE (THE CO-PRINCES)

The Constitution defines the figure of the co-Princes as the joint, indivisible head of the Andorran State. They are, personally and exclusively, the Bishop of Urgell and the President of the French Republic. They are the symbol and guarantee of Andorra's independence and of equal treatment in relations with the neighbouring states. They are arbitrators and moderators for the public authorities and institutions. Currently, the Spanish co-Prince is His Excellency Mr Joan Enric Vives Sicília, and the French co-Prince is His Excellency Mr Emmanuel Macron.

PARLIAMENT (THE GENERAL COUNCIL)

This originated in the *Consell de la Terra*, a body created in 1419 and reformed in 1866, and is the Andorran legislative assembly or parliament, the supreme representation of the people, consisting of one chamber.

Its functions are:

1. To draw up and pass laws
2. To appoint the Head of Government
3. To approve the Government budget
4. To regulate and supervise the Government's actions

The members of the Council, the councillors, are elected by universal suffrage for a period of four years. The General Council can have a minimum of 28 members and a maximum of 42, elected by mixed voting: half through parish elections and half through national elections. Currently there are 28 members.

The body that governs the General Council is the *Sindicatura*, headed by the *síndic* and deputy *síndic*, who are elected by the General Council. Currently, the *síndic* is the Hon. Vicenç Mateu Zamora and the deputy *síndic* is the Hon. Mònica Bonell Tuset.

The Government

The Government holds state executive power. It conducts Andorra's national and international policy, administers the state and exercises regulatory powers. The seat of Government is in Andorra la Vella.

It has a mandate of four years. It consists of the Head of Government (elected by the General Council and appointed by the co-Princes) and the ministers (appointed by the Head of Government).

Currently, the Head of Government is the Hon. Antoni Martí Petit.

The Government's functions are:

1. To direct national public administration
2. To conduct national policy
3. Responsibility for international policy
4. Responsibility for the Police Service

THE *COMÚ* OR COMMUNE (LOCAL GOVERNMENT)

Andorra is divided politically into seven parishes which are, in the traditional order of protocol: Canillo, Encamp, Ordino, La Massana, Andorra la Vella, Sant Julià de Lòria and Escaldes-Engordany. Andorra la Vella is the capital and seat of Government. The representative and administrative body of each parish is called the *Comú* (Commune). The Communes are public corporations with a legal personality and local legislative powers, subject to law, consisting of ordinances, regulations and decrees.

THE ANDORRAN JUSTICE SYSTEM

This is a single organization. Jurisdictional power is held by the *Batlles* (magistrates), the Magistrates' Court, the Criminal Court (*Tribunal de Corts*) and the High Court of Justice, and also by the presiding judges of these courts. It has three jurisdictions: civil, criminal and administrative.

THE CONSTITUTIONAL COURT

This is the supreme body for interpreting the Constitution and its judgements bind both the public authorities and individuals. It passes its own regulations and, in carrying out its duties, is subject solely to the Constitution and to the Qualified Law of the Constitutional Court.

THE HIGHER COUNCIL OF JUSTICE

This is the body that represents, governs and administers the judicial system, guaranteeing the independence and proper functioning of the justice system.

THE PUBLIC PROSECUTOR'S OFFICE

This body safeguards the defence and implementation of the legal order and the independence of the courts, promoting the implementation of the law before them to safeguard citizens' rights and the defence of the general interest.

OTHER INSTITUTIONS

THE *RAONADOR* DEL CIUTADÀ (ANDORRAN OMBUDSMAN)

This institution defends and supervises the fulfilment and implementation of the rights and liberties enshrined in the Constitution, acting as a commissioner or delegate of the General Council. It collects and processes any complaints and claims relating to citizens' relations with all the public administrations and public bodies in Andorra, in total independence and objectivity.

THE COURT OF ACCOUNTS

This is an independent technical body, organically linked to the General Council, which accounts for public spending and, moreover, is in charge of ensuring transparency in the economic, financial and accounts management of the public administration.

THE ANDORRAN FINANCIAL INTELLIGENCE UNIT (UIFAND)

This is an independent body with the mission of promoting and coordinating measures to prevent money laundering and the financing of terrorism.

THE ANDORRAN NATIONAL INSTITUTE OF FINANCE (INAF)

This is an independent, public financial institution, with authority over the Andorran financial system, to promote and supervise the proper functioning and stability of the financial system.

Good relations with the world

INTERNATIONAL RELATIONS

DIPLOMATIC REPRESENTATIONS

- Embassy of the Principality of Andorra to the **European Union**
- Embassy of the Principality of Andorra to the **Benelux countries**
- Embassy of the Principality of Andorra to the **Federal Republic of Germany**

Rue de la Montagne, 10
1000 Bruxelles
Phone: (+32) (0) 2 513 28 06 - Fax: (+32) (0) 2 513 07 41
E-mail: Ambaixada_Belgica@govern.ad

- Permanent Representation of the Principality of Andorra to the **Council of Europe**

10, avenue du Président Robert Schuman
67000 Strasbourg
Phone: (+33) (0) 3 88 35 61 55 - Fax: (+33) (0) 3 88 36 85 77
E-mail: rpand@andorracoe.org

- Permanent Mission of the Principality of Andorra to the **United Nations Office at Geneva and other international organisations**
- Observance Mission to the **World Trade Organisation**

Rue Chantepoulet 1-3, 7ème étage
CH-1201 Genève
Phone: (+41) 22 732 60 60 - Fax: (+41) 22 732 60 68
E-mail: missionandorra@bluewin.ch

- Embassy of the Principality of Andorra to the **Portuguese Republic**

Rua do Possolo, 76, 2º
1350-251 Lisboa
Phone: (+351) 21 391 37 40 - Fax: (+351) 21 391 37 49
E-mail: Ambaixada_Portugal@govern.ad

- Embassy of the Principality of Andorra to the **Kingdom of Spain**

C/ Alcalá, 73
28009 Madrid
Phone: (+34) 91 431 74 53 - Fax: (+34) 91 577 63 41
E-mail: embajada@embajadaandorra.es

- Permanent Mission of the Principality of Andorra to the **United Nations**
- Embassy of the Principality of Andorra to the **United States of America**
- Embassy of the Principality of Andorra to **Canada**
- Embassy of the Principality of Andorra to the **United Mexican States**

Two United Nations Plaza, 27th floor
New York, NY 10017
Phone: (+1) 212 750 8064/8065 - Fax: (+1) 212 750 6630
E-mail: contact@andorraun.org

- Embassy of the Principality of Andorra to the **Republic of France**
- Permanent Delegation of the Principality of Andorra to the **UNESCO**

1, place d'Andorre (ancien 51bis, rue de Boulainvilliers)
75016 Paris
Phone: (+33) (0) 1 40 06 03 30 - Fax: (+33) (0) 1 40 06 03 64
E-mail: Ambaixada_Franca@govern.ad

- Permanent Mission of the Principality of Andorra to the **OSCE**
- Permanent Mission of the Principality of Andorra to the **United Nations Office at Vienna and the CTBTO**
- Embassy of the Principality of Andorra to the **Republic of Austria**
- Embassy of the Principality of Andorra to the **Czech Republic**
- Embassy of the Principality of Andorra to **Hungary**
- Embassy of the Principality of Andorra to the **Republic of Slovakia**

Kärntnerring 2A/13
1010 Wien
Phone: (+43) (0) 1 961 090 920 - Fax: (+43) (0) 1 961 090 950
E-mail: office@ambaixada-andorra.at

INTERNATIONAL ORGANISATIONS

Currently, the Principality of Andorra is a member of 23 international organisations:

- Bureau of International Exhibitions (BIE).
- International Committee of the Red Cross (ICRC).
- Council of Europe.
- International Criminal Court (ICC).
- Comprehensive Nuclear-Test-Ban Treaty Organisation (CTBTO).
- Food and Agriculture Organisation (FAO).
- International Criminal Police Organisation (INTERPOL).
- United Nations Organisation (UN).
- International Civil Aviation Organisation (ICAO).
- International Organisation of La Francophonie (OIF).
- European Telecommunications Satellite Organisation (EUTELSAT).
- World Organisation for Animal Health (OIE).
- International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM).
- World Customs Organisation (WCO).
- World Intellectual Property Organisation (WIPO).
- World Health Organisation (WHO).
- World Tourism Organisation (UNWTO).
- Organisation for the Prohibition of Chemical Weapons (OPCW).
- Organisation for Security and Co-operation in Europe (OSCE).
- Ibero-American Secretariat General (SEGIB).
- International Telecommunication Union (ITU).
- United Nations Educational, Scientific and Cultural Organisation (UNESCO).
- Hague Conference on Private International Law.

AMBASSADORS

Andorra has resident accredited ambassadors in:

- Spain
- France
- Belgium
- The United States of America
- United Nations
- Council of Europe

Andorra has non-resident accredited ambassadors in:

- Portugal
- Luxembourg
- Netherlands
- Germany
- Canada
- Mexico
- Switzerland
- Monaco
- San Marino
- Liechtenstein
- The Holy See
- United Nations Office at Geneva

LEGAL SYSTEM

Simple, modern regulations

PROCESS OF INCORPORATING A COMMERCIAL COMPANY

- **Application to reserve a company name** to the Government; the certificate is valid for 12 months from the issue date, during which the name is reserved pending execution of the deed (€5.69).

- **Application to the Government for authorisation of foreign investment**, for foreign investment in shareholdings of over 10% of the share capital.

- **Public deed**. To incorporate the company, the public deed of incorporation must be signed before an Andorran notary.

- **Registration**. Registration with the Company Registry is mandatory, at which time the company will acquire legal personality.

Companies that carry out commercial, industrial or service activities must be registered at the Registry of Commerce and Industry.

Andorran commercial companies can choose between the following legal forms:

	Minimum capital:
Societat anònima (SA) – joint stock company	€ 60,000
Societat de responsabilitat limitada (SL) – limited liability company	€ 3,000

Legislative Decree of 26-02-2014 on publication of the redraft of Law 20/2007, of 18 October, on joint stock and limited companies.

The right to practise a profession is regulated by the *Legislative Decree of 26-02-2014 on publication of the redraft of Law 6/2008, of 15 May, on the practice of professions and professional bodies and associations.*

An attractive destination for new sectors and businesses

FOREIGN INVESTMENT

On 19 July 2012, Law 10/2012 entered into force, on foreign investment in the Principality of Andorra, to open up its economy to foreign investment and businesses, also removing the sectoral restrictions provided in Law 2/2008, of 8 April, on foreign investment in the Principality of Andorra. In this way, Andorra positions itself competitively, on equal terms with neighbouring economies, enabling it to become an attractive destination for new sectors and enterprises.

Foreign investment is any investment made in Andorra in the following circumstances:

Non-Andorran or non-resident natural person: investments made by those holding residence permits of a temporary nature are subject to the law. E.g. Temporary immigration permit. Also subject to the law are investments made by those with cross-border work permits.

Legal person of foreign nationality: including public institutions of foreign states.

Andorran company with foreign equity participation.

Branches or other kinds of permanent establishments in Andorra of foreigners not resident in Andorra.

Types of foreign investment:

Direct foreign investment: Investment in shares of Andorran companies or to set up or expand branches or other kinds of permanent establishments.

Real estate: Investment to acquire property or in rem rights over property or administrative concessions that involve private use of a building located in Andorra.

Portfolio: Investment in subscriptions to:

- *Securities representing loans* issued by private and public, resident and/or Andorran persons.
- *Preferred shares* that include voting rights.
- *Shares in investment schemes* governed by the financial system regulations.

Other types: Investments in forms other than those provided above such as shares in joint venture agreements, foundations, co-operatives or communities of assets.

Prior authorisation is required in the following cases:

Direct foreign investment: Any foreign investment of more than 10% share capital or voting rights in Andorran companies.

Real estate: Requires prior authorisation in the case of investments carried out by:

- *Non-Andorran natural persons* not resident in Andorra.
- *Andorran companies* when the foreign participation in the share capital or voting rights is equal or greater than 50%.
- *Branches or other types of permanent establishments* in Andorra of non-residents.
- *Foreign legal persons*, including public institutions of foreign states. These investments must be linked to the activities carried out by the legal person.

Portfolio: Unrestricted, without prior authorisation, except for subscription to a collective investment scheme (CIS) under Andorran law, when the following requirements are met cumulatively:

- *That at least 50% of the assets* consist of shares in Andorran companies and/or property located in Andorra or in rem rights over the property, except guarantees.
- *That foreign participation in the CIS* is ≥ 50%.

Other types: Co-operatives, foundations, etc.

Not authorised:

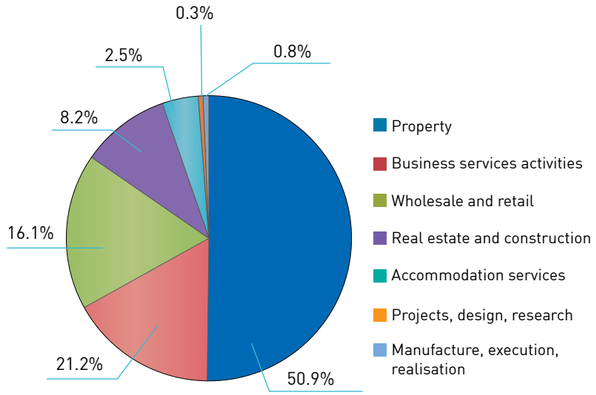
Refusal of a foreign investment authorisation must be justified (e.g. foreign investments made by resident, domiciled or national natural persons; in the case of legal persons, from any non-cooperative countries regarding money laundering or the financing of terrorism (FATF); foreign investments by natural or legal persons about which an unfavourable report is received on matters of money laundering and the financing of terrorism; foreign investments that could pose a threat to public power, sovereignty and national security, public order and the economic order, the environment, public health or the public interest).

ANALYSIS OF FOREIGN INVESTMENT

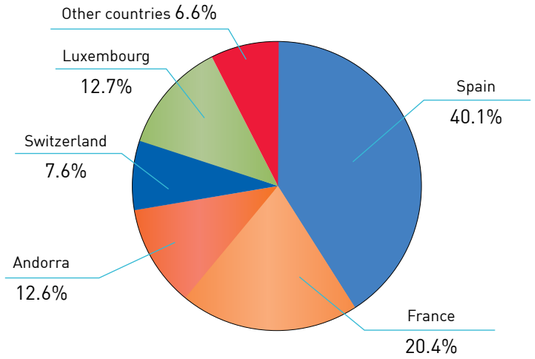
	Total[1]	2015	2016
Total applications	2,873	746	810
Authorised	2,691	695	781
Formalised	2,203	572	630
Formalised volume (€) [2]	278,521,069	96,957,150	98,191,573
Formalised investment			
Average volume per investment (€) [2]		169,506	155,860
Volume [2] / GDP		3.8%	3.8% [3]
Businesses and jobs created by foreign investment			
Businesses created or acquired	1,349	381	407
Jobs created [4]	1,594	498	562

[1] Figures from 19/07/2012 (entry into force of foreign investment law) to 31/12/2016.
[2] Initial investment declared by investors.
[3] Advance GDP 2016.
[4] In created or acquired businesses.

VOLUME OF FORMALISED INVESTMENTS BY SECTOR OF ACTIVITIES[2] 2016



VOLUME OF FORMALISED INVESTMENTS BY COUNTRY[2] 2016



Source: Ministry of the Economy, Competitiveness and Innovation.

An advantageous direct and indirect tax system in relation to surrounding countries

TAX SYSTEM

All natural persons that carry out business or professional activities, commercial companies and other legal persons, or for-profit entities, must file annual accounts with the Government.

To date, the Principality of Andorra has signed tax information exchange agreements with 24 countries, mainly in the European Union (including Spain and France). Equally, Andorra has signed seven double taxation agreements (DTAs), with France, Luxembourg, Spain, the UAE, Portugal, Liechtenstein and Malta. Negotiations are currently ongoing with several countries to extend the network of double taxation agreements.

TAXES AND DUTIES CURRENTLY IN FORCE

Corporate tax

10% (general rate)

Direct tax on the income of legal persons.

*Reduced tax for companies exploiting international intangible assets, those involved in foreign trade and those carrying out inter-group financial management and investment.

Domestic and international double taxation is eliminated on shares in profits from other entities and deductions are established for double taxation, job creation and investment.

Personal income tax (IRPF)

10% (general rate)

Direct personal tax on income obtained by natural persons who are resident and based on the amount and their personal and family circumstances.

* Tax on the taxpayer's income, seen as the total of his income and capital profit and loss, irrespective of where they are produced and wherever the taxpayer is resident. The tax liability is reduced by any deductions and discounts provided by Law.

Tax on the income of non-residents for tax purposes

10% (general rate)

Direct tax on income obtained in Andorra by natural or legal persons who are not resident for tax purposes.

*For income from reinsurance transactions (1.5%) and income paid as levies (5%). Exemptions from the tax include: income from work, income from investments, profits from shares in Andorran companies (whenever the shareholding is no greater than 25% of the capital) and those deriving from the transfer of shares in collective investment schemes.

Indirect tax on insurance services

4% (general rate)

Tax on the provision of insurance services covering all manner of risks.

*The social security system and the products of capitalisation, such as pension funds, pension plans or other products of a similar nature, are not subject to tax.

General indirect tax (IGI)

4.5% (general rate)

Indirect tax on consumption charged on supplies of goods, the provision of services by entrepreneurs or professionals and imports of goods.

*For specific operations the following rates apply: super-reduced (0%), reduced (1%) or special (2.5%), and a higher rate (9.5%) for operations by banking and financial services.

Tax on savings income

35%

Tax at source on interest payments made by paying agents established in the Principality of Andorra to beneficial owners, natural persons resident in one of the member states of the European Union.

*A withholding is made of 35%. 75% of the amount collected by the Government of Andorra is transferred to the EU countries where the beneficial owners are resident. Due to the tax information exchange agreement between Andorra and the EU, this tax will be collected for the last time in 2017, applied to income obtained in 2016.

Tax on the Register of Owners of Economic Activities

Tax on the registration and continuance in the Register of Owners of Economic Activities.

Tax liability – 2017	Euros
Commerce and Industry	214.21 €*
Limited company (SL) or branch [1]	1,016.67 €
Limited company (SL) or branch [2]	851.00 €*
Joint stock company (SA) [1]	1,480.54 €
Joint stock company (SA) [2]	935.50 €*
Professions [3]	426.40 €*

*Annual

[1] Amount payable for registration of a joint stock or limited company or a branch with the Company Registry.

[2] Annual amount payable if the company is not registered with the Registry of Commerce and Industry.

[3] Annual amount payable for every authorised professional.

Vehicle tax

Annual tax on the ownership of vehicles of any class registered with the Vehicle Registry.

* The amount is set according to the class of vehicle and horsepower.

Tax on consumption (Customs)

0-3%

Customs duty applicable to agricultural products imported into Andorra (products 1 to 24 in the harmonised system, which are not covered by the Customs Union agreement).

*The amount due varies depending on the imported good. There are products with specific tax rates such as some live animals, alcoholic beverages and tobacco. These rates are applied to the value of the goods invoice at the time of importation, except for tax rates applied per unit (animal, kg, litre, etc.).

Real estate transfer tax

3% Comú 1% State

Tax on the transfer of real estate for or without consideration *inter vivos*. The tax is based on the real value of the transferred or assigned assets or rights.

Trademark Registry tax

Fixed-rate tax on registration and renewal of a trademark.

Capital gains tax on real estate

Tax on the increase in value of real estate revealed on the *inter vivos* transfer of real estate, for or without consideration, and on setting up or assigning in rem rights over them.

* The tax rate is based on the number of years that the property has been owned by the taxpayer:

- A rate of 15% up to one year.
- A rate of 14% between one year and one day and two years.
- A rate of 13% between two years and one day and three years.
- A rate of 12% between three years and one day and four years.
- A rate of 10% between four years and one day and five years.
- A rate of 8% between five years and one day and six years.
- A rate of 6% between six years and one day and seven years.
- A rate of 4% between seven years and one day and eight years.
- A rate of 2% between eight years and one day and nine years.
- A rate of 1% between nine years and one day and ten years.
- A rate of 0% after ten years.

Annual taxes and rates of the Communes

Tax on the location of commercial, business and professional activities	Tax on commercial, business or professional activities. Calculated on the basis of the type of activity, location of the establishment and m² surface area used.
Tax on rental income	Tax on income from renting a property. Percentage of the total value of the income obtained within one year (varies according to the parish).
Tax on the ownership of built property	Tax on ownership of a built property or an in rem right of use over the property. Calculated on the basis of the m² surface area of the property and its location (the amount payable per m² varies according to the parish).
"Foc i lloc" tax	Tax on residence in a parish. Paid by natural persons, aged between 18 and 65, registered in a parish. The tax payable is a fixed amount that varies from parish to parish.
Others	The Communes can set rates in their ordinances for the provision of public services for public health, lighting, the maintenance of public areas, snow removal, tow-truck services, sewer and drinking water connections, etc. They can also set taxes for carrying out the following administrative tasks: planning permissions, authorisations for opening and running businesses, issuing certificates, etc.

Good health cover

SOCIAL SECURITY

Registration with the Andorran Social Security System (Caixa Andorrana de Seguretat Social or CASS) is mandatory for employees and equivalent and the self-employed.

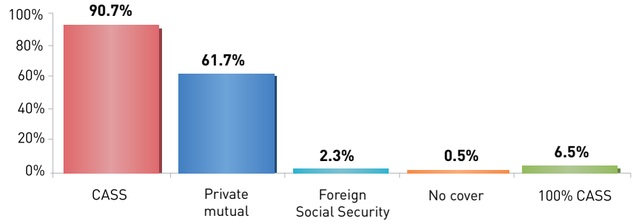
The contributions for employees and equivalent are charged at 6.5% to the employee and 15.5% to the employer. If, according to the law, they only contribute to the general branch, this is charged at 3% to the employee and 7% to the employer. The self-employed are charged 22% of the average monthly global wage paid by all employees to the CASS in the preceding calendar year. If, according to the law, they only contribute to the general branch, the contribution is 10% of the average monthly global wage paid by all employees to the CASS in the preceding calendar year.

The social security system is divided into two branches of protection: the general branch covers refunds, sick leave, maternity, paternity, risks during pregnancy, disability, death and orphan's benefits; the retirement branch consists of the retirement pension and temporary and life widow's pension.

The CASS refunds the services prescribed and dispensed by the health service providers who have an agreement with the CASS, up to 75% of the responsibility rate for health costs, up to 90% of the responsibility rate for hospitalisation and care costs and up to 100% of the rates for those who have suffered an accident at work or professional illness, and for those provided in article 139.6 of the consolidated text of Law 17/2008, of 3 October, on the social security system.

For services prescribed and dispensed by health service providers who do not have an agreement with the CASS, 33% of the responsibility rates are refunded. If these services have been provided in a proven emergency in a geographical area with no affiliated provider, then the refund will be made under the same conditions as if the provider were affiliated.

Population by type of health cover (2016)



Source: Ministry of Finance; Department of Statistics (EFT).
Note: It is possible to hold more than one type of health cover (e.g. CASS and private mutual).

An attractive residence for foreigners

IMMIGRATION

Any foreigner working in the Principality must have a work permit. Once he has a contract with an Andorran business, the business must apply for the appropriate permit from the Ministry of Social Affairs, Justice and the Interior. Permits are granted by the Ministry according to a quota.

Immigration permits

	2010	2015	2016	Variation 2016/2015	% total 2016
Residence and work	34,313	32,213	32,842	2.0%	71.0%
Residence	7,179	7,514	7,832	4.2%	16.9%
Residence and work for educational staff	371	365	364	-0.3%	0.8%
Total permits with residence	**41,863**	**40,092**	**41,038**	**2.4%**	**88.8%**
Cross-border	1,797	1,436	1,352	-5.8%	2.9%
Temporary cross-border	32	66	69	4.5%	0.1%
Temporary	2,831	3,220	3,494	8.5%	7.6%
Temporary for studies or research	35	129	109	-15.5%	0.2%
Temporary for workers from foreign businesses	207	164	117	-28.7%	0.3%
Work without residence	--	39	58	48.7%	0.1%
Total permits without residence	**4,902**	**5,054**	**5,199**	**2.9%**	**11.2%**
TOTAL	**46,765**	**45,146**	**46,237**	**2.4%**	**100%**

Note: Figures on 31 December of the relevant year.
Source: Ministry of Social Affairs, Justice and the Interior; Department of Immigration.

Residence permits by nationality

	2010	2015	2016	Variation 2016/2015	% total 2016
Spanish resident	23,037	22,851	23,275	1.9%	50.3%
French resident	3,797	3,433	3,523	2.6%	7.6%
Portuguese resident	12,651	11,038	10,859	-1.6%	23.5%
Other nationality resident	7,280	7,824	8,580	9.7%	18.6%
TOTAL	**46,765**	**45,146**	**46,237**	**2.4%**	**100%**

Note: Figures on 31 December of the relevant year.
Source: Ministry of Social Affairs, Justice and the Interior; Department of Immigration.

IMMIGRATION RESIDENCE PERMITS WITHOUT WORK

The following may obtain a permit for residence without work:

a) Resident without gainful activity; any individual who does not have Andorran nationality and fixes his main and effective residence in the Principality of Andorra for at least 90 days per calendar year and does not carry out any work or professional activity there.

However, a resident without gainful activity may carry out any activities necessary to manage his own assets and, in particular, to fulfil his duties as manager of any entities in which he holds fifty percent or more of the capital or equity, as long as the office of manager is unremunerated.

The main holder of a residence permit without gainful activity must invest, permanently and effectively, the sum of at least four hundred thousand euros (400,000 euros) in one of the classes of asset, and must make a non-interest-bearing deposit of the sum of fifty thousand euros (50,000 euros) with the Andorran National Institute of Finance (INAF). Moreover, the main holder must also make a non-interest-bearing deposit of the sum of ten thousand euros (10,000 euros) for each person in his charge, who acquires the status of resident without gainful activity.

b) Resident for studies, placements, sports training or research; any foreigner who is authorised to study or do a placement, sports training or research of a scientific or similar nature and reside in the country only for the duration of his authorised studies, placement, training or research.

c) Resident on the grounds of reunification; any foreigner who is authorised to reside in the Principality of Andorra with a person of Andorran nationality or holding a residence and work permit, within the framework of family reunification.

d) Resident professional with an international client base; any individual who does not have Andorran nationality and fixes his main and effective residence in the Principality of Andorra for at least 90 calendar days to carry out professional activity with an international client base. The base from which he carries out his professional activity must be located in the Principality of Andorra, he must have at least one employee and at least 85% of the services provided by the professional must be used outside Andorra.

The main holder of a residence permit for professionals with an international client base must make a non-interest-bearing deposit of the sum of fifty thousand euros (50,000 euros) with the Andorran National Institute of Finance (INAF). Moreover, the main holder must also make a non-interest-bearing deposit of the sum of ten thousand euros (10,000 euros) for each person in his charge, who acquires the status of resident as a professional with an international client base.

e) Resident of scientific, cultural and sports interest; any foreign individual of international renown for his talent in the world of science, culture or sport, who fixes his main and effective residence in the Principality of Andorra for at least 90 days per calendar year. At least 85% of the services provided must be used outside Andorra.

The main holder of a residence permit on the grounds of scientific, cultural and sports interest must make a non-interest-bearing deposit of the sum of fifty thousand euros (50,000 euros) with the Andorran National Institute of Finance (INAF). Moreover, the main holder must also make a non-interest-bearing deposit of the sum of ten thousand euros (10,000 euros) for each person in his charge, who acquires the status of resident on the grounds of scientific, cultural and sports interest.

f) Resident through entry into a private care home or admission into a private medical or therapy clinic; any individual who does not have Andorran nationality and fixes his permanent and effective residence in the Principality of Andorra, in a private care home or a medical or therapy clinic, for at least 90 days per calendar year without carrying out any work or professional activity.

However, the resident may carry out any activities necessary to manage his own assets and, in particular, to fulfil his duties as manager of entities in which he holds 50% or more of the capital or equity, as long as the office of manager is unremunerated.

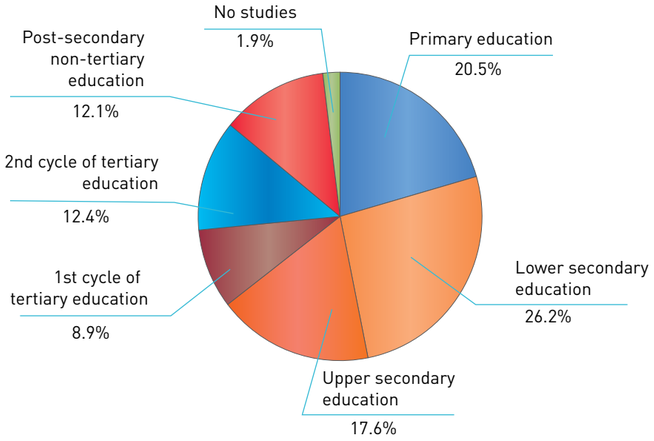
Free, excellent education for all

EDUCATION

School attendance in Andorra is 100% of children between the ages of 4 and 16 and education is free up to the end of secondary education. The school population in Andorra for the academic year 2015-2016 was 11,013 students.

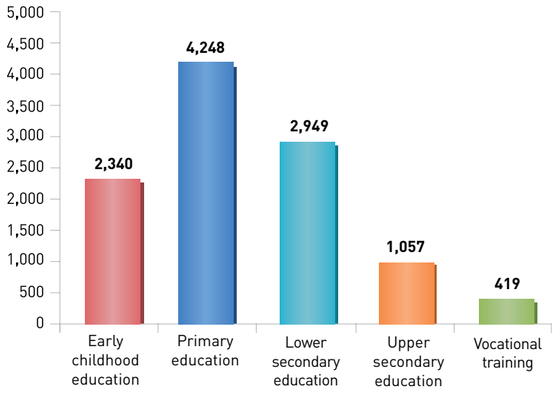
In Andorra, there is a choice of three educational systems (up to the end of secondary school): the Andorran System, wholly dependent on the Andorran Government; the Spanish System, lay and congregational, dependent on the Spanish Government; and the French System, which depends directly on the French State and follows the curriculum set by the French Ministry of Education.

POPULATION BY LEVEL OF STUDIES 2016

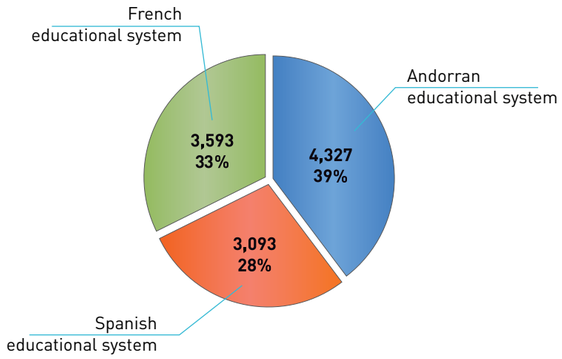


Source: Ministry of Finance; Department of Statistics.

School students by level, 2015-2016 academic year

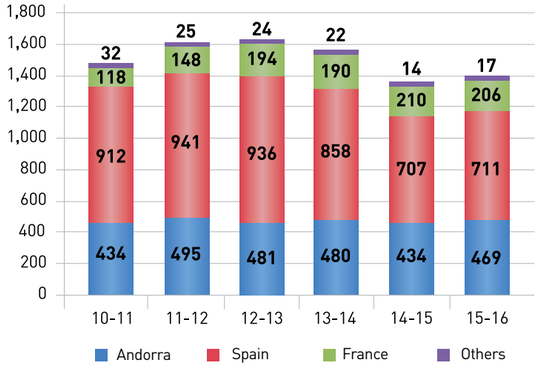


School students by educational system, 2015-2016

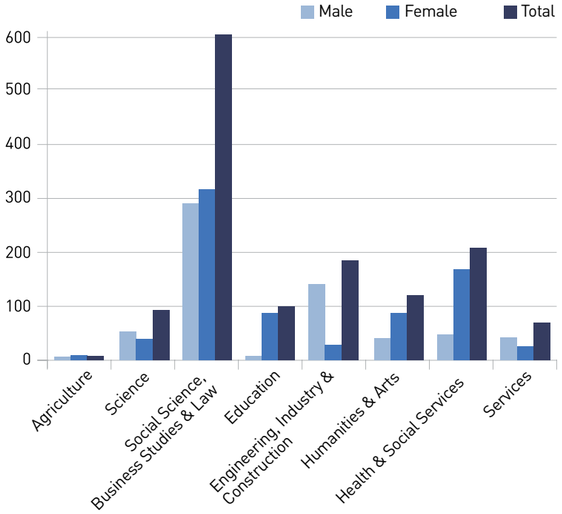


Source: Ministry of Education and Higher Education; Department of Educational Systems and School Services.

University population by country of study



University students by area of studies (2015-2016)



Source: Institute of Andorran Studies.

During the 2015-2016 academic year, the Andorran university population was 1,403 students. By gender, women are the majority with a percentage of 54%. As for the distribution by countries of study, Spain is the top destination for Andorran university students, with 51% of the total; in second place is the University of Andorra, with 33% of the university students, and third is France with 15% of students. Finally, the remaining 1% of students —17 individuals— are spread between other countries.

The distribution by area of study shows that the field with most Andorran university students is Social science, business studies and law, concentrating 43% of the total number of university students. Then come Health, science and social services (16%); Engineering, industry and construction (13%), and Humanities and arts (9%). With a lower share are Education (7%), Science (6%) and Services (5%) and, closing the ranks, Agriculture with only 7 students (0.5% of the total).

Andorra, the shopping destination

OTHER USEFUL INFORMATION

CALENDAR OF PUBLIC HOLIDAYS

Andorra has about 1,400 shops which are open all year round, except for four days:

- January 1: New Year's Day
- March 14: Constitution Day*
- September 8: Meritxell, Patron Saint of Andorra
- December 25: Christmas

* If 14/03 falls at a weekend, on a public holiday or when a major influx of tourists is expected, the Government may suspend the requirement for shops to close.

The rest of the year, opening times are usually:

- Sunday to Thursday, 9.00 – 20.00.
- Friday and Saturday, 9.00 – 21.00, opening later until 22.00 on dates and periods of major influxes of tourists, such as the long weekends of Pont del Pilar (October 12), All Saint's (November 1), Immaculate Conception (December 8), Christmas, Kings (January 6) and Easter Week, among others.

CUSTOMS ALLOWANCES

On re-entering the European Union after visiting the Principality of Andorra, you are allowed to take out specific amounts or values of products bought there, without having to declare them to the Andorran Customs or the EU Customs.

We recommend that you ask EU Customs before crossing the border about special restrictions that may be applicable, especially to animal or vegetable products, live animals, endangered species, medicines, arms, ammunition, works of art and collector's pieces, currency, gold and means of payment.

Duty-free allowances per person

Industrial products

Perfumes:

75 g of perfume + 375 ml of cologne.

Other industrial products:

Up to a value of 900 euros/person (adults).
Up to a value of 450 euros/person (under the age of 15).

Agricultural products

Coffee:

1000 g of coffee or 400 g of extracts.

Tea:

200 g of tea or 80 g of extracts.

Alcoholic beverages (*):

1.5 l of spirits over 22° or 3 l of spirits or aperitifs of less than 22° or sparkling wine. 5 l of table wine.

Tobacco (*):

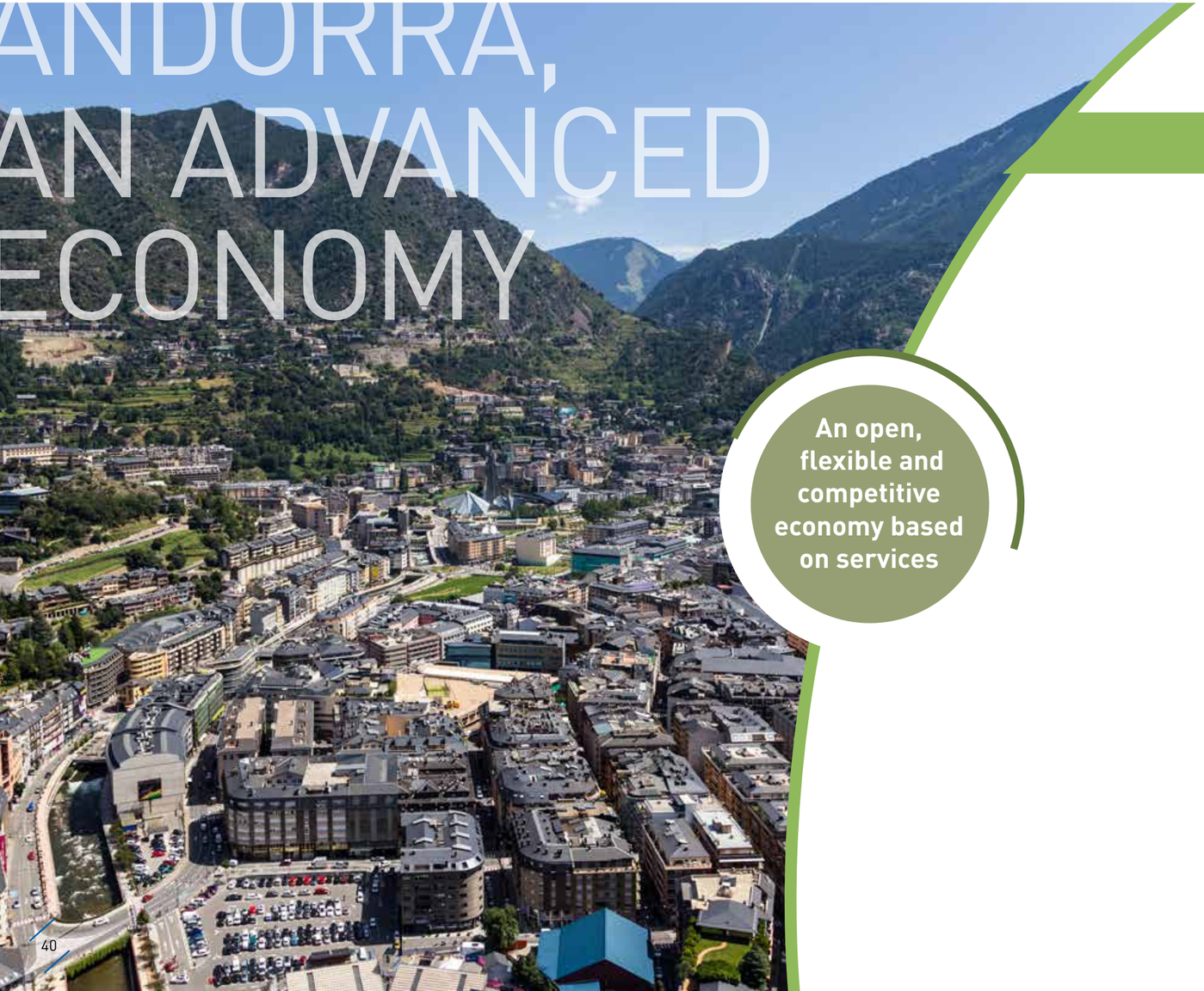
300 cigarettes or 150 cigars (less than 3 g each) or 75 cigars (over 3 g each) or 400 g of pipe tobacco.

Other agricultural products:

Up to a value of 300 euros (**) not exceeding: 2.5 kg of powdered milk, 3 kg of condensed milk, 6 kg of fresh milk, 1 kg of butter, 4 kg of cheese, 5 kg of sugar and sweets, 5 kg of meat.

(*) Children under the age of 17 are not entitled to an allowance for these products.
(**) For children under the age of 15, EU member states may reduce the allowance to half of the provided amounts at most.

ANDORRA, AN ADVANCED ECONOMY



An open, flexible and competitive economy based on services

MAIN FEATURES OF THE ANDORRAN ECONOMY

The **Principality of Andorra** is a European State, characterised by strong social dynamics and a stable political and institutional system.

Andorra's economic activities centre mostly on services, like other European economies. **Tourism and commerce are the pillars of Andorra's economy.** Tourism, ever more diverse according to the season of the year, brings in about 8 million visitors per year, mostly Spanish and French. For this reason, Andorra's economic development is strongly dependent on the foreign situation, especially in neighbouring countries. The limited size of national manufacturing is offset by large volumes of imports to meet domestic demand and, above all, the demand from foreign visitors.

Another strategic sector for the country is the financial sector, due to its major contribution to Andorran GDP (the financial and insurance sector represents about 21%), with the banking system at its core. This, with managed assets of 45,434 million euros in 2016 and excellent solvency and liquidity ratios, guarantees the good performance of the Andorran financial system and also its consolidation both in the domestic and foreign markets.

The Andorran economy, modern and in constant evolution, has been influenced in recent years by the various major agreements signed with several EU countries and also with important international bodies, such as the OECD. Currently, Andorra and the European Union are holding talks to negotiate greater participation in the EU's domestic market.

This process of international harmonisation is leading the Principality towards a new socio-economic cycle in which **foreign investment** and the **internationalisation of Andorran businesses** will form new pillars for the economy, which saw GDP of 2,584.1 million euros in 2016, putting per capita GDP at EUR 35,348, above the European average.

The new Foreign Investment Law that entered into force in 2012, and the agreements recently signed with EU states on tax matters, ratify Andorra's constant progress towards creating a European area with ample opportunities for investment and economic expansion. ACTUA is the Andorran investment promotion agency for any foreigner looking to do business in Andorra.

GDP & GVA

Real variation rates

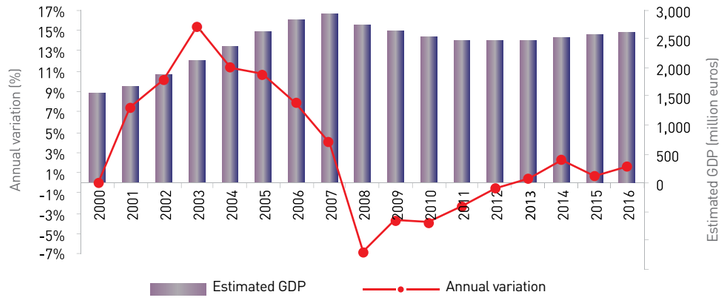
	2015	2015 I	2015 II	2015 III	2015 IV	2016	2016 I	2016 II	2016 III	2016 IV
GDP	**0.8%**	**0.8%**	**0.5%**	**0.8%**	**1.4%**	**1.2%**	**1.8%**	**1.0%**	**1.0%**	**1.2%**
GVA by sector										
Agriculture	-4.4%	-6.1%	-4.0%	-4.2%	-3.5%	0.5%	-1.4%	-0.1%	1.6%	2.0%
Industry	-1.2%	0.2%	-0.9%	-2.0%	-1.9%	-1.1%	-1.7%	-1.3%	-1.1%	-0.5%
Construction	0.2%	-0.7%	0.1%	0.6%	0.8%	1.2%	0.8%	1.0%	1.3%	1.6%
Services	1.4%	1.6%	1.4%	1.4%	1.5%	1.4%	2.1%	1.1%	1.1%	1.2%
Commerce, Hotels & Catering, Transport, Information & Communications	4.2%	2.8%	4.0%	4.8%	5.1%	4.4%	5.1%	4.2%	3.9%	4.5%
Finance, Estate Agencies, Professionals & Experts	-0.5%	0.9%	-0.6%	-1.3%	-1.1%	-0.7%	-0.3%	-1.1%	-0.6%	-0.7%
Public Administration, Education, Health, Social & Personal Services	1.5%	1.2%	1.4%	1.8%	1.7%	0.7%	2.0%	0.7%	0.1%	0.0%
Non-financial GVA	2.5%	1.7%	2.3%	2.8%	3.0%	2.4%	3.2%	2.3%	2.0%	2.1%

Source: Ministry of Finance; Department of Statistics.

Andorran GDP in 2016 reached 2,584.1 million euros, in nominal terms, 1.9% more than the GDP seen at the end of 2015 (2,535.1 million euros). This growth in Andorran nominal GDP in 2016 can be explained by the positive trend in GVA in the sectors of Agriculture (+0.5%), Construction (+1.2%) and especially Services (+1.4%) while, in contrast, Industry saw a fall in GVA of -1.1%.

In more detail, the branches of the service sector (which together represent 88.8% of total GVA of the Andorran economy) showed a moderately positive trend, in general terms, led by the improvement in activities linked to Commerce and Tourism. Specifically, the sub-sector of Commerce, Hotels & Catering, Transport and Information and Communications benefited from a more dynamic performance in consumption and saw an increase in GVA of +4.4%. The trend in the subsector of Public Administration, Education, Health, Social and Personal Services was also positive, with an increase in GVA of +0.7% which, however, was weaker than that of 2015 (+1.5%). These positive results contrast with the less favourable trend in the subsector of Financial activities, Estate Agencies, Professionals and Experts which, in 2016, saw a downturn in GVA of -0.7%, slightly greater than in 2015 (-0.5%).

Evolution of estimated nominal GDP (2000-2016)



Source: Ministry of Finance; Department of Statistics.

COUNTRY RATINGS

Country ratings (Standard & Poor's)

	2004	2008	2012	2015	2016
Long-term	AA	AA-	A-	BBB-	BBB-
Prospect	Stable	Negative	Negative	Negative	Stable
Short-term	A-1+	A-1+	A-1	A-3	A-3

Country ratings (Fitch)

	2015	2016
Long-term	BBB	BBB
Prospect	Stable	Positive
Short-term	F2	F3

Source: Ministry of Finance.

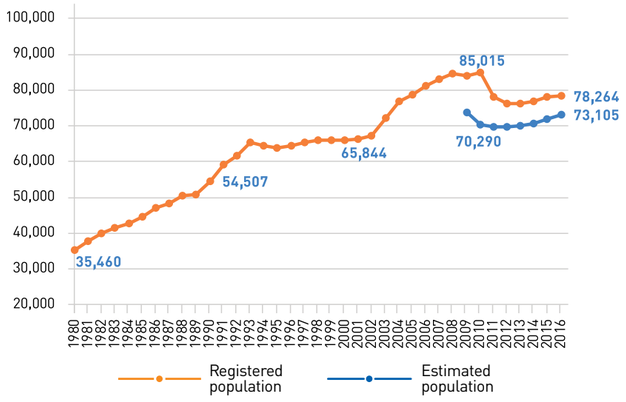
A young population, open to immigration

POPULATION

In 2016, the population of the Principality of Andorra, registered in the parish censuses, was 78,264 (78,014 in 2015). The growth in the indigenous population contributed substantially to total demographic growth in Andorra, with an average annual increase of +2.9% since 1998. The total population estimated by the Department of Statistics stands at 73,105, of which approximately half, 36,575, are Andorrans. The other 36,530 inhabitants are foreigners, mostly from Spain (49%), Portugal (25%) and France (8%), who mostly arrived between the early 1960s and 1993. Later, there was a period of four years in which immigration stopped, but it revived again after 1998, at a slower rate than in the previous migratory period. This migratory flow stopped again in 2009-2010 due to the international economic crisis, which also affected Andorra. From 2011-2013, there was a drop in the registered population which was due, to a large extent, to the administrative process of *cleansing* the census registers, carried out by the parish councils.

From 2014, both the registered and estimated populations started an upward trend, favoured by the more positive economic context.

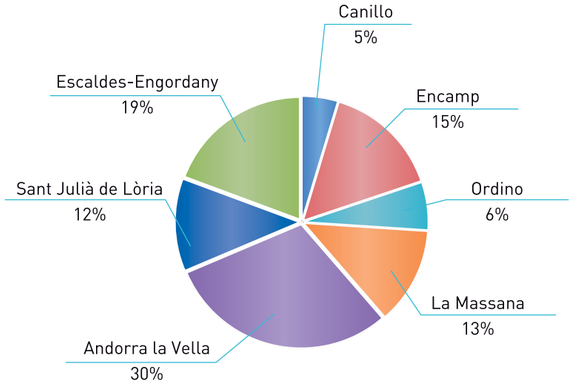
Evolution of the registered and estimated population (1980-2016)



Source: Parish censuses / Ministry of Finance; Department of Statistics.

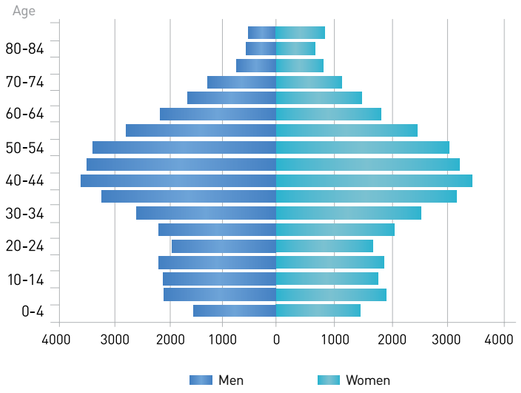
Distribution of population by parish (2016)

The population is concentrated mostly in the central parishes, Andorra la Vella being the most populated.



Source: Ministry of Finance; Department of Statistics.

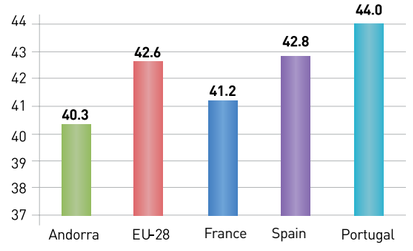
Structure of the population by age and sex (2016)



Source: Ministry of Finance; Department of Statistics.

Average age of the population (2016)

The average age of the Andorran population is 40.3, below the European average.



Source: Eurostat / Ministry of Finance; Department of Statistics.

Estimated population by nationality

	2016	% total 2016
Andorran	36,575	50.0%
Spanish	18,064	24.7%
Portuguese	9,196	12.6%
French	2,968	4.1%
British	690	0.9%
Argentine	561	0.8%
Russian	502	0.7%
Philippine	407	0.6%
Moroccan	374	0.5%
Italian	370	0.5%
Brazilian	255	0.3%
German	212	0.3%
Belgian	180	0.2%
Netherlands	177	0.2%
Chilean	169	0.2%
Peruvian	165	0.2%
Colombian	130	0.2%
Cuban	96	0.1%
Dominican	92	0.1%
Ukrainian	86	0.1%
Us	81	0.1%
Uruguaya	70	0.1%
Other nationalities	1,685	2.3%
TOTAL	**73,105**	**100.0%**

Source: Communes / Ministry of Finance; Department of Statistics.

DEMOGRAPHIC INDICATORS

Andorran birth and fertility rates are lower than the European average, and the **marriage rate** is relatively low compared with most European countries. Equally, the **death rate** is much lower than European rates, which can be explained to a large extent by the number of immigrants who return home to their countries of origin in later life. As a result, the proportions of youth population (up to the age of 14) and older population (65 and above) in Andorra are lower than the European averages, while **the average age of the Andorran population,** 40.3, is also lower than the European averages.

2016

	Andorra	EU-28	France	Spain
Natural growth rate (‰)	4.5	0.0	3.0	0.0
Birth rate (‰)	8.7	10.0	11.7	8.7
Death rate (‰)	4.2	10.0	8.8	8.8
Total fertility rate (children per woman) [1]	1.19	1.58	1.96	1.33
Average age of population	40.3	45.6	41.2	42.8
Population up to the age of 14 (% of total)	14.8	15.6	18.5	15.1
Population aged 65 and above (% of total)	13.2	19.2	18.8	18.7
Average age of maternity [1]	33.3	30.5	30.4	31.9

Note: Andorran rates are calculated on the basis of the estimated population.
[1] 2015 for EU-28, France and Spain.

Source: Eurostat / Ministry of Finance. Department of Statistics.

A flexible job market

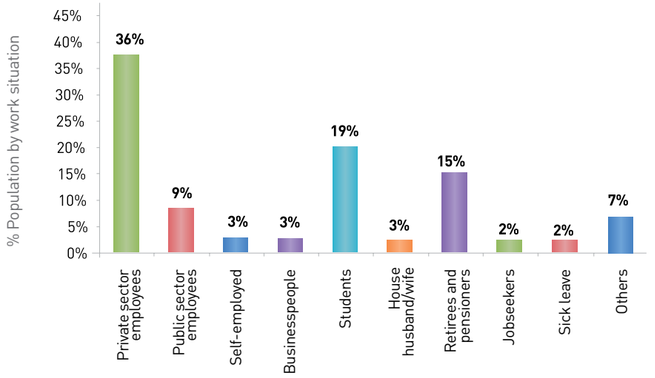
LABOUR MARKET

THE WORK SITUATION OF THE POPULATION

The high degree of tertiary activities in the economy and, above all, those linked to tourism, has led to flexible employment conditions and seasonal fluxes in employment.

In this context, the population distribution by work status shows that, according to the 2016 data, **45% are employees and 6% are businesspeople or self-employed**, while the percentage of the population out of employment is relatively low —**2% of the population was looking for work** in 2016.

Distribution of population by work situation (2016)



Source: Ministry of Finance; Department of Statistics (HBS / LFS).

EMPLOYEES BY SECTOR

The number of employees in Andorra was 36,604 in 2016. By major sectors of activity, services is the largest, with 87.4% of employees, followed by construction (7.7%) and then industry (4.4%), while the primary sector represents a mere 0.5% of employees. Among the tertiary activities, the volume of those working in commerce stands out (23.9% of total employees) as do activities directly related to tourism, such as hotels and catering (12.8%). Also notable is the percentage of employees in public administration and real estate, rental and business services —at 11.8% and 12.5%, respectively— and activities in the social field (education, health and other social services), which together represent 14.3% of the total number of employees in Andorra.

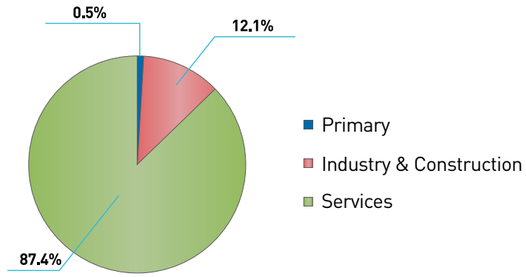
Number of employees

	2005	2010	2015	2016	Variation 2016/2015	% total 2016
Agriculture, livestock, hunting and forestry	146	148	164	171	4.5%	0.5%
Industry	1,783	1,667	1,434	1,454	1.5%	4.0%
Production & distribution of electricity, gas and water	149	158	157	160	2.1%	0.4%
Construction	6,723	4,491	2,758	2,816	2.1%	7.7%
Commerce & vehicle repairs	11,142	9,732	8,667	8,754	1.0%	23.9%
Hotels & catering	5,635	4,862	4,553	4,702	3.3%	12.8%
Transport & communications	1,228	1,154	1,056	1,102	4.3%	3.0%
Financial system	1,515	1,661	1,960	1,947	-0.7%	5.3%
Real estate & business services	3,885	4,078	4,358	4,571	4.9%	12.5%
Public administration & social security	3,821	4,355	4,405	4,317	-2.0%	11.8%
Education	536	563	552	585	6.0%	1.6%
Health & Veterinary activities, social services	1,349	1,669	1,807	1,926	6.6%	5.3%
Other social activities & personal services	2,335	2,398	2,655	2,733	2.9%	7.5%
Other activities	1,482	1,614	1,402	1,364	-2.7%	3.7%
TOTAL	**41,727**	**38,552**	**35,928**	**36,604**	**1.9%**	**100%**

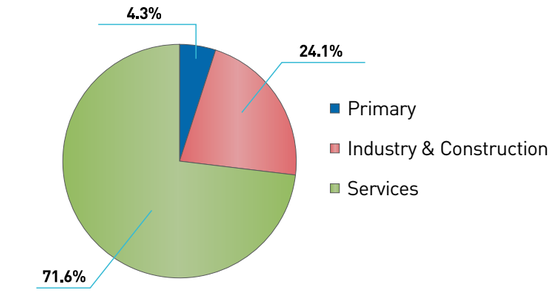
Source: CASS / Ministry of Finance; Department of Statistics.

DISTRIBUTION OF EMPLOYEES BY SECTORS

Distribution of employees by sectors in Andorra (2016)



Distribution of employees by sectors in EU-28 (2016)

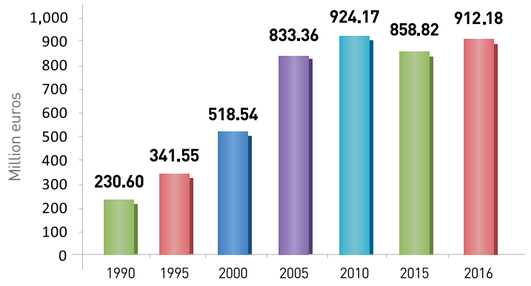


Source: CASS / Ministry of Finance; Department of Statistics.

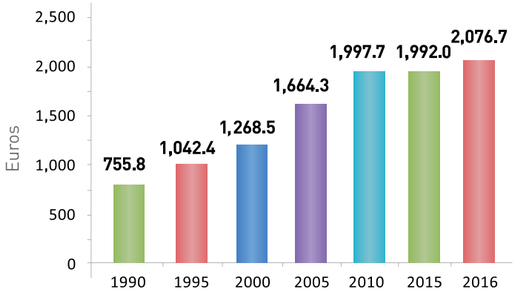
Source: Eurostat.

WAGES

Total wages (1990-2016)



Average wage (1990-2016)



Source: CASS / Ministry of Finance; Department of Statistics.

MINIMUM WAGES

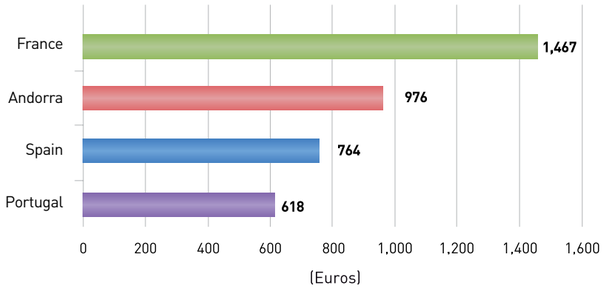
The Government fixes the minimum interprofessional wage (SMI) periodically each year, at least once a year. The usual policy is to take the CPI of the previous year as a reference.

Minimum inter-professional wage (SMI) & CPI

	Monthly SMI (€)	SMI % annual var.	CPI
1990	458.4	10.5%	n/a
1995	615.7	6.5%	n/a
2000	689.6	3.3%	4.3%
2005	812.9	3.8%	3.1%
2010	915.2	0.0%	1.6%
2015	962.0	0.0%	-0.9%
2016	975.9	1.4%	0.4%
2017	991.5	1.6%	2.6%

Source: Ministry of Social Affairs, Justice and the Interior; Department of Work. Ministry of Finance; Department of Statistics.

Minimum wage (2016)



Source: Eurostat / Ministry of Finance; Department of Statistics.

JOB SERVICE

The Job Service is a free, public service. Its purpose is to promote and carry out labour mediation within the framework of qualitative and quantitative matching of the supply and demand of work consigned to the Service, and provide the Government with sufficient information on matters of job supply and demand to be able to carry out its duties and meet its targets on matters of employment and social integration.

Job Service (annual averages)

	2010	2015	2016	Variation 2016/2015
Jobseekers	510	569	480	-15.6%
Applicants looking for a better job	152	158	128	-19.0%
Beneficiaries of unemployment benefit	55	57	51	-10.5%
Jobs on offer	272	482	746	54.8%

Source: Ministry of Social Affairs, Justice and the Interior; Department of Work / Ministry of Finance; Department of Statistics.

Jobseekers according to work situation (2016)

Source: Ministry of Social Affairs, Justice and the Interior; Department of Work / Ministry of Finance; Department of Statistics.

Inflation in line with the European

CONSUMER PRICES

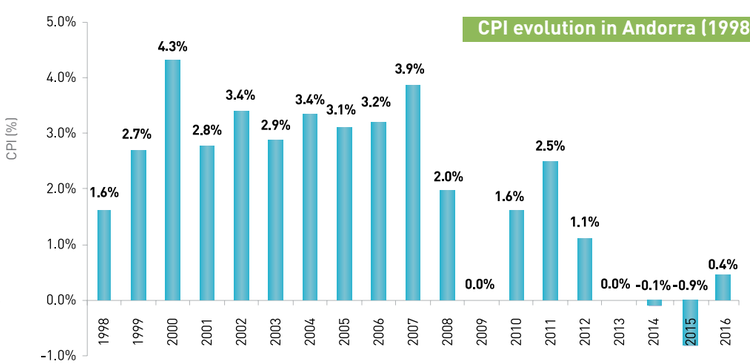
CONSUMER PRICE INDEX (CPI)

The trend in Andorran inflation greatly parallels the behaviour of consumer prices in neighbouring economies, especially Spain. Since calculation of the Consumer Price Index (CPI) began in 1998, annual average inflation has been 2.0%, a relatively moderate rise and slightly lower than in Spain (2.2%), but higher than in the Eurozone (1.7%) and France (1.5%) for the same period.

The general consumer price index stood at +0.4% annual in December 2016, a positive level that implies a clear upturn in relation to the fall in prices in 2015 (-0.9%) and 2014 (-0.1%). The upturn in prices throughout 2016 can be explained to a large extent by the impact of rising prices in the energy component and also the progressive improvement in economic activity. In relation to surrounding countries, the inflation figures for Andorra stood below the Eurozone (+1.1% harmonised inflation) and the French index (+0.6%) and also 1.2 points below the figure for Spain (+1.6%), where most consumer goods come from.

On the other hand, underlying inflation, which excludes the most volatile components —fresh food and energy products— fell five tenths compared with the previous year, to reach +0.1%, the lowest value in the last five years.

CPI evolution in Andorra (1998-2016)



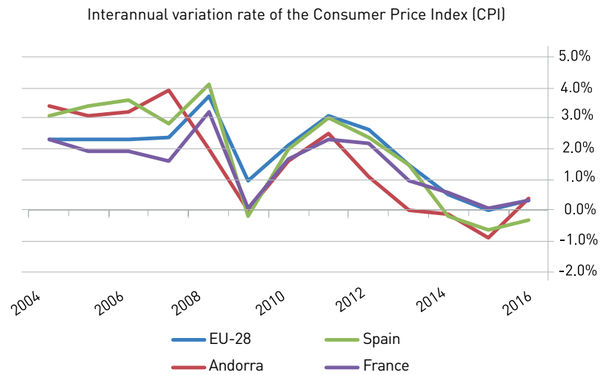
Source: Ministry of Finance; Department of Statistics.

CPI – groups of activities

	Weightings 2016	Annual variations 2016
Food, beverages & tobacco	1,707	0.5%
Clothing & footwear	452	-4.6%
Housing, water, gas & electricity	2,488	0.1%
Furniture & household appliances	549	0.2%
Health	288	0.6%
Transport	2,112	0.9%
Leisure, entertainment & culture	603	-0.2%
Education	82	1.6%
Hotels, cafes & restaurants	686	1.9%
Miscellaneous goods & services	1,033	-0.1%
General index	**10,000**	**0.4%**
Underlying inflation	8,213	0.1%
Oil products	616	2.1%
Services	2,930	1.0%

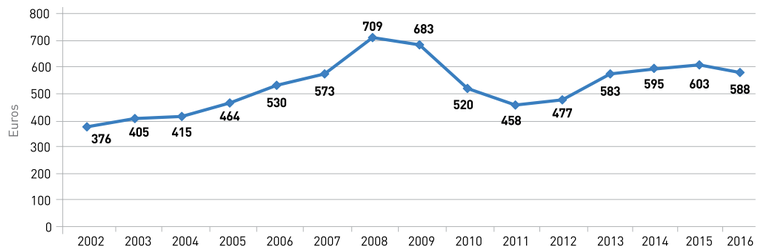
Source: Ministry of Finance; Department of Statistics.

Trend in inflation in Andorra, Spain, France and EU-28



Source: Ministry of Finance; Department of Statistics / EUROSTAT.

Average cost of housing rent (2002-2016)



Source: Ministry of Finance; Department of Statistics.

Low burden of public administration

PUBLIC SECTOR

The Andorran public sector consists of the central Government, seven *Comú* (Commune) local governments —one for each of the seven parishes into which Andorra is divided— the Andorran social security system (CASS), the semi-public entities, public-law entities and other bodies and the Government's public investees. **The central Government and the Communes together managed 1,253 million euros of expenditure in 2016,** added to which is the expenditure of CASS and the Reserve Fund of about 334 million euros; that of semi-public entities, public-law entities and other bodies[1], of more than 128 million euros, and that of the Government's public investees[2], of 251 million euros.

The main source of state revenue is indirect tax, representing 66.3% of total non-financial income. Income from direct tax has grown significantly in recent years, as a result of the new forms of tax which began to be applied in 2012; so, the percentage for this entry in 2016 rose to 18.9% of total non-financial revenue. As for expenditure, the Government spends about 88% of non-financial assets on current expenditure (personnel, consumption of goods and services, transfers, etc.). The rest is spent on real investment (10.7%) and capital transfers (1.4%).

Central Government

BUDGET SETTLEMENT	2005	2010	2015	2016
Cash budget result	-40.8	-52.9	-13.3	22.6
Level of execution in non-financial expenditure	96.3%	101.5%	95.0%	98.3%
Level of execution in non-financial revenue	98.0%	85.0%	97.9%	111.1%
Expenditure (million €)				
Current expenditure	175.6	233.6	300.2	365.9
Capital expenditure	121.0	123.3	103.9	50.3
Debt repayment & asset acquisition	188.3	246.6	389.7	713.3
Revenue (million €)				
Revenue from taxes & duties	232.1	293.1	366.2	398.3
Other revenue	23.7	10.9	24.6	40.5
Debt & financial asset acquisition	260.2	338.3	386.3	730.2

Source: Ministry of Finance; Budget & Assets Department.

[1] AREB, INAF, SAAS, EFPEM, IEA, UdA, FNJA, SDADV, CRAJ, AGAD, Constitutional Court, Higher Court of Justice and General Council.

[2] Andorra Telecom SAU, FEDA, Ramaders d'Andorra SA (Livestock farmers), Andorran Waste Treatment Centre (CTRA, SA), Andorra Radio & Television (RTVA, SA), Andorra turisme SAU and Andorra Development and Investment (ADI, SAU).

In the case of the Commune governments, total revenue reached the figure of 139.5 million euros in 2016. By chapters, capital transfers remain the largest entry with a percentage of 27.3% of total non-financial revenue, and the chapter of taxes and other income as the largest entry in current revenue for the Communes, at 27%. As for expenditure, investment represents about 9.3% of total non-financial expenditure, while personnel costs (49.5%) and the consumption of goods and services (33.6%) absorb the other largest part of Commune resources.

Local government (Communes)

BUDGET SETTLEMENT	2005	2010	2015	2016
Cash budget result	2.4	19.1	22.9	42.8
Level of execution in spending	87.2%	83.9%	95.4%	88.8%
Level of execution in revenue	99.4%	91.7%	104.3%	108.3%
Expenditure (million €)				
Current expenditure	80.2	99.5	88.2	87.3
Capital expenditure	43.3	15.1	21.4	9.4
Debt repayment & asset acquisition	19.7	14.7	15.9	26.9
Revenue (million €)				
Revenue from taxes & duties	58.2	69.9	62.5	69.5
Other revenue	67.7	63.9	70.1	70.0
Debt & financial asset acquisition	9.7	0.0	4.0	0.0

* Settlement of aggregate Comú budgets: Canillo, Encamp, Ordino, La Massana, Andorra la Vella, Sant Julià de Lòria, Escaldes-Engordany.
Source: Communes.

Andorran Social Security System (CASS)

BUDGET SETTLEMENT	2005	2010	2015	2016
Cash budget result	35.9	29.5	40.8	49.3
Level of execution in spending	94.3%	107.6%	100.6%	111.0%
Level of execution in revenue	87.9%	117.4%	101.9%	105.0%
Expenditure (million €)				
Current expenditure	123.7	189.0	221.2	233.9
Capital expenditure	0.3	1.5	0.7	49.4
Debt repayment & asset acquisition	30.9	56.4	43.0	50.1
Revenue (million €)				
Revenue from contributions & taxes	158.3	208.8	212.2	235.7
Other revenue	1.6	11.3	50.5	96.9
Debt & financial asset acquisition	0.0	26.9	5.1	2.7

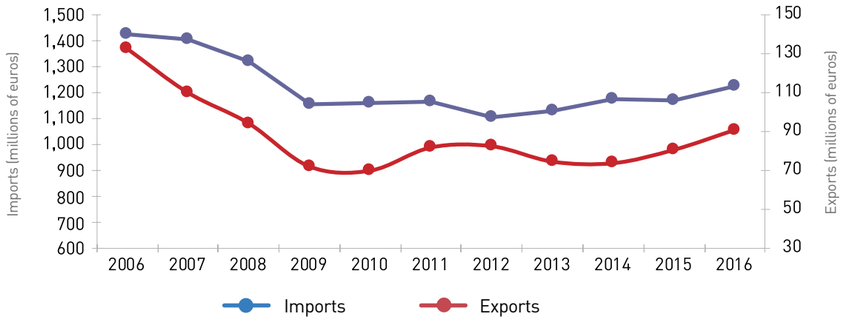
Source: CASS.

An economy that is open to the world

FOREIGN SECTOR

Foreign trade is very important to Andorran economic activities especially the volume of imports. Domestic demand depends strongly on foreign purchases, while the relatively low weighting of industry in the Andorran economy signifies a much lower volume of exports. As a result, Andorra's structure shows a high trade deficit and a very low export coverage ratio.

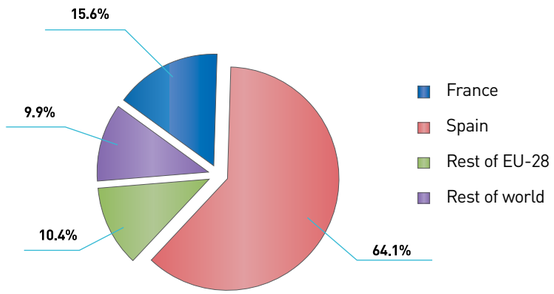
Foreign trade (2006-2016)



Source: Ministry of Finance; Department of Tax and Frontiers.

Andorra's two main trading partners are Spain and France. At the beginning of the nineties, these two countries had a similar share of Andorra's foreign trade flows, but in recent years, trade relations with Spain have appeared more dynamic than those of France, tipping the balance towards Spain.

Geographical distribution of imports (2016)



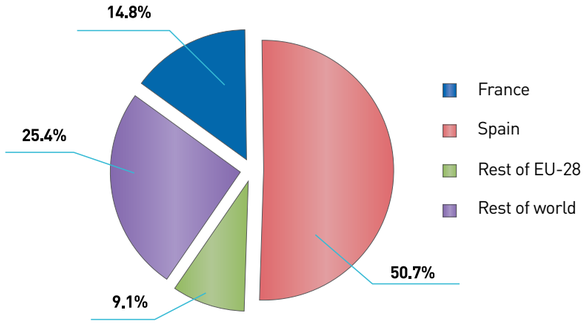
Source: Ministry of Finance; Department of Tax and Frontiers.

Imports of goods (euros)

	2005	2010	2015	2016	Variation 2016/2015	% total 2016
Food	180,598,454	166,745,809	176,404,958	184,794,184	4.8%	15.1%
Beverages & tobacco	97,666,399	90,860,719	99,779,730	104,502,034	4.7%	8.5%
Industrial	158,184,246	113,039,531	118,569,404	123,561,627	4.2%	10.1%
Fuel	66,014,202	117,361,452	103,966,591	81,459,617	-21.6%	6.6%
Pharma & Perfumery	122,721,956	112,493,370	117,153,413	126,698,246	8.1%	10.3%
Clothing & footwear	184,335,860	171,947,434	154,942,515	156,068,867	0.7%	12.7%
Construction	91,414,518	57,172,580	41,969,607	42,399,856	1.0%	3.5%
Jewellery	43,826,457	30,121,780	42,087,018	64,362,158	52.9%	5.2%
Miscellaneous	123,342,707	98,039,836	86,366,394	96,731,919	12.0%	7.9%
Electronics	214,489,082	116,000,900	108,736,701	108,769,746	0.0%	8.9%
Transport	166,881,653	85,798,644	118,561,037	136,755,672	15.3%	11.2%
TOTAL	**1,449,475,534**	**1,159,582,055**	**1,168,537,366**	**1,226,103,928**	**4.9%**	**100%**

Source: Ministry of Finance; Department of Tax and Frontiers.

Geographical distribution of exports (2016)



Source: Ministry of Finance; Department of Tax and Frontiers.

Exports of goods (euros)

	2005	2010	2015	2016	Variation 2016/2015	% total 2016
Food	32,679,797	467,709	239,558	223,145	-6.9%	0.2%
Beverages & tobacco	437,442	110,218	544,045	440,035	-19.1%	0.5%
Industrial	14,078,234	6,230,094	6,127,054	8,578,338	40.0%	9.5%
Fuel	1,593	1,199	35,916	9,287	-74.1%	0.0%
Pharma & Perfumery	3,465,589	1,910,772	740,216	765,497	3.4%	0.8%
Clothing & footwear	7,062,949	9,769,162	9,588,383	8,874,398	-7.4%	9.8%
Construction	4,473,974	6,224,193	5,471,661	4,168,874	-23.8%	4.6%
Jewellery	3,647,787	4,173,360	8,769,760	11,172,013	27.4%	12.3%
Miscellaneous	9,535,505	4,864,551	6,632,107	7,217,758	8.8%	8.0%
Electronics	34,402,523	26,068,891	26,981,983	31,216,207	15.7%	34.4%
Transport	20,293,380	10,079,689	15,474,319	18,108,914	17.0%	19.9%
TOTAL	**130,078,773**	**69,899,839**	**80,605,001**	**90,774,467**	**12.6%**	**100%**

Source: Ministry of Finance; Department of Tax and Frontiers.

A Predominance of micro, small and medium-sized enterprises

BUSINESS STRUCTURE

Andorra has 8,051 businesses employing a total of 36,604 workers. The analysis of sectoral distribution shows that services fill a very high percentage of the Andorran business network (85.4% of businesses and 87.4% of employees in 2016), higher than in all of the developed European economies. Construction is the second most important sector, with 7.9% of businesses and 7.7% of employees, while industry and primary activities have a very low percentage.

Ignoring public administration, with 35 businesses and 4,317 employees, the average size of an Andorran private business is 3.9 employees.

Number of businesses by sector in December

	2015	2016	% total 2016
Primary	238	232	2.9%
Industry & Energy	305	303	3.8%
Construction	626	638	7.9%
Services	6,497	6,878	85.4%
Total number of businesses	**7,666**	**8,051**	**100%**

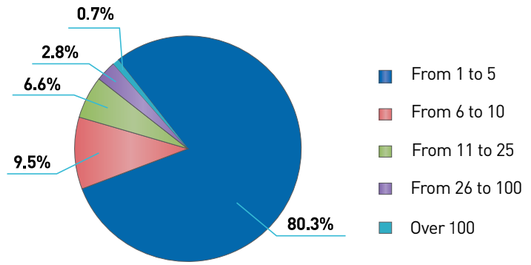
Number of employees by sector (average)

	2015	2016	% total 2016
Primary	164	171	0.5%
Industry & Energy	1,591	1,615	4.4%
Construction	2,758	2,816	7.7%
Services	31,415	32,001	87.4%
Total number of employees*	**35,928**	**36,604**	**100%**

*Note: the sum of the list by sector might not agree with the total because one person may appear in different sectors while the sector total counts one person.
Source: CASS.

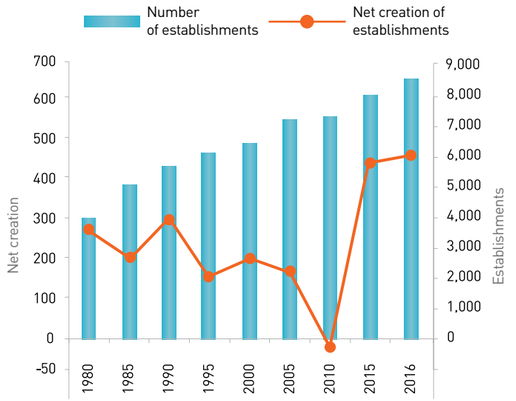
The predominance of service businesses, on average of a smaller size, means that 80.3% of businesses have a workforce of between one and five workers, while only 0.7% employs more than one hundred workers.

Distribution of businesses by number of workers (2016)



Source: CASS.

Establishments (1980-2016)



Source: Ministry of the Economy, Competitiveness and Innovation; Commerce and Inspections Service.

Establishments by sector

	2015	2016	Variation 2016/2015
Agriculture, livestock, hunting & forestry	43	44	2.3%
Manufacturing and extraction industries	363	370	1.9%
Production & distribution of electricity, gas & water	5	5	0.0%
Construction	808	830	2.7%
Commerce & motor vehicle repairs	2,800	2,881	2.9%
Hotels & catering	991	1,029	3.8%
Transport, storage & communications	414	408	-1.4%
Financial system	166	170	2.4%
Real estate & rental activities; business services	1,687	1,935	14.7%
Education	91	106	16.5%
Health & veterinary activities, social services	186	200	7.5%
Other social activities and services to the community	528	556	5.3%
TOTAL	**8,082**	**8,534**	**5.6%**

Source: Ministry of the Economy, Competitiveness and Innovation; Commerce and Inspections Service.

A specialised primary sector targetting new, high-quality crops with high added value

AGRICULTURE AND LIVESTOCK

Agriculture is one of the traditional sectors of the Andorran economy, based on tobacco production and livestock; these are key to preserving Andorra's ecosystem and landscape and are one of the bases of the country's attractiveness to tourism, supporting the powerful service sector.

It is notable that, in recent years, there have been several initiatives in the private sector, with the support of the public sector, to diversify activities and introduce new crops, with the target of optimising the yield from the land.

Currently, several complementary, high-quality products are being developed in Andorra, with traditional roots and high added value; this is the case of potatoes, wine, honey, horsemeat, fruit and vegetables, etc.

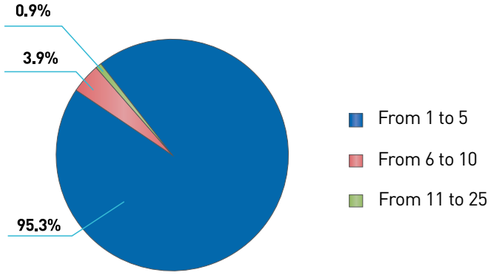
In Andorra, there are 232 businesses and 171 employees dedicated to primary activities, representing just 2.9% and 0.5% of the total, respectively.

The business structure of the sector is characterised by the very small size of businesses, smaller than in the economy as a whole. So, 95.3% of enterprises have five or less workers and only 0.9% have a workforce of more than ten employees.

Primary sector

	2015	2016	Variation 2016/2015
Number of businesses	238	232	-2.5%
Number of employees (average)	164	171	4.3%

Distribution of primary sector businesses by number of workers (2016)



Source: CASS / Ministry of Finance; Department of Statistics.

Livestock

	2015	2016	Variation 2016/2015	% total 2016
Bulls	65	66	1.5%	1.3%
Cows	1,471	1,519	3.3%	29.1%
Total cattle	**1,536**	**1,585**	**3.2%**	**30.4%**
Working animals	0	0	0.0%	0.0%
Stud animals	129	141	9.3%	2.7%
Mares	515	516	0.2%	9.9%
Total horses	**644**	**657**	**2.0%**	**12.6%**
Rams	83	75	-9.6%	1.4%
Ewes	2,932	2,652	-9.5%	50.9%
Total sheep	**3,015**	**2,727**	**-9.6%**	**52.3%**
Billy goats	21	19	-9.5%	0.4%
Nanny goats	267	223	-16.5%	4.3%
Total goats	**288**	**242**	**-16.0%**	**4.6%**
TOTAL (heads adults)	**5,483**	**5,211**	**-5.0%**	**100%**

Source: Ministry of the Environment, Agriculture and Sustainability; Department of Agriculture.

Tobacco production

	Quantity (kg)
1985	538,264
1990	767,859
1995	919,736
2000	324,207
2005	315,215
2010	237,485
2012	235,792
2013	234,176
2014	238,084
2015	242,637
2016	244,084

Source: Ministry of the Environment, Agriculture and Sustainability; Department of Agriculture.

Developing new industry with an international outlook

INDUSTRY

The industrial sector is a very small percentage of the Andorran economy, encompassing only 3.8% of businesses and 4.4% of employees. Traditional industry is aimed mostly at supplying the domestic market. However, it should be noted that **in Andorra, in recent years, an industrial sector is being developed with high added value** and a clearly international outlook.

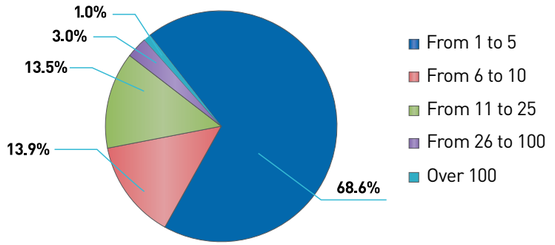
Of the 303 Andorran industrial businesses there are three extraction industries and seven dedicated to the production and distribution of electricity, gas and water, while the rest are actual manufacturing industries. Among these, the activities with the largest percentages are: tobacco industries, employing 14.8% of total employees in the industrial sector; food and beverage industries (14.6%) and printing industries, graphic arts and the reproduction of recorded media (12.4%).

The business structure of the sector is characterised by a larger average size of business than in the economy as a whole, although, in general, small businesses predominate. So, 68.6% of businesses have five or less workers and only 4.0% have a workforce of more than 25 employees.

Industry & Energy sector

	2015	2016	Variation 2016/2015	% total 2016
Number of businesses	**305**	**303**	**-0.7%**	**100%**
Extraction industries	3	3	0.0%	1.0%
Manufacturing industries	295	293	-0.7%	96.7%
Production & distribution of electricity, gas & water	7	7	0.0%	2.3%
Number of employees (average)	**1,591**	**1,615**	**1.5%**	**100%**
Extraction industries	2	3	50.0%	0.2%
Manufacturing industries	1,432	1,452	1.4%	89.9%
Production & distribution of electricity, gas & water	157	160	1.9%	9.9%

Distribution of industrial businesses by number of workers (2016)



Source: CASS / Ministry of Finance; Department of Statistics.

Number of workers in the industrial sector (2016)

	Number of employees	% total 2016
Extraction industries	3	0.2%
Food and beverage industries	236	14.6%
Tobacco industries	239	14.8%
Textiles & dressmaking industries	37	2.3%
Wood & paper industries	118	7.3%
Printing, graphic arts & reproduction of recorded media	200	12.4%
Chemical industries	117	7.2%
Manufacture of products of rubber & plastic materials	15	0.9%
Manufacture of other non-metallic mineral products	34	2.1%
Metallurgy & manufacture of metallic products	119	7.4%
Manufacture of machinery, electrical & electronic equipment	135	8.4%
Manufacture of medico-surgical & precision instruments	161	10.0%
Manufacture of motor vehicles, trailers & other transport materials	2	0.1%
Furniture manufacturing	25	1.5%
Recycling	13	0.8%
Production & distribution of electricity, gas & water	122	7.6%
Collection, purification and distribution of water	39	2.4%
TOTAL	**1,615**	**100%**

Source: CASS / Ministry of Finance; Department of Statistics.

Construction based on sustainability and efficiency

CONSTRUCTION

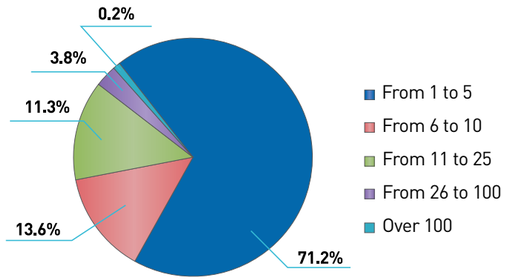
The construction sector is a significant percentage of the Andorran economy, compared with other developed countries, despite losing relevance in recent years due to the real estate crisis. Specifically, the construction sector currently represents 5.8% of Andorra's total GVA, compared with 12.6% in 2006, and includes 7.7% of employees and 7.9% of businesses.

The business structure in the sector is characterised by the fact that the average business is larger than in the economy as a whole. However, they are mostly small businesses, as there is a lack of large construction groups. So, 71.2% of businesses have five or less workers, while only 4.0% have a workforce of more than 25 employees.

Construction sector

	2015	2016	Variation 2016/2015
Number of businesses	626	638	1.9%
Number of employees (average)	2,758	2,816	2.1%

Distribution of construction businesses by number of workers (2016)

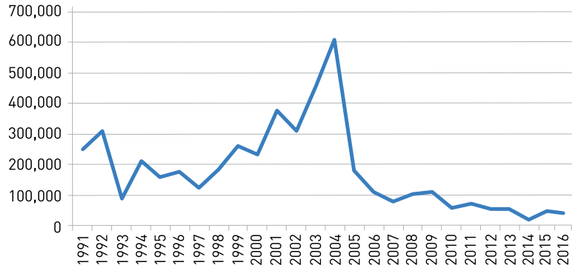


Source: CASS / Ministry of Finance; Department of Statistics.

In 2016, building activity, despite remaining stagnant at low levels, consolidated a change in trend towards greater stability, after a long period of deep crisis. **The surface area authorised for building was 41,677 m² in 2016,** spread between apartments (29.0%), houses (44.8%) and other buildings (26.3%).

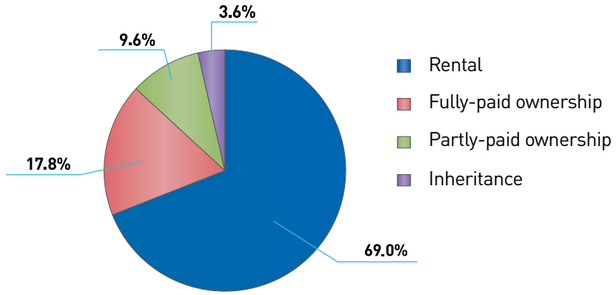
A notable element of the Andorran property market is the high percentage of rental property, encompassing 69% of national housing, giving access to housing to foreigners coming to work in Andorra. Owned property is almost one fourth (27.4%) and the rest is inheritances (3.6%).

Authorised surface area for building (m²)



Source: Ministry of Land Planning; Town Planning Department.

Housing by tenure system (2016)



Source: Ministry of Finance; Department of Statistics (HBS).

A wide range of services

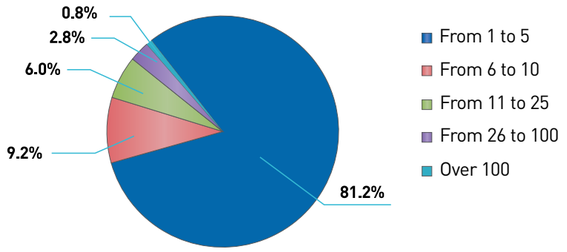
SERVICES

The nature of Andorra's climate and geography, together with the lack of raw materials and energy resources, has encouraged the Andorran economy to develop on the basis of tertiary activities. Therefore, **services are the most important sector of the Andorran economy,** encompassing 85.4% of businesses and 87.4% of employees.

Within this broad sector, the most notable activities are commerce, with 27.4% of workers and 28.6% of service businesses, and **hotels and catering,** encompassing 14.7% and 12.4%, respectively. Other tertiary activities with a significant share of total employment in the sector are public administration (13.5%) and real estate, rental and business services (14.3%).

The business structure of the services sector is marked by the predominance of small businesses. So, 81.2% of businesses have five or less workers and only 3.6% have a workforce of over 25 employees.

Distribution of service businesses by number of workers (2016)



Source: CASS.

Service sector

	2015	2016	Variation 2016/2015	% total 2016
Number of businesses	**6,497**	**6,878**	**5.9%**	**100%**
Commerce & motor vehicle repairs	1,892	1,964	3.8%	28.6%
Hotels & catering	855	852	-0.4%	12.4%
Transport, storage & communications	281	287	2.1%	4.2%
Financial system	108	114	5.6%	1.7%
Real estate & rental activities; business services	1,695	1,918	13.2%	27.9%
Public administration, defence & mandatory social security	36	35	-2.8%	0.5%
Education	80	94	17.5%	1.4%
Health & veterinary activities, social services	397	448	12.8%	6.5%
Other activities	1,153	1,166	1.1%	17.0%
Number of employees	**31,415**	**32,001**	**1.9%**	**100%**
Commerce & motor vehicle repairs	8,667	8,754	1.0%	27.4%
Hotels & catering	4,553	4,702	3.3%	14.7%
Transport, storage & communications	1,056	1,102	4.4%	3.4%
Financial system	1,960	1,947	-0.7%	6.1%
Real estate & rental activities; business services	4,358	4,571	4.9%	14.3%
Public administration, defence & mandatory social security	4,405	4,317	-2.0%	13.5%
Education	552	585	6.0%	1.8%
Health & veterinary activities, social services	1,807	1,926	6.6%	6.0%
Other activities	4,057	4,097	1.0%	12.8%

Source: CASS / Ministry of Finance; Department of Statistics.

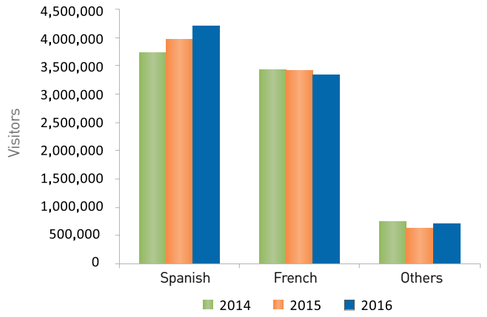
Tourism - 365 days a year

TOURISM

VISITORS AND OVERNIGHT STAYS

Tourism is the main source of revenue for Andorra. There is a wide range of tourism, which specialises in winter activities due to the mountainous terrain, but also with major influxes of visitors in other seasons. **In 2016, 8 million people visited Andorra.** 64.9% of visitors were same-day visitors —who do not spend the night in the country— while the other 35.1% were tourists —who spend at least one night. By nationalities, the great majority of visitors are Spanish or French. These figures put the total annual number of overnight stays at over eight million.

Visitors by country of origin



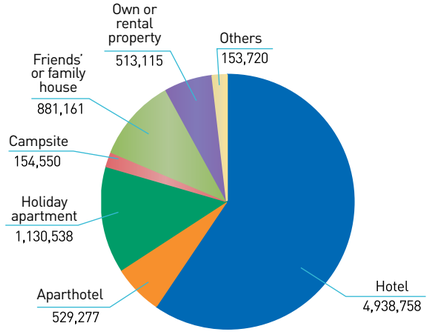
Source: Ministry of Finance; Department of Statistics.

Total visitors

	2013	2014	2015	2016	Variation 2016/2015	% total 2016
Tourists	2,328,124	2,363,436	2,663,341	2,818,875	5.8%	35.1%
Same-day visitors	5,348,108	5,433,334	5,187,070	5,206,390	0.4%	64.9%
Total visitors	**7,676,232**	**7,796,770**	**7,850,411**	**8,025,265**	**2.2%**	**100%**

*Tourist: visitor who spends at least one night in the country. Same-day visitors: visitor who enters and leaves the country on the same day.
Source: Ministry of Finance; Department of Statistics.

Overnight stays by type of accommodation (2016)



Source: Ministry of Finance; Department of Statistics.

TOURIST ACCOMMODATION

In the tourism sector, the different types of accommodation play a fundamental role. **The Principality of Andorra has 235 units of tourist accommodation of different categories,** with availability of 32,963 beds. This supply is supplemented by the type of accommodation named "Furnished apartments", consisting of 2,229 apartments offering a total of 11,146 beds and other types of tourist accommodation such as camp sites, summer camps, mountain huts, etc.

Number of units of tourist accommodation by type and category

	★	★★	★★★	★★★★	★★★★★	Total
Pension	4	3				**7**
Hostal or Residence	2	8				**10**
Holiday apartment	3	11	13	1		**28**
Aparthotel	3	4	13	3		**23**
Hotel		25	75	58	9	**167**
TOTAL	**12**	**51**	**101**	**62**	**9**	**235**

Source: Ministry of Tourism.

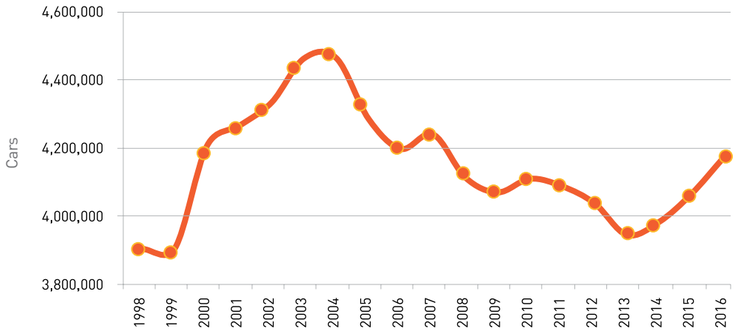
Other tourist accommodation

		★	★★	★★★	★★★★	Total
Furnished apartments	Apartments	532	1,364	287	46	**2,229**
	Beds	2,615	6,750	1,486	295	**11,146**
Campsites		3	5			**8**
Summer camps		1				**1**
Mountain huts		24	4			**28**
Youth hostels		4				**4**
Holiday houses				4	2	**6**
Rural accommodation				3	4	**7**

Source: Ministry of Tourism.

ENTRY OF VEHICLES AT THE BORDER

Entry of vehicles (cars)



Entry of vehicles by border

	2005	2010	2015	2016	Variation 2016/2015	% total 2016
French border	1,431,385	1,286,873	1,354,336	1,345,298	-0.7%	31.7%
Spanish border	3,064,555	2,944,876	2,805,866	2,895,093	3.2%	68.3%
TOTAL	**4,495,940**	**4,231,749**	**4,160,202**	**4,240,391**	**1.9%**	**100%**

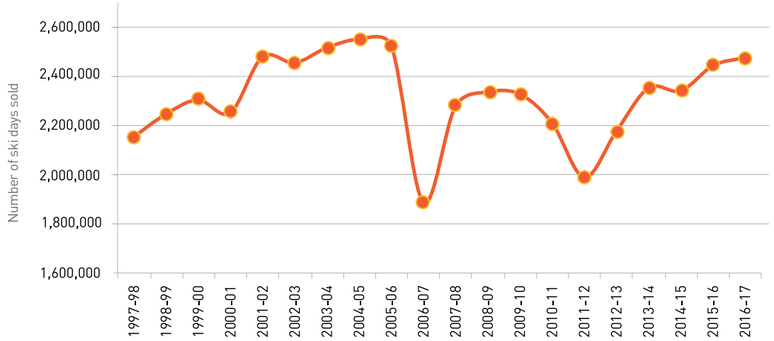
Source: Ministry of Land Planning; Mobility Agency.

TOURIST ATTRACTIONS

Skiing

Andorra has three areas dedicated to snow sports: Grandvalira, Vallnord and Naturlandia, which provide almost all snow activities, with 318 kilometres of pistes and a total of 3,075 hectares of skiable areas. Grandvalira and Vallnord have the greatest concentration of mechanical lifts per square metre in the world, with the capacity to transport more than 160,000 people per hour.

SKI DAYS SOLD BY SEASON (1995-2017)



Source: Ski Andorra.

SKI AREAS

		km. pistes	Ski lifts (pers./hr)	Day pass (average price)	5-day pass (average price)
GRANDVALIRA		210	106,950	47.0 €	207.5 €
VALLNORD	Pal - Arinsal	63	38,480	37.0 €	180.0 €
	Ordino - Arcalís*	30	16,510	37.0 €	165.0 €
NATURLANDIA		15		14.0 €	

* In low season, the day pass costs €25 and the 5-day pass €127.50.
Source: Ski Andorra and Naturlandia.

Spa leisure

This traditional source of tourism in Andorra includes **Caldea**, among the largest thermal spas in Europe. With an area of 42,745 square metres, Caldea was inaugurated in March 1994. The project —designed by the French architect Jean-Michel Ruols— fulfils the dream of the Commune of Escaldes-Engordany to tap into the wealth of the parish's hot springs, based on a different philosophy from traditional spas.

And so, the concept of *thermoludism* was created, using the natural properties of thermal water to rest, revitalise and restore well-being.

Caldea offers three zones: the thermoludic area, consisting of several types of baths, to enjoy the thermal waters; INUU, in the same building, which is the new wellness area exclusively for adults, for total relaxation and well-being, and LIKIDS, a spa for children between the ages of 3 and 8. Caldea welcomes about 400,000 visitors annually and is the largest thermal area in the south of Europe.

Thermoludism as a form of tourism can also be enjoyed at different points in Andorra, mostly at prestigious hotel establishments that see wellness areas as central to their installations.

Eco theme park

Naturlandia lies in natural surroundings, with outstanding panoramic views. Cross-country skiing at 2,050 metres, the snow-slide park that is unique in the Pyrenees, the Tobotronc alpine coaster, the Nordic dog village and a whole range of activities offer an original and unbeatable package of mountain snow tourism.

It offers special activity packages for groups of adults, schools, seniors and the disabled, and also other incentive activities for businesses, adapted to every need.

Leisure activities at Naturlandia include both winter and summer activities.

Palau de gel - The Ice Palace

The *Palau de Gel d'Andorra* is located on the road between Andorra la Vella and Grandvalira, in the centre of Canillo town.

The complex offers a wide range of leisure and sports activities, for individuals and groups, with suitably specialised packages. All kinds of skating are available on the ice rink, whether for leisure or sport, as well as ice kart racing. The centre also offers a swimming pool and complete fitness area.

Other tourist attractions

Andorra's natural environment includes a nature reserve, **the Madriu-Perafita-Claror Valley**, declared a UNESCO World Heritage Cultural Landscape, covering 4,247 hectares (10% of Andorra's surface area). There are also **natural parks at Sorteny Valley** (1,080 ha) **and Comapedrosa** (1,543 ha). Andorra boasts 72 mountain peaks above 2,000 metres and more than 70 lakes. 87.5% of the country consists of areas of great landscape value.

On the other hand, thanks to its historical and cultural tradition, Andorra has more than 40 Romanesque churches, 20 museums, 23 cultural routes, 29 mountain huts (4 serviced), 21 bicycle tour routes, 18 ecotourist routes, 9 climbing walls and 9 mountain climbing areas with more than 200 routes, 16 via ferratas and 6 canyoning routes.

Scalada, a show that takes its inspiration from Andorra, includes numerous acrobatics, stunning costumes and incredible lighting effects, sound and special effects. At the fourth showing in 2016, "Scalada Vision" entertained more than 100,000 spectators.

Dynamic, innovative commerce

COMMERCE

Commercial establishments

Net creation of commercial establishments

Andorra's tradition for shopping is well-known all over Europe, thanks to nearly 1,400 shops and stores and the quality of its products and competitive prices. Added to this are the flexible opening hours and the vast range of products and services.

Most stores are concentrated in Andorra la Vella, Escaldes-Engordany and on the frontiers.

The range of personal effects (jewellery, perfumery, clothing, etc.), household appliances, sports equipment and electronics is outstanding.

Travellers have a personal allowance of specific quantities or values of products bought in the Principality of Andorra, which they can take out without paying tax or duties at Customs, as long as they do not exceed the legal limits and the products are for personal use. Note that the quantities and values may vary according to age *(see other useful information on page 39)*.

Commerce is the activity that concentrates the largest number of workers within the services sector, employing 23.9% of the total number of employees in Andorra. Equally, businesses dedicated to commerce account for 24.4% of total businesses in Andorra.

The business structure of commerce is marked by the predominance of small enterprises: 80.3% of businesses have five or less workers and only 2.7% have a workforce of more than 25 employees.

Source: Ministry of the Economy, Competitiveness and Innovation; Commerce and Inspections Service.

A banking sector with over 85 years' experience

FINANCIAL SYSTEM

The Andorran financial sector is one of the main pillars of the Andorran economy. Altogether, this sector comprises 5 banking groups, 7 financial entities that manage investment schemes, 5 financial entities that manage assets and 27 insurance companies.

In recent years, the Andorran financial system has faced constant regulatory changes at an international level, such as implementation of the regulations concerning tax transparency, measures for international mutual assistance in criminal matters and the fight against money laundering and terrorist financing, and the legislation under the Monetary Agreement on matters of banking and financial regulation.

The sector's adaptation to European banking regulations, the development of tax transparency standards within the framework of the OECD, and the consolidation of the new Andorran tax framework, will enable the Andorran financial market to compete on equal terms with other global financial markets.

The evolution of the banking sector has been stimulated by the provision of value-added service, an ambitious growth and diversification strategy with a view to strong internationalisation and sustainable, profitable growth.

Equally, **the sector enjoys excellent solvency and liquidity ratios**, easily exceeding the minimums set by Andorran regulations.

In 2016, Andorran banking entities managed 10,898.5 million euros in deposits, a credit portfolio of 6,299.9 million euros and total resources of 45,434 million euros.

Andorran banking profits in 2016, with stability in the main factors, were influenced by low interest rates and structural expenditure, reaching 156 million euros with 9.73% ROE.

These figures show that Andorra is still a highly-rated financial market for its clients, both for the quality of the services provided and its experience in the sector, their trust being fortified by the regulatory changes that have been implemented.

The Andorran National Institute of Finance (INAF) is the supervisory and regulatory body of the Andorran financial system (except for insurance companies outside banking groups, supervised by the Ministry of Finance of the Government of Andorra).

The Andorran Financial Intelligence Unit (UIFAND) is the independent body with the mission to promote and coordinate measures against money laundering and the financing of terrorism.

* Includes employees in Andorra and abroad.
Source: The Andorran Banking Association and annual reports of the banking entities.

BANKING SECTOR

	2014	2015	2016
Number of branches	36	36	41
Number of employees*	2,248	2,527	2,667
Cashpoint network	143	144	135

Economic aggregates (million €)

	2014	2015	2016
Balance	14,046.6	14,411.8	14,492.5
Own funds	1,376.8	1,444.1	1,541.9
Credit investment (gross)	6,337.8	6,278.6	6,299.9
Assets under management	43,965.8	45,214.1	45,434.3
Financial margin	148.3	139.9	132.7
Ordinary margin	608.8	651.7	652.2
Net profit	183.3	168.6	155.9

Ratios

	2014	2015	2016
ROE	12.38%	10.93%	9.73%
ROA	1.38%	1.19%	1.03%
Solvency	20.75%	22.78%	25.10%
Liquidity	68.11%	71.24%	61.41%
Efficiency	45.35%	54.15%	59.98%

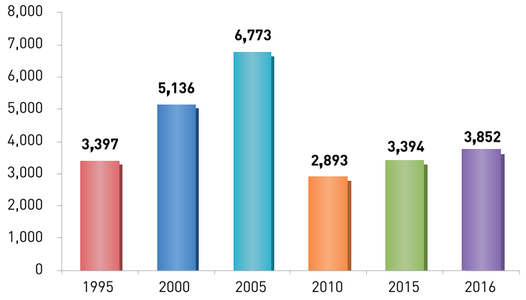
At the forefront of new technology

TRANSPORT AND TELECOMMUNICATIONS

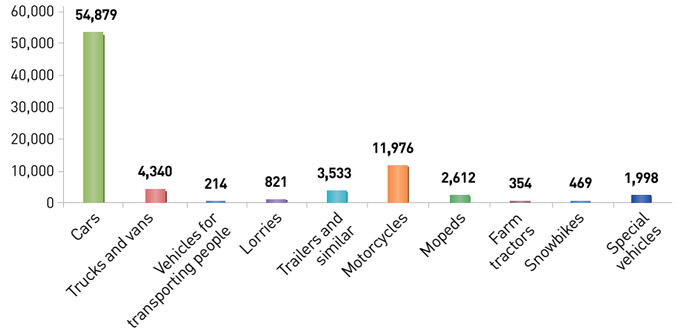
TRANSPORT

In 2016, 3,852 vehicles were registered, 2,686 of which are cars.

Vehicle registrations



Number of vehicles (2016)



Source: Ministry of the Economy, Competitiveness and Innovation; Department of Transport.

TELECOMMUNICATIONS

Andorra benefits from the most advanced telecommunications systems, both telephones and Internet. It was a pioneer in the digital switchover and the whole Principality has had digital terrestrial television since September 2007. Moreover, in 2006, Andorra committed to connectivity, laying a nationwide fibre optic network with access speeds of 100 Mbps to all households, completing the process in 2013. The installation of fibre optic has led to later milestones: in 2014, ADSL was disconnected, and in December 2016, all copper telephone services were totally eliminated.

In 2017, the improvement in service continues. Andorra Telecom has started a new process of renewing the active network so that all households and businesses in the Principality have access to Internet of up to 300 Mbps, triple the current speed.

Total subscriptions to services

	2005	2010	2015	2016	Variation 2016/2015
Telephone lines	35,444	38,171	38,850	38,694	-0.4%
ISDN channels	10,501	11,594	6,191	2,712	-56.2%
MOBILAND	35,740	40,020	53,762	57,965	7.8%
Mobiland Clic (Pre-pay) cards in service	28,820	25,475	17,574	18,167	3.4%
Broadband Internet	10,341	24,502	30,694	32,490	5.9%

Telephone and Internet consumption

	2005	2010	2015	2016	Variation 2016/2015
ADSL Internet (GB)	--	2,367,515	0	0	--
Fibre optic Internet (GB)	--	1,573,027	14,878,320	19,172,333	28.9%
Land lines (minutes)	343,295,453	137,971,339	90,713,225	71,809,647	-20.8%
Mobiles (minutes)	48,968,110	45,292,136	47,051,468	55,328,366	17.6%

Source: Andorra Telecom.

APPENDICES

ABBREVIATIONS

GDP	Gross Domestic Product
GVA	Gross Value Added
CPI	Consumer Price Index
HBS / LFS	Household Budget Survey / Labour Force Survey
m	metre
m^2	square metre
km	kilometre
km^2	square kilometre
inhab./km^2	inhabitants per square kilometre
g	gramme
kg	kilogramme
ml	millilitre
l	litre
pers./hr	persons/hour
ha	hectare
mm	millimetre
ºC	degrees centigrade (or Celsius)
GB	gigabyte
Mbps	megabits per second
n/a	not available
% var.	variation as percentage
TOE	Tonne of Oil Equivalent
CASS	Andorran Social Security System

USEFUL ADDRESSES

BUSINESS PROMOTION AGENCIES

- **ACTUA**
  C/Camí de la Grau, Ed. Prat del Rull
  AD500 Andorra la Vella
  Principat d'Andorra
  Tel.: +(376) 81 20 20
  Fax: +(376) 81 20 21
  Email: info@actua.ad
  Web: www.actua.ad

- **Andorran Chamber of Commerce, Industry and Services (CCIS)**
  C/ Prat de la Creu, 8
  AD500 Andorra la Vella
  Principat d'Andorra
  Tel.: +(376) 80 92 92
  Fax: +(376) 80 92 93
  Email: ccis@andorra.ad
  Web: www.ccis.ad

- **Andorra Turisme SAU**
  C/ Prat de la Creu, 59-65, esc. D, 4rt pis
  AD500 Andorra la Vella
  Principat d'Andorra
  Tel.: +(376) 89 11 89
  Fax: +(376) 82 81 23
  Email: info@andorra.ad
  Web: www.visitandorra.com

TOURIST OFFICES AND DELEGATIONS

SPAIN

- **Attaché for Commerce and Tourism of the Andorran Embassy to Spain**
  C/ Alcalá, 73
  28009 Madrid
  Tel.: +(34) 91 431 74 53
  Fax: +(34) 91 577 63 41
  Email: infomad@andorra.es
  Web: www.andorra.es

INSTITUTE OF ANDORRAN STUDIES

- **IEA (Institute of Andorran Studies)**
  CENMA (Snow & Mountain Research Centre of Andorra)
  CRES (Sociological Research Centre)
  CEHIP (Historical and Political Studies Centre)
  Av. Rocafort, 21-23
  Edifici Molí, 3r pis
  AD600 Sant Julià de Lòria
  Principat d'Andorra
  Tel.: +(376) 742 630
  Fax: +(376) 843 585
  Email: iea@iea.ad
  Web: www.iea.ad

DEPARTMENT OF STATISTICS

- **Ministry of Finance – Government of Andorra**
  C. de les Boïgues, 2, 3a planta,
  Edif. aparcament de les Boïgues
  AD700 Escaldes-Engordany
  Principat d'Andorra
  Tel.: +(376) 88 54 45
  Fax: +(376) 88 54 76
  Email: estadistica@govern.ad
  Web: www.estadistica.ad

USEFUL WEBSITES

Department of Statistics	www.estadistica.ad
Andorran Chamber of Commerce, Industry & Services	www.ccis.ad
Government of Andorra	www.govern.ad
Ministry of Foreign Affairs	www.exteriors.ad
Andorra Turisme	www.visitandorra.com
ACTUA	www.actua.ad
General Council	www.consell.ad
Ministry of Culture, Youth and Sports	www.cultura.ad - www.joventut.ad www.esports.ad
Ministry of Finance	www.finances.ad
Ministry of Health	www.salut.ad
Ministry of Education and Higher Education	www.educacio.ad www.ensenyamentsuperior.ad
Department of the Environment & Sustainability	www.mediambient.ad
Department of Mobility & Public Transport	www.mobilitat.ad
Department of Work & Employment	www.treball.ad
Department of Tax & Frontiers	www.impostos.ad
Department of Tourism	www.turisme.ad
Department of Immigration	www.immigracio.ad
Andorran Customs	www.duana.ad
Commerce & Consumption Unit	www.comerc.ad
Andorra Telecom	www.andorratelecom.ad
CASS (Andorran Social Security System)	www.cass.ad
FEDA (Andorran Electricity Co.)	www.feda.ad
Institute of Andorran Studies	www.iea.ad
Andorran Sustainability Observatory	www.obsa.ad
SAAS (Andorran Health Services)	www.saas.ad
University of Andorra	www.uda.ad
Andorran Banking Association (ABA)	www.andorranbanking.ad
Andorran National Institute of Finance	www.inaf.ad
Caldea	www.caldea.ad
Grandvalira ski resort	www.grandvalira.com
Vallnord ski resort	www.vallnord.com
Naturlandia	www.naturlandia.ad
Palau de Gel d'Andorra	www.palaudegel.ad
Ski Andorra	www.skiandorra.ad

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What is ACTUA?

Knowing of the advantages that Andorra provides to foreign investors in the current economic context, the Government of Andorra is promoting the ACTUA program: a public and private agency, including several ministries, government agencies, associations and / or organizations in the private sector. Its mission is to lead the economic opening to foreign companies, facilitate investment and Andorra's economic diversification.

What can ACTUA do for you?

- *SUPPORT you throughout the process of establishing your company in Andorra from application forms to your final implementation.*
- *FACILITATE contact with the Public Administration and follow up on different procedures.*
- *PROVIDE the necessary information to ensure your project feasibility (taxes, labour law, socioeconomic information, etc.).*
- *INTRODUCE you to service providers, partners or key players that can add value to your project.*
- *INFORM you for all your staff relocation necessities: schools, housing service providers, etc.*
- *ASSIST you in finding the perfect location for your business in Andorra.*

WE ARE YOUR BUSINESS PARTNER

15 reasons to invest in Andorra

1 *Stable political framework and economy: 3.2% average GDP growth since 2000.*

2 *A prosperous and diverse country with a GDP per inhabitant of 46,375 ($PPPS).*

3 *A market with 8 million visitors. Primarily coming for shopping, health and wellness purposes.*

4 *Negotiations of an association agreement with the EU that will give access to the European internal market with over 500 million consumers.*

5 *Double Taxation Convention (DTC) with various countries. France, Spain, Luxembourg, Liechtenstein, Portugal, United Arab Emirates and Malta.*

6 *One of the most competitive tax frameworks in Europe:*
- VAT: 4.5%.
- Other direct tax at a maximum rate of 10%.

7 *Sound Public Financial System that guarantees stability. Public Debt 40.2%.*

8 *The best health system and the 4th healthiest country in the world. (Source: The Lancet).*

9 *State of the art internet connection: 1st country with full optical fiber coverage. 100% of households connected at 300 Mbps by end 2018.*

10 *Real living lab for companies and researchers. Andorra is supporting innovation and Big Data projects across sectors.*

11 *Access to superb education: Three free Education Systems: Andorran, Spanish and French systems.*

12 *Safe and secure country, with one of the lowest crime rates worldwide.*

13 *Open and cosmopolitan society that boasts over 100 nationalities.*

14 *One of the lowest electricity rates in Europe.*

15 *Government highly committed to an internationally open economy, innovation and economic diversification.*

www.actua.ad

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ACTUA
Invest in Andorra