

Andorra in figures **2019**



Govern d'Andorra



Index

Edition:

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Ministry of the Presidency, Economy and Business
Department of Statistics

Chamber of Commerce, Industry and Services of Andorra (CCIS)
Actua (Invest in Andorra - Innovation Hub Andorra)

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Andorra at a glance



Main figures

	2015	2016	2017	2018
Estimated population	71,732	73,105	74,794	76,177
GDP at current market prices (million €)	2,535.1	2,601.1	2,674.1	2,742.0
GDP at current market prices per capita (€)	35,342	35,580	35,753	35,996
GDP as PPP per capita (\$)	46,374	48,643	49,154	--
Sovereign credit rating, Standard & Poor's	BBB-/A-3	BBB-/A-3	BBB/A-2	BBB/A-2
Public deficit or surplus (% GDP) *	2.0%	4.4%	3.3%	2.7%
Total Public Debt (million €)**	1,029.5	1,040.8	1,004.6	990.9
Total Public Debt (% GDP)	40.6%	40.0%	37.6%	36.1%
Income statement - Government of Andorra (million €)	390.8	438.8	423.4	432.3
Income statement - aggregate Communes (million €)	132.5	139.5	146.6	156.9
Tax burden (% GDP)	23.4%	25.2%	24.5%	25.0%
CPI	-0.9%	0.4%	2.6%	0.7%
Homes with Internet access (%)***	83.4%	83.3%	85.4%	89.2%
Employees	35,928	36,604	37,705	38,848
Monthly minimum wage	962.0	975.9	991.5	1,017.5
Monthly average wage	1,992.0	2,076.7	2,076.3	2,131.3
Total earnings (million €)	858.8	912.2	939.4	993.6
Activity rate (%)	82.9%	82.5%	80.6%	81.9%
Imports of goods (million €)	1,168.5	1,226.1	1,307.5	1,368.6
Exports of goods (million €)	80.6	90.8	106.2	112.2
Electricity consumption (GWh)	551.4	558.1	553.5	559.7
Businesses	7,666	8,051	8,408	8,774
Establishments	7,929	8,347	8,837	9,170
Tourist accommodation	239	235	235	239
Number of beds in tourist accommodation	33,613	32,963	33,099	32,903
Visitors (millions)	7.9	8.0	8.2	8.3

* 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.

*** Up to 2017 the data are obtained from the HBS and from 2018 from the LCS.

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

General information

Border coordinates

North (Basers de Font Blanca)	42° 39' 15"
South (Comagle - River Runer)	42° 25' 38"
West (Auell pass)	1° 24' 34"
East (River Palomera - River Ariege)	1° 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	Xavier Espot Zamora

Capital

Capital	Andorra la Vella
---------	------------------

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
National Day	8 September

Surface area

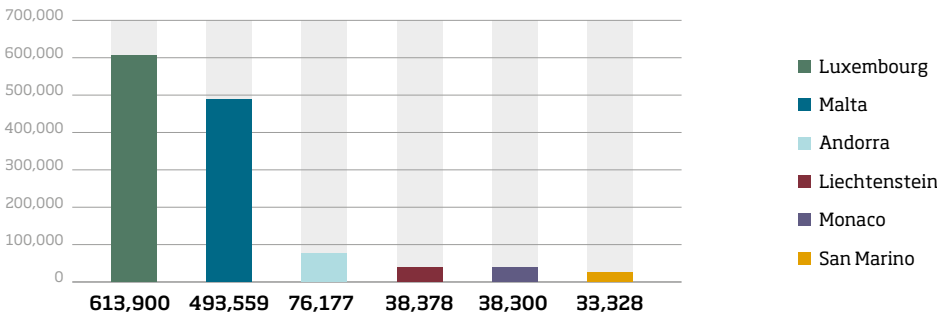
Total	468 km²
Highest point	Comapedrosa peak 2,942 m
Lowest point	River Runer confluence 840 m
Dense woodland	40.29%
Open woodland	0.42%
Scrubland	9.27%
Meadows and grassland	25.00%
Cropland	1.71%
Rocky areas	6.83%
Scree	12.93%
Bare ground	0.84%
Urban areas	1.51%
Sports areas	0.03%
Roads	0.58%
Water bodies	0.43%
Population density	163/km²

Andorra and other small European states

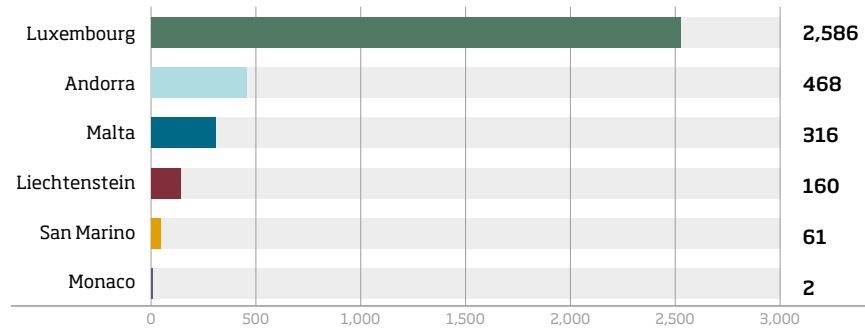
The population of Andorra is almost double that of other small European states such as Monaco, Liechtenstein or San Marino.

On the other hand, the Principality of Andorra has a relatively large surface area compared with the other small states of Europe. With an area of 468 km² (only 1.5% of which is developed), Andorra's population density is lower than the average for European small states (163/km²).

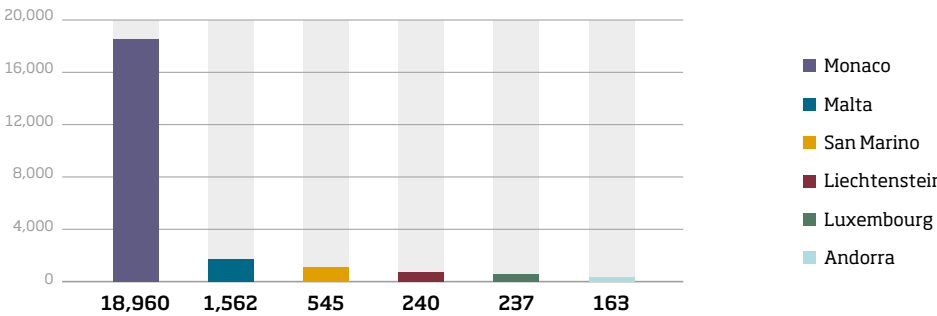
Population (2018)



Surface area (in km²)



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.

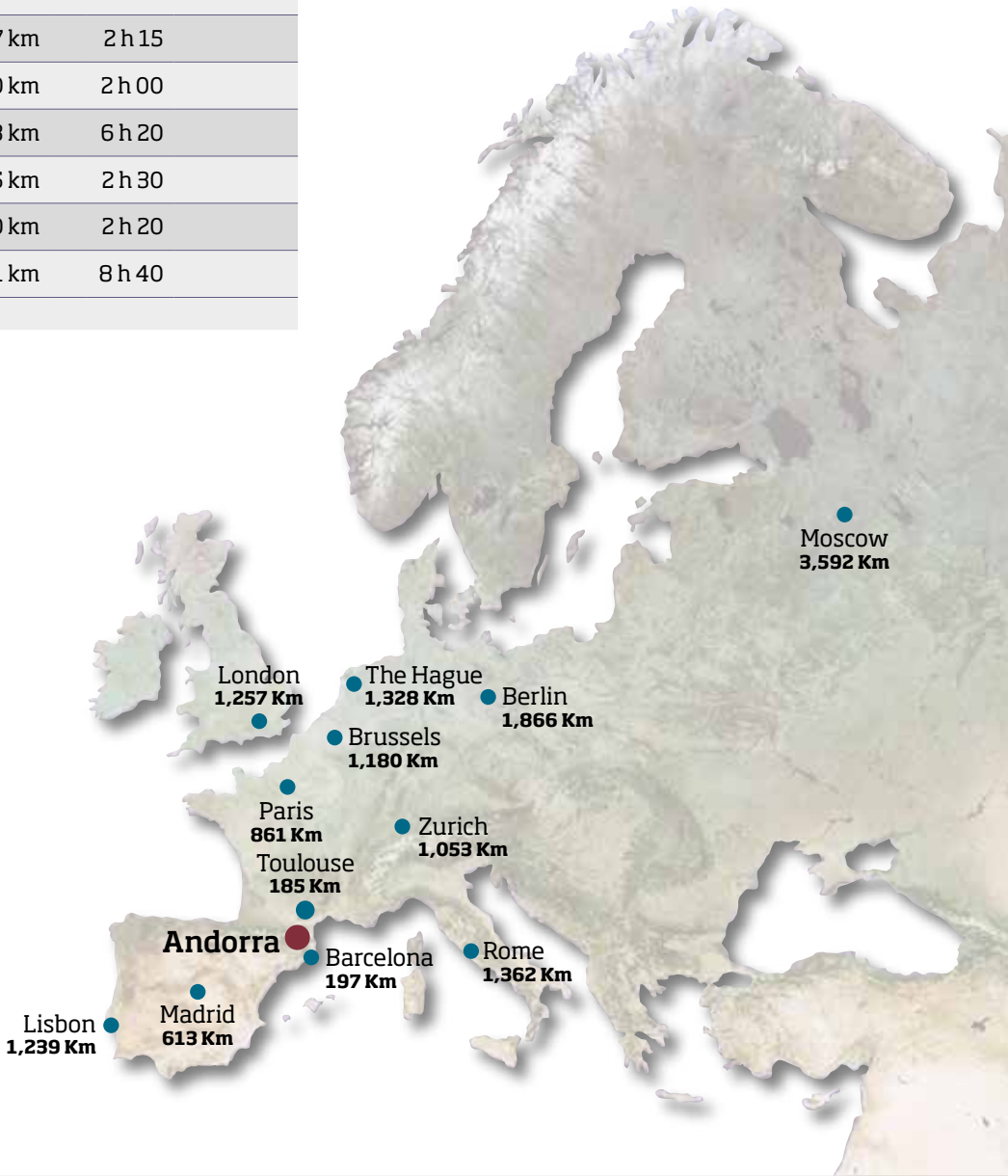
Access by land

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	2 h 15
Lleida	150 km	2 h 00
Madrid	613 km	6 h 20
Toulouse	185 km	2 h 30
Perpignan	170 km	2 h 20
Paris	861 km	8 h 40



National moto:

Virtus Unita Fortior
"In unity we are aronger", in Latin



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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 km², 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	Andorra la Vella	1,013 m
Encamp	1,238 m	Sant Julià de Lòria	908 m
Ordino	1,298 m	Escaldes-Engordany	1,050 m
La Massana	1,230 m		

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

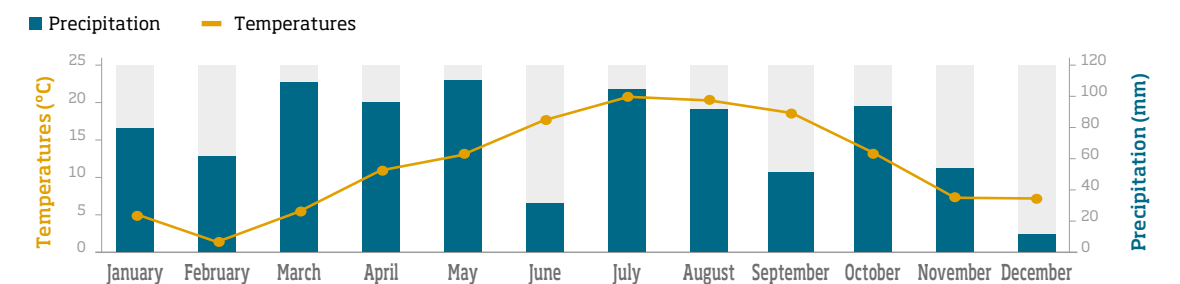


Climate

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.

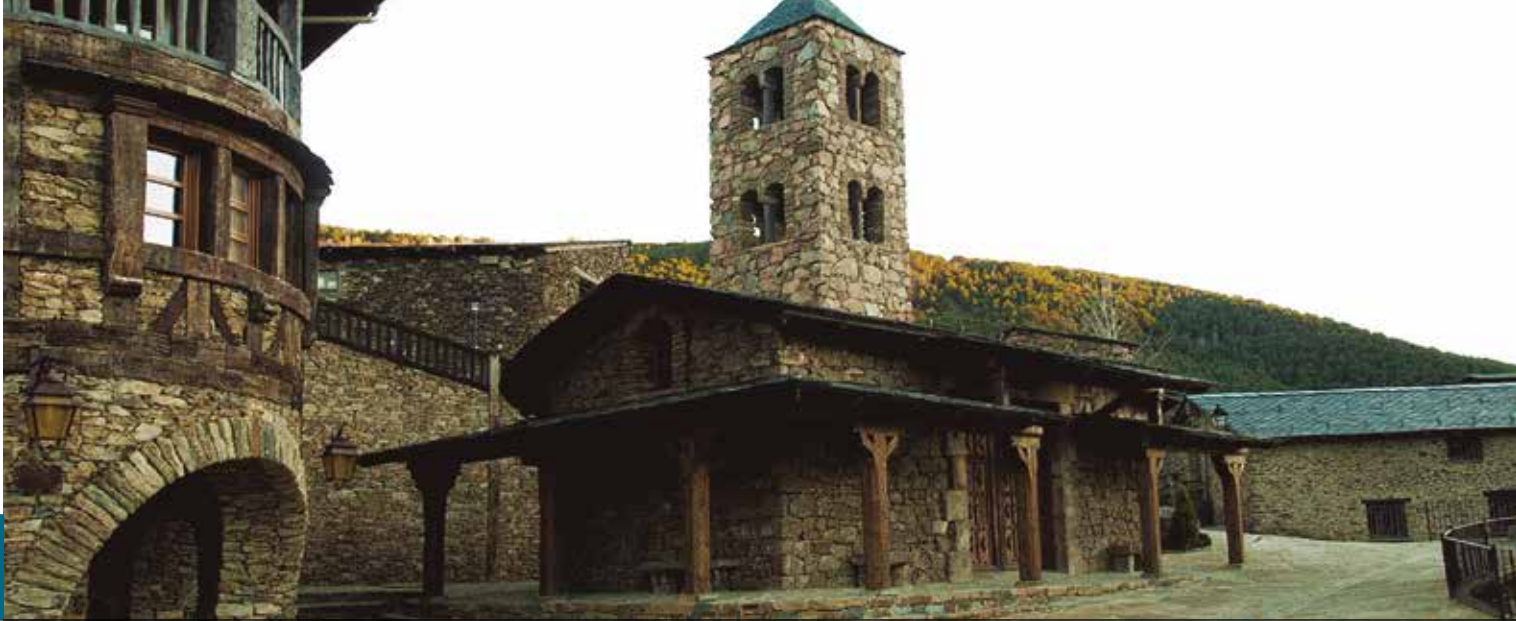
The mountain climate means regular precipitation throughout the year, enough in winter to guarantee the quality and depth of the snow, with relatively mild temperatures for the altitude and predominantly north-westerly winds.

Climograph (2018)



Source: Ministry of the Environment, Agriculture and Sustainability.

The valleys of Andorra have a deep-rooted history



History

843 AD	10th - 11th centuries	13th century	1278	1288	1419	1748	1806
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).	Struggle for the sovereignty of Andorra between the Lords of Caboet and Castellbò and the Bishopric of Urgell.	Struggle for sovereignty of Andorra between the bishops of Urgell and the counts of Foix.	Signing of the first <i>Pariatge</i> 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.	Signing of the second <i>Pariatge</i> treaty between Pere d'Urtx, Bishop of Urgell and Roger Bernat III.	Legal recognition of the <i>Consell de la Terra</i> (the body that managed common affairs, with powers to appoint <i>sindics</i> and <i>procuradors</i> to defend rights and privileges).	Fiter Rossell edits the <i>Manual Digest de les Valls neutres d'Andorra</i> (a compendium of history, customs and practices, privileges and the political organization of Andorra).	Decree by Napoleon I re-establishing ancient political and administrative ties with France, which had been cut during the French Revolution.
1866	1933	1968	1970-1979	1981	1991	1993	2003
The New Reform of the General Council, headed by the Andorran noble, Guillem d'Areny Plandolit, establishing 24 councillors.	The co-Princes grant universal male suffrage, at the request of the Andorrans. Meetings of the General Council become public.	The Andorran Social Security System, <i>Caixa Andorrana de Seguretat Social</i> , is set up.	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).	The co-Princes decree the creation of the Executive Council.	Entry into force of the trade agreement with the EEC (European Economic Community).	On 14 March the Andorran people approves the Constitution of the Principality of Andorra by referendum. Andorra joins the United Nations (UN).	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	2005	2008	2011	2012	2014	2017	
The Valley of Madriu-Perafita-Claror is declared a UNESCO World Heritage Cultural Landscape.	1st January, entry into force of the European Social Charter.	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.	On 30 June, the Principality of Andorra signed a monetary agreement with the EU, making the euro the official currency of Andorra.	Law 10/2012 is passed on foreign investment in the Principality of Andorra, opening up foreign investment.	Andorra mints the first Andorran euros and becomes the fourth country outside the EU to do so. Negotiations start for an association agreement between the EU and the Principality of Andorra.	On 23 April, the Paris Agreement on Climate Change enters into force, signed in New York on 22 April 2016.	

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. The current *Síndic* is Ms Roser Suñé Pascuet and the deputy *Síndic* is Ms Meritxell Palmitjavila Naudí.

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). The current Head of Government is the Hon. Xavier Espot Zamora.

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 Financial Authority (AFA)

This is a public law entity with its own assets, legal personality and full capacity to act independently to the central Government. The authority monitors and carries out prudential supervision of the financial system and insurance and reinsurance system in the Principality of Andorra.



Good
relations with
the world

International relations

The Principality of Andorra is currently a member of
25 international organisations:

- | | |
|--|---|
| <ul style="list-style-type: none">• Bureau of International Exhibitions (BIE). | <ul style="list-style-type: none">• International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM). |
| <ul style="list-style-type: none">• International Committee of the Red Cross (ICRC). | <ul style="list-style-type: none">• World Customs Organisation (WCO). |
| <ul style="list-style-type: none">• Council of Europe. | <ul style="list-style-type: none">• World Intellectual Property Organisation (WIPO). |
| <ul style="list-style-type: none">• International Criminal Court (ICC). | <ul style="list-style-type: none">• World Health Organisation (WHO). |
| <ul style="list-style-type: none">• Comprehensive Nuclear-Test-Ban Treaty Organisation (CTBTO). | <ul style="list-style-type: none">• World Tourism Organisation (UNWTO). |
| <ul style="list-style-type: none">• Food and Agriculture Organisation (FAO). | <ul style="list-style-type: none">• Organisation for the Prohibition of Chemical Weapons (OPCW). |
| <ul style="list-style-type: none">• International Criminal Police Organisation (INTERPOL). | <ul style="list-style-type: none">• Organisation for Security and Co-operation in Europe (OSCE). |
| <ul style="list-style-type: none">• United Nations Organisation (UN). | <ul style="list-style-type: none">• Ibero-American Secretariat General (SEGIB). |
| <ul style="list-style-type: none">• International Civil Aviation Organisation (ICAO). | <ul style="list-style-type: none">• International Telecommunication Union (ITU). |
| <ul style="list-style-type: none">• International Organisation of La Francophonie (OIF). | <ul style="list-style-type: none">• United Nations Educational, Scientific and Cultural Organisation (UNESCO). |
| <ul style="list-style-type: none">• European Telecommunications Satellite Organisation (EUTELSAT). | <ul style="list-style-type: none">• Hague Conference on Private International Law. |
| <ul style="list-style-type: none">• World Organisation for Animal Health (OIE). | <ul style="list-style-type: none">• Conference of Ministers of Justice of the Ibero-American countries (COMJIB). |
| | <ul style="list-style-type: none">• World Meteorological Organisation (WMO). |

Ambassadors

Andorra has resident ambassadors accredited to:

Spain, France, Belgium and the United States of America, and to the United Nations, Council of Europe and the European Union.

Andorra has non-resident ambassadors accredited to:

Portugal, Luxembourg, the Netherlands, Monaco, Germany, Canada, Mexico, Ireland, the United Kingdom, Finland, Denmark, Sweden, Norway, Iceland, Hungary, Romania, the Czech Republic, Slovakia, San Marino and the Holy See.

Diplomatic representations

- Embassy of the Principality of Andorra to the **European Union**.
- Embassy of the Principality of Andorra to the **Kingdom of Belgium**, the **Kingdom of the Netherlands** and the **Grand Duchy of Luxembourg**.


 Rue de la Montagne, 10. 1000 Bruxelles


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


 10, avenue du Président Robert Schuman. 67000 Strasbourg


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 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


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


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


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- 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**.


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- Embassy of the Principality of Andorra to **France** and the **Principality of Monaco**.
- Permanent Delegation of the Principality of Andorra to the **UNESCO**.


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- 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**.

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 (+43) (0) 1 961 090 950

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Simple, modern regulations

Legal system

Andorran **commercial companies** can choose between the following legal forms:

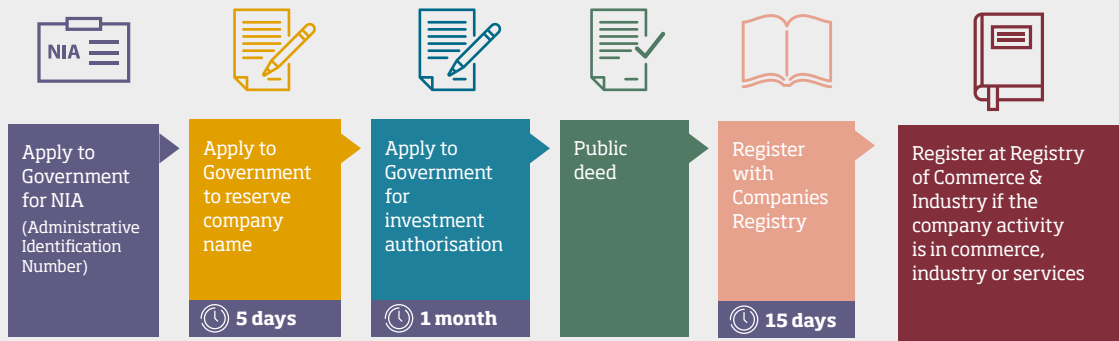
	Minimum capital:
Societat anònima (SA) - joint stock company	€60,000
Societat de responsabilitat limitada (SL) - limited liability company	€3,000

Legislative Decree of 05.12.2018 publishing the recast Law on joint stock and limited companies.

Incorporation of a company:



Incorporation of a foreign investment company:



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

Andorra has become an attractive European destination for setting up a business and investment, under the Foreign Investment Law passed in 2012. In fact, in 2017 it was ranked the second most attractive country in the world by the international consultancy Bradley Hackford, regarding the processes of standardisation and transparency acknowledged by the OECD. All these changes have meant that Andorra is on a par with neighbouring economies and can develop into a top destination for new sectors and businesses.

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 $\geq 50\%$.

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

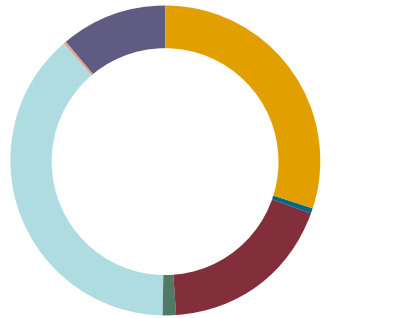
	Total ⁽¹⁾	2017	2018
Total Applications	4,318	774	671
Authorised	4,059	760	608
Formalised	3,318	609	505
Formalised total (in €) ⁽²⁾	513,161,022	82,521,800	152,065,152

Formalised investment

Average investment (in €) ⁽²⁾	-	135,504	301,119
Investment ⁽²⁾ / GDP	-	3.1%	5.5% ⁽³⁾

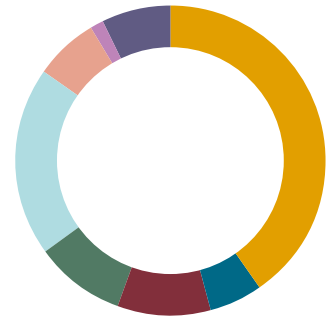
(1) From 19/07/2012 (entry into force of the Foreign Investment Law) to 31/12/2018.
(2) Initial investment declared by investors.
(3) 2018 advance GDP.

Volume of formalised investments
by sector of activity* (2018)



30.8% ■ Property
0.4% ■ Manufacture, execution & realisation
18.3% ■ Wholesale & retail
1.5% ■ Accommodation services
37.9% ■ Real estate & construction
0.1% ■ Projects, design, research
10.9% ■ Business services activities

Volume of formalised
investments by country* (2018)



40.3% ■ Spain
5.7% ■ France
9.7% ■ Andorra(**)
9.4% ■ Russia
19.7% ■ Luxembourg
6.7% ■ Belgium
1.5% ■ Netherlands
7.0% ■ Other countries

(*) Initial investment declared by investors.
(**) Andorran businesses with foreign capital (>50%) making a new investment.

Source: Ministry of the Presidency, Economy and Business.

Actua
(Invest in Andorra - Innovation Hub Andorra)

What can Actua do for you?

Actua is the official body that supports the Andorran business sector, opening up the economy to foreign business to encourage investment and economic diversification. It also promotes innovation in Andorra.

As a public-private partnership, one of its roles is to help businesses to become more competitive on a national and international level.



Actua's goal is to see **your business expand from Andorra** and help you to **become more competitive on a national and international level.**



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

Tax system

Double Taxation Agreements

In recent years, the Principality of Andorra has signed eight agreements, according to the OECD model - with France, Luxembourg, Spain, the United Arab Emirates, Portugal, Liechtenstein, Malta and Cyprus - to avoid double taxation and prevent tax evasion relating to income tax. Negotiations are currently underway with several countries to expand the network of double taxation agreements.

Country	Entry into force	Date of applicability
France	01/07/2015	01/01/2016
Spain	26/02/2016	26/02/2016
Luxembourg	07/03/2016	01/01/2017
Liechtenstein	21/11/2016	01/01/2017
Portugal	23/04/2017	01/01/2018
U.A.E.	01/08/2017	01/01/2018
Malta	27/09/2017	01/01/2018
Cyprus	11/01/2019	01/01/2020

Bilateral Tax Information Exchange Agreements

Since 2009, Andorra has signed Tax Information Exchange Agreements (TIEA) with 24 countries, including Spain and France.

Bilateral Tax Information Exchange Agreements

Germany	Spain	Italy	Portugal
Argentina	Finland	Liechtenstein	Republic of Korea
Australia	France	Monaco	Czech Republic
Austria	Greenland	Norway	San Marino
Belgium	Faroe Is.	Netherlands	Sweden
Denmark	Iceland	Poland	Switzerland

Taxes and duties currently in force

Corporate tax	10% (general rate)
 Direct tax on the income of legal persons. * Reduced tax for companies exploiting certain intangible assets. International double taxation is eliminated on income attributed to permanent establishments located abroad and deductions are established to eliminate domestic and International double taxation and for 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.	
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.	
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.	

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.).

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 - 2019	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.


Trademark Registry tax



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

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.

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

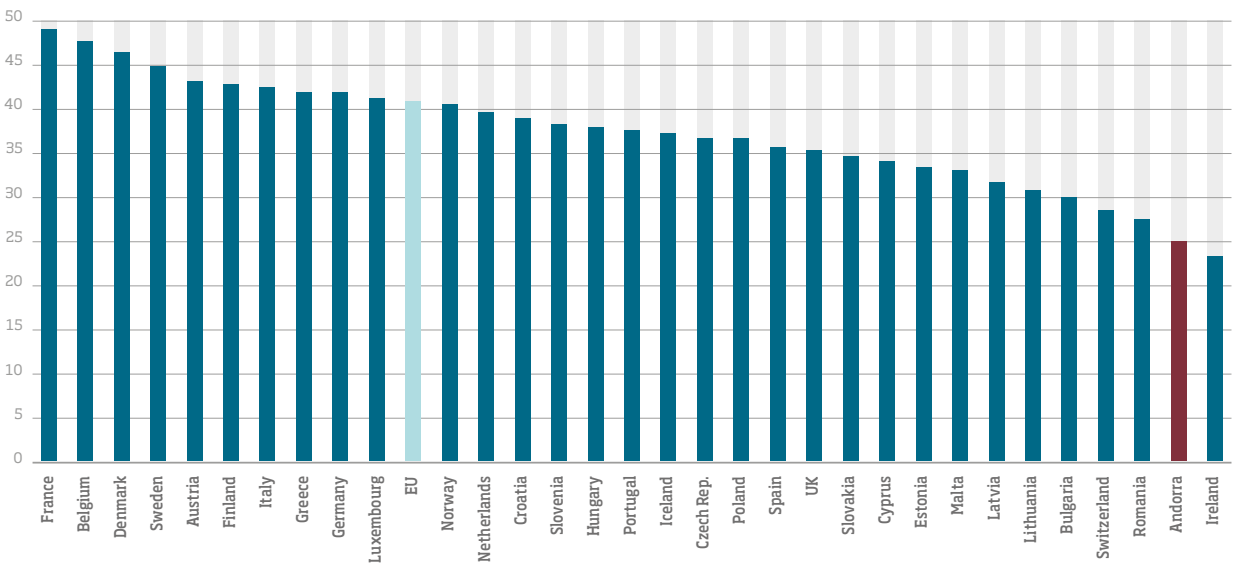
Tax burden

Since 2010, Andorra’s tax burden has increased consistently, partly linked to the progressive introduction of direct taxes, which culminated in 2015 with the introduction of Income Tax (IRPF).

In 2018, the tax burden reached 25% of GDP, under the accrual principle, representing an increase of 0.5 points since 2017, a trend that is largely associated with the improvement in the economic situation.

From a European perspective, Andorra’s tax burden is much lower than the European average of 40.3%.

Tax burden in European countries. 2018. As % of GDP



Source: Eurostat / Ministry of the Presidency, Economy and Business; Department of Statistics.





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.

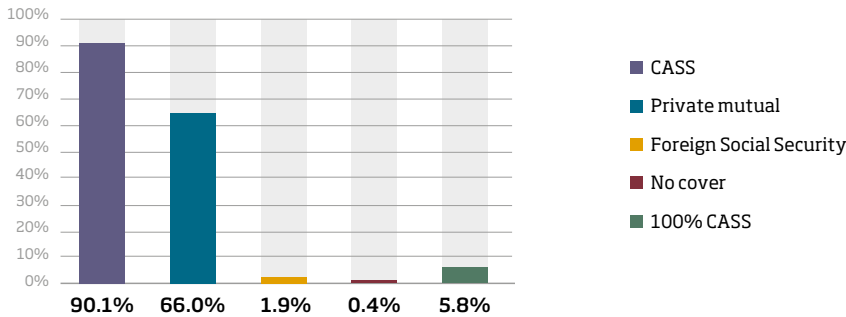
The contributions of employees and equivalent are charged 6.5% to the employee and 15.5% to the business. If they only pay the general branch under the law, contributions are charged 3% to the employee and 7% to the business. The self-employed pay 22% of the result of applying percentages based on net income from economic activities and turnover to the average global monthly wage declared by all employees to the CASS in the previous calendar year. If they only pay the general branch under the law, the contribution is 10% of the result of applying percentages based on net income from economic activities and turnover to the average global monthly wage declared by all employees to the CASS in the previous 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.

CASS refunds the services prescribed and dispensed by health service providers who have an arrangement with the CASS: up to 75% of approved rates for health costs, up to 90% of approved rates for hospital care costs, and up to 100% of rates for an occupational accident or illness, and for individuals covered by article 139.6 of the consolidated text of Law 17/2008 of 3 October on social security.

All workers
(employees and
self-employed)
must be
registered
with the CASS.

Population by type of health cover (2018)



Note: It is possible to hold more than one type of health cover (e.g. CASS and private mutual).
Source: Ministry of the Presidency, Economy and Business; Department of Statistics (LFS).

Public expenditure on Health

	2012	2013	2014	2015	2016	2017	2018
Public expenditure on Health*	103.9	101.3	105.4	111.1	116.2	124.2	127.7
% of GDP	4.2%	4.1%	4.2%	4.4%	4.5%	4.6%	4.7%
% of total Government expenditure**	22.8%	26.9%	28.0%	27.5%	27.9%	30.0%	29.4%
Expenditure per capita	1,489 €	1,447 €	1,494 €	1,549 €	1,590 €	1,660 €	1,677 €

Interannual variation

Expenditure per capita	-10.0%	-2.8%	3.2%	3.7%	2.6%	4.4%	1.0%
Public expenditure on Health*	-10.0%	-2.5%	4.1%	5.4%	4.6%	6.8%	2.9%

* Millions of euros.

** Without financial assets or liabilities.

Source: Ministry of Finance / Ministry of the Presidency, Economy and Business; Department of Statistics.



Immigration

Any foreigner working in the Principality must have a work permit. Once recruited by a national business, that business must process the appropriate permit through the Ministry of Justice and the Interior. Permits are granted by the Ministry based on a quota.

Immigration permits

	2010	2017	2018	Variation 2018/2017	% total 2018
Residence and work	34,313	34,080	34,980	2.6%	70.4%
Residence	7,179	8,029	8,138	1.4%	16.4%
Residence and work for educational staff	371	372	377	1.3%	0.8%
Total permits with residence	41,863	42,481	43,495	2.4%	87.6%
Cross-border	1,797	1,439	1,602	11.3%	3.2%
Temporary cross-border	32	65	49	-24.6%	0.1%
Temporary	2,831	3,820	4,170	9.2%	8.4%
Temporary for studies or research	35	124	109	-12.1%	0.2%
Temporary for workers from foreign businesses	207	115	175	52.2%	0.4%
Work without residence	--	64	59	-7.8%	0.1%
Total permits without residence	4,902	5,627	6,164	9.5%	12.4%
TOTAL	46,765	48,108	49,659	3.2%	100%

Residence permits by nationality

	2010	2017	2018	Variation 2018/2017	% total 2018
Spanish resident	23,037	23,932	24,372	1.8%	49.1%
French resident	3,797	3,725	3,769	1.2%	7.6%
Portuguese resident	12,651	10,841	10,760	-0.7%	21.7%
Other nationality resident	7,280	9,610	10,758	11.9%	21.7%
TOTAL	46,765	48,108	49,659	3.2%	100%

Note: Figures on 31 December of the relevant year.
Source: Ministry of 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, at least four hundred thousand euros (400,000 euros) in one of the classes of assets and deliver a non-interest-bearing deposit of fifty thousand euros (50,000 euros) to the Andorran Financial Authority. 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.

Free, excellent education for all

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 deliver a non-interest-bearing deposit of fifty thousand euros (50,000 euros) to the Andorran Financial Authority. 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 deliver a non-interest-bearing deposit of fifty thousand euros (50,000 euros) to the Andorran Financial Authority. 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.

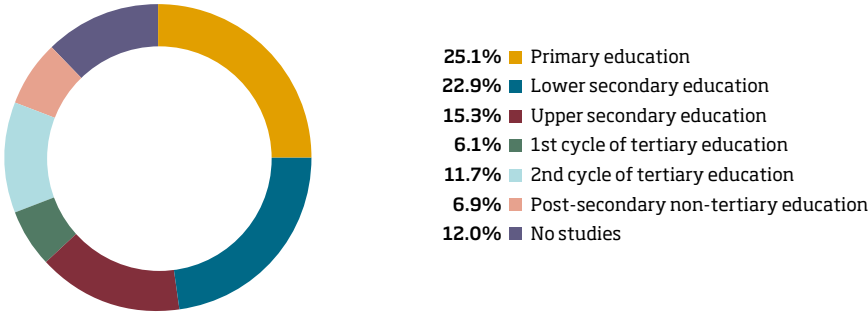
An
attractive
residence for
foreigners

Education

100% of children aged 4-16 are in education, which is free up to the end of secondary education. The Andorran school population in the 2017-2018 academic year was 11,042 students.

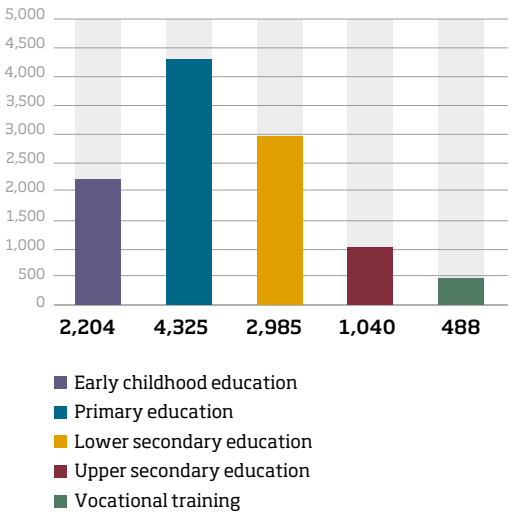
In Andorra, there is a choice of three educational systems (up to the end of secondary school): the Andorran System, wholly dependent on the Andorran Government; the Spanish System, lay and congregational, dependent on the Spanish Government; and the French System, which depends directly on the French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

Population of Andorra by level of studies 2018

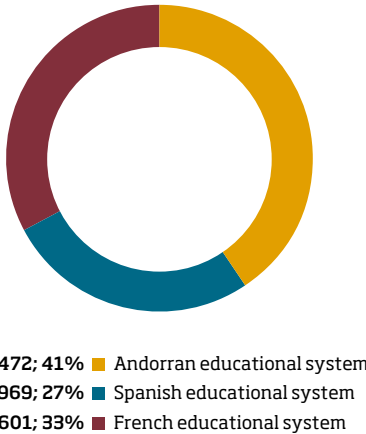


Source: Ministry of the Presidency, Economy and Business; Department of Statistics (HBS).

School students by level, 2017-2018 academic year



School students by educational system, 2017-2018







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

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) (**).
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.

3

Andorra, an advanced economy



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 in Andorra is the financial sector, due to its major contribution to Andorran GDP (the finance and insurance sector represent about 20%), with the banking system at its core. The latter, with assets under management of 44,925 million euros in 2018, and excellent solvency and liquidity ratios, guarantees the good performance of the Andorran financial system and its consolidation in both the domestic and foreign market.

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 Andorra towards a new socio-economic cycle in which **foreign investment** and the **internationalisation of national companies** will form new pillars for the economy, which saw GDP of 2,742 million euros in 2018, putting per capita GDP at €35,995.65, 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.

An open,
flexible and
competitive
economy based
on services

GDP & GVA

Andorran GDP in 2018 reached 2,742 million euros in nominal terms, 2.5% more than the GDP recorded at the end of 2017 (2,674.1 million euros). In real terms, the value of GDP in 2018 rose to 2,002.8 million euros, a figure that represents an increase of 1.6% in comparison with GDP in 2017. The real GDP growth in Andorra in 2018 can be explained by the positive trend in GVA in the sectors of construction (+5.8%) and services (+2.1%), whereas industry saw a fall in GVA of 0.7% and agriculture made a minimal contribution due to its low percentage of GVA and a very slow increase in activity compared with 2017 (+0.4%).

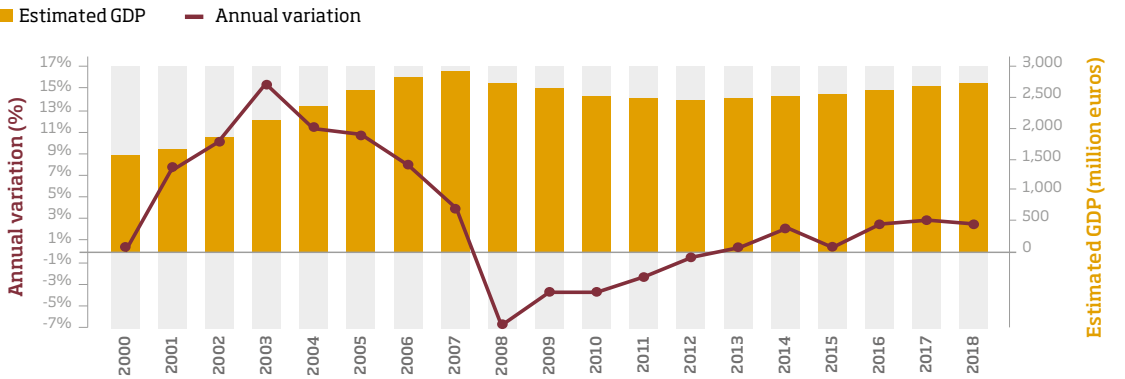
In detail, the branches of the service sector (together representing 88.3% of total GVA in the Andorran economy) saw a generally positive trend, led by the recovery in activity linked to tourism. Broken down, the growth in services was mainly driven by the subsector of Commerce, hotels & catering, transport, information and communications, which saw the most notable increase, of 3.6% year-on-year, one point more than in 2017. This dynamic was partly favoured by the increase in the numbers of visitors and also the good performance in residents’ consumption. In contrast, the subsector of Public administration, education, health, social and personal services saw real growth of 1.5%, slower than in the previous year (1.9%). Finally, the subsector of Financial, real estate, professional and technical activities saw the slowest growth, 1.1%, very similar to the previous year (1.2%).

GDP (real variation rates)

	2017 (Semi-definitive)	2017				2018 (Advance)	2018			
		I	II	III	IV		I	II	III	IV
GDP	1.7%	1.2%	1.4%	1.8%	2.6%	1.6%	1.1%	1.2%	1.7%	2.5%
GVA by sector										
Agriculture	-0.1%	1.5%	0.1%	-0.3%	-1.5%	0.4%	-0.6%	1.0%	0.4%	1.0%
Industry	1.0%	4.6%	-0.4%	-0.3%	-0.1%	-0.7%	-0.9%	-0.5%	-0.5%	-0.9%
Construction	4.2%	1.9%	5.0%	4.9%	5.0%	5.8%	6.1%	5.2%	5.7%	6.1%
Services	1.8%	1.0%	2.4%	2.0%	1.9%	2.1%	2.1%	2.0%	2.0%	2.1%
Commerce, Hotels & Catering, Transport, Information & Communications	2.6%	1.5%	3.2%	3.1%	2.4%	3.6%	3.2%	3.9%	3.7%	3.6%
Finance, Estate Agencies, Professionals & Experts	1.2%	-0.3%	2.0%	1.5%	1.6%	1.1%	1.6%	0.6%	1.0%	1.1%
Public Administration, Education, Health, Social & Personal Services	1.9%	2.9%	1.9%	1.5%	1.5%	1.5%	1.4%	1.7%	1.5%	1.6%
Non-financial GVA	3.1%	3.3%	3.2%	3.0%	2.8%	2.7%	2.9%	2.6%	2.5%	2.6%

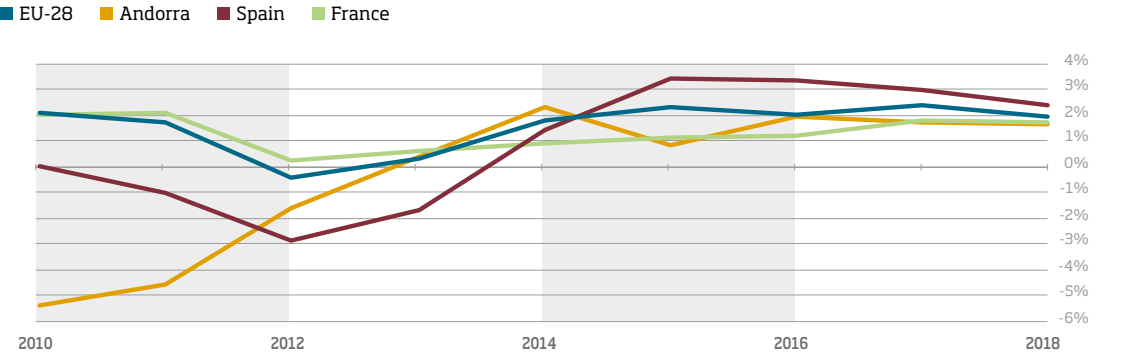
Source: Ministry of the Presidency, Economy and Business; Department of Statistics.

Evolution of estimated nominal GDP (2000 - 2018)



Source: Ministry of the Presidency, Economy and Business; Department of Statistics.

Trend in GDP (2010-2018)



Source: Eurostat / Ministry of the Presidency, Economy and Business; Department of Statistics.

Country ratings

Standard & Poor’s

	2004	2008	2012	2016	2018
Long-term	AA	AA-	A-	BBB-	BBB
Prospect	Stable	Negative	Negative	Stable	Stable
Short-term	A-1+	A-1+	A-1	A-3	A-2

Fitch

	2016	2017	2018
Long-term	BBB	BBB	BBB+
Prospect	Positive	Positive	Stable
Short-term	F3	F3	F2

Source: Ministry of Finance.



A young population,
open to immigration

Population

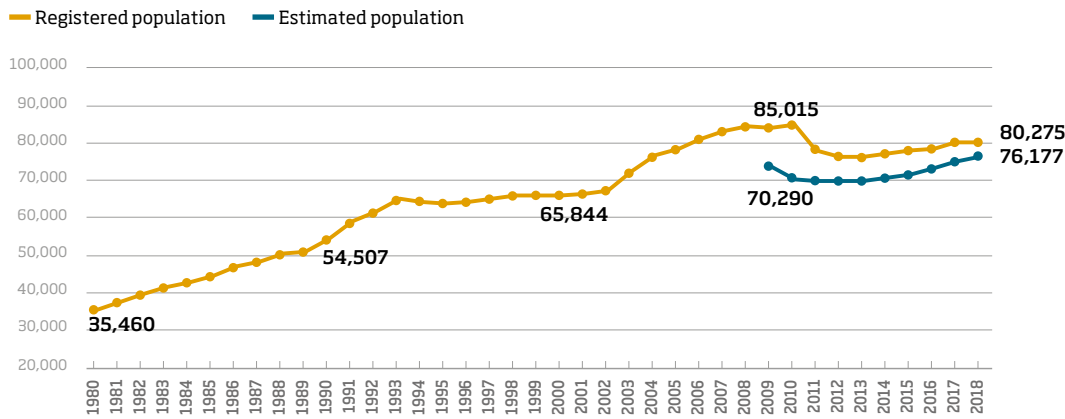
The total population estimated by the Department of Statistics is 76,177, of which approximately half - 37,144 - are Andorrans. The other 39,033 are foreigners, mostly from Spain (49%), Portugal (23.5%) and France (8.6%), who mostly arrived between the early 1960s and 1993. Subsequently, there was a period of four years when immigration stopped. Then it revived from 1998, though at a slower rate than in the previous period. This migratory flow stopped again in 2009-2010 due to the international economic crisis that also affected Andorra.

In 2018, the population registered in the parish censuses of the Principality of Andorra was 80,275 (80,209 in 2017). Growth in the number of Andorrans has boosted total demographic growth, with an average annual increase of +2.7% since 2000.

From 2011-2013, there was a fall in the registered population due to the administrative process of *cleansing* the population census registers, carried out by the parish councils.

From 2014, both the registered and estimated population began to grow, favoured by a more positive economic context.

Registered and estimated population



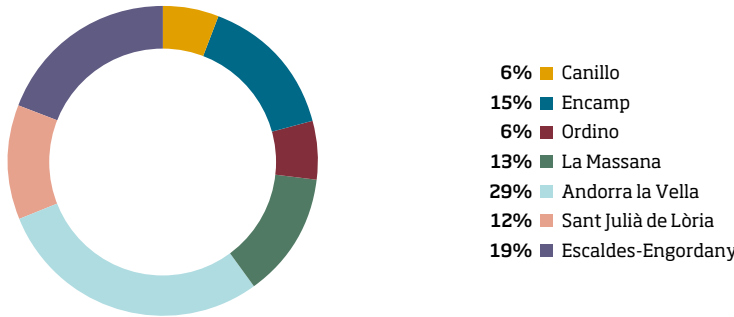
Source: Parish censuses / Ministry of the Presidency, Economy and Business; Department of Statistics.

3. Andorra, an advanced economy

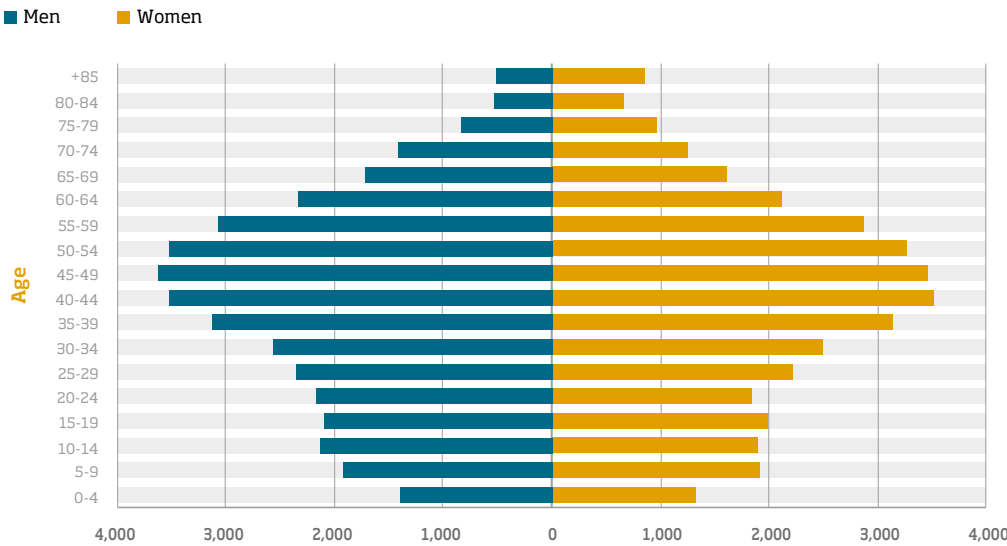
Andorra
in figures
2019

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

Distribution of estimated population by parish (2018)



Structure of the estimated population by age and sex (2018)



Source: Ministry of the Presidency, Economy and Business; Department of Statistics.



Estimated population by nationality

	2018	% total 2018
Andorran	37,144	48.8%
Spanish	19,131	25.1%
Portuguese	9,175	12.0%
French	3,339	4.4%
Argentine	728	1.0%
British	702	0.9%
Russian	589	0.8%
Philippine	458	0.6%
Italian	445	0.6%
Moroccan	383	0.5%
Brazilian	327	0.4%
German	208	0.3%
Peruvian	206	0.3%
Chilean	204	0.3%
Netherlands	185	0.2%
Belgian	175	0.2%
Colombian	174	0.2%
Chinese	133	0.2%
Cuban	109	0.1%
Ukrainian	108	0.1%
Dominican	103	0.1%
Mexican	97	0.1%
Other nationalities	2,054	2.7%
TOTAL	76,177	100%

Andorran birth and fertility rates are below the European average. Equally, the death rate is much lower than European rates, which can largely be explained by the fact that many immigrants return to their home country at the end of their lives. Consequently, the proportions of young population (up to 14) and old population (65 and above) in Andorra are lower than European averages, while the average age of the Andorran population - 41 - is also lower than European averages.

The average age of
the Andorran
population is 41,
lower than
European averages.

Source: Parishes / Ministry of the Presidency, Economy and Business; Department of Statistics.

Demographic indicators

2018	Andorra	EU-28	France	Spain
Natural growth rate (‰)	2.7	-0.7	2.2	-1.2
Birth rate (‰)	7.1	9.7	11.3	7.9
Death rate (‰)	4.4	10.4	9.2	9.1
Total fertility rate (children per woman) ⁽¹⁾	1.03	1.59	1.90	1.31
Average age of population	41.0	43.1	41.6	43.6
Population up to the age of 14 (% of total)	13.9	15.6	18.1	15.0
Population aged 65 and above (% of total)	13.6	19.7	19.7	19.2
Average age of maternity ⁽¹⁾	33.2	30.7	30.6	32.1

Note: Andorran rates are calculated on the basis of the estimated population.
(1) 2017 for the EU-28, France and Spain.

Source: Eurostat / Ministry of the Presidency, Economy and Business. Department of Statistics.



A flexible
job market

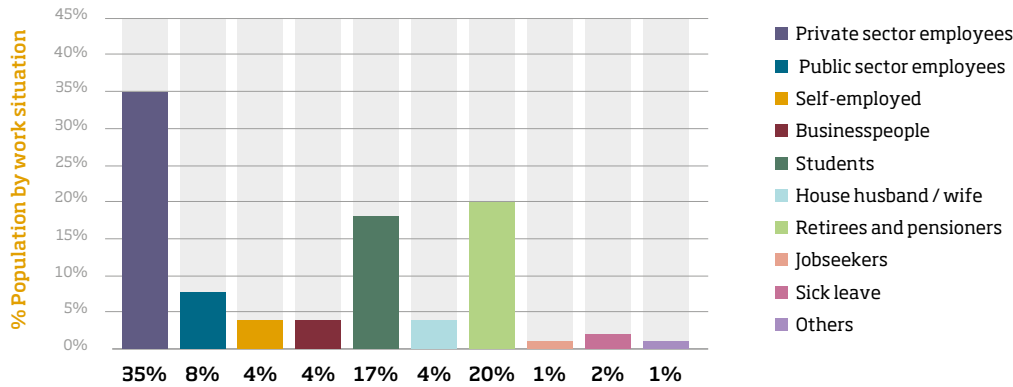
Labour market

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 2018 data, 43% are employees and 8% are businesspeople or self-employed, while the percentage of unemployed is relatively low - 1% of the population was looking for work in 2018.

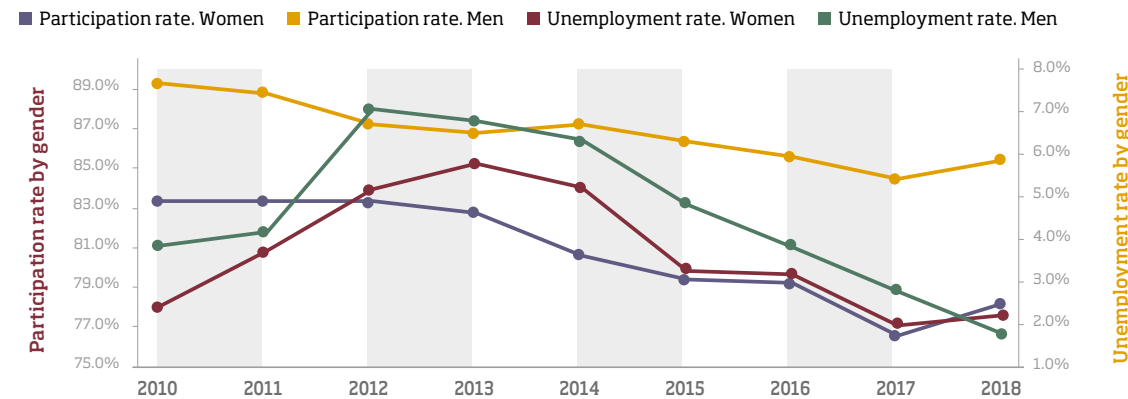
Distribution of population by work situation (2018)



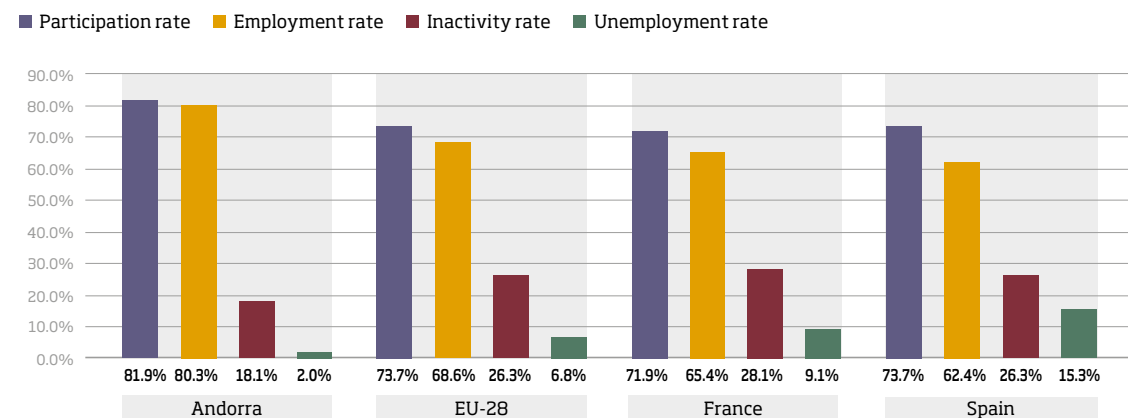
Source: Ministry of the Presidency, Economy and Business; Department of Statistics (HBS / LFS).

Labour Force Survey

	2010	2015	2017	2018
Participation rate aged 15-64	86.4%	82.9%	80.6%	81.9%
Active population aged 15-64	44,333	42,757	43,622	45,259
Inactivity rate aged 15-64	13.6%	17.1%	19.4%	18.1%
Inactive population aged 15-64	6,978	8,819	10,499	10,002
Unemployment rate aged ≥ 15	3.2%	4.1%	2.4%	2.0%
Unemployment	1,452	1,790	1,066	929
Employment rate	83.5%	79.5%	78.7%	80.3%
Employment	42,845	41,003	42,593	44,375



Labour Force Survey by countries (2018)



Source: Ministry of the Presidency, Economy and Business; Department of Statistics (LFS).

In 2018, the unemployment rate in the Andorran population aged ≥ 15 was at historic lows, at 2%. In comparison with other European countries, this and the inactivity rate (18.1%) are much lower than the European averages. The participation rate and employment rate of the Andorran population aged 15-64 is 81.9% and 80.3%, respectively, much higher than the European averages, specifically 8.2 points and 11.7 percentage points higher, respectively.

Employees by sector

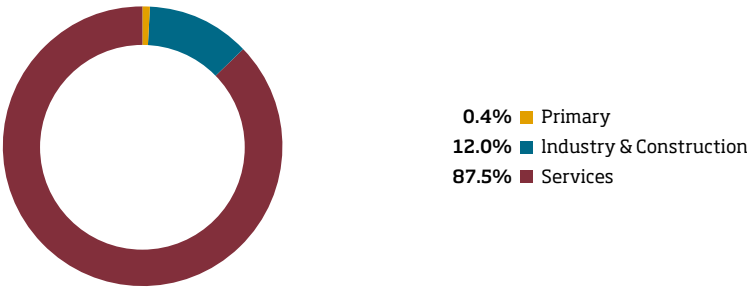
Number of employees

	2005	2010	2015	2018	Variation 2018/2017	% total 2018
Agriculture, livestock, hunting and forestry	146	148	164	164	-1.4%	0.4%
Industry	1,783	1,667	1,434	1,443	0.5%	3.7%
Production & distribution of electricity, gas and water	149	158	157	173	2.8%	0.4%
Construction	6,723	4,491	2,758	3,063	6.5%	7.9%
Commerce & vehicle repairs	11,142	9,732	8,667	8,851	0.2%	22.8%
Hotels & catering	5,635	4,862	4,553	5,092	2.7%	13.1%
Transport & communications	1,228	1,154	1,056	1,280	4.2%	3.3%
Financial system	1,515	1,661	1,960	1,873	0.3%	4.8%
Real estate & business services	3,885	4,078	4,358	5,452	9.1%	14.0%
Public administration & social security	3,821	4,355	4,405	4,444	1.5%	11.4%
Education	536	563	552	599	2.7%	1.5%
Health & veterinary activities, social services	1,349	1,669	1,807	2,076	3.6%	5.3%
Other social activities & personal services	2,335	2,398	2,655	3,005	4.7%	7.7%
Other activities	1,482	1,614	1,402	1,335	-0.7%	3.4%
TOTAL	41,727	38,552	35,928	38,848	3.0%	100%

Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.

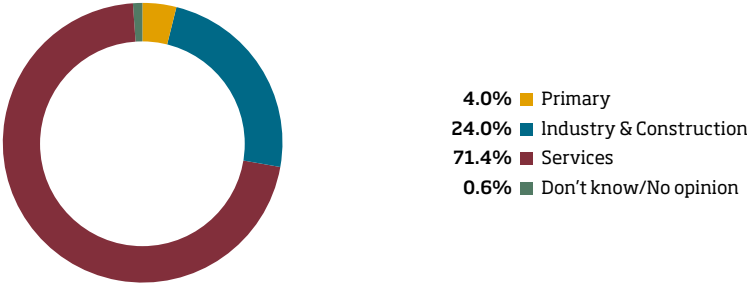
The number of employees was 38,848 in 2018. By major sectors of activity, Services is the largest with 87.5% of employees; followed by Construction (7.9%) and Industry (4.2%). The primary sector only represents 0.4% of employees. Among the tertiary activities, the percentage of those working in Commerce stands out (22.8% of total employees) and in activities directly related to tourism, such as Hotels & catering (13.1%). Also notable is the percentage of employees in Public administration and Real estate, rentals and business services - at 11.4% and 14%, respectively - and activities in the social field (Education, Health and Other social services) which together represent 14.6% of total employees in Andorra.

Distribution of employees by sectors in Andorra (2018)



Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.

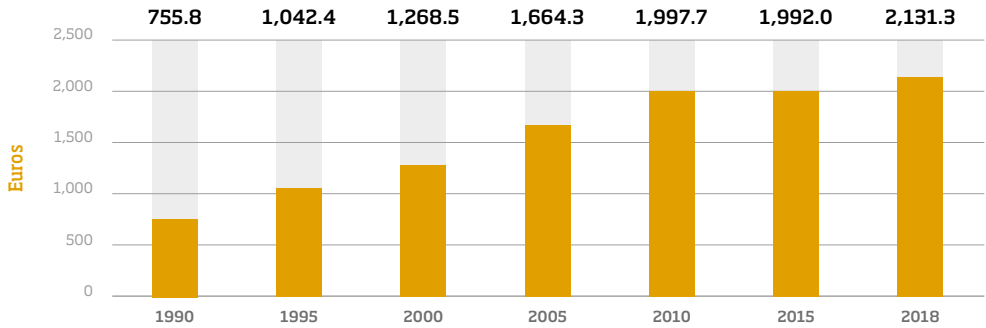
Distribution of employees by sectors in EU-28 (2018)



Source: Eurostat.

Wages

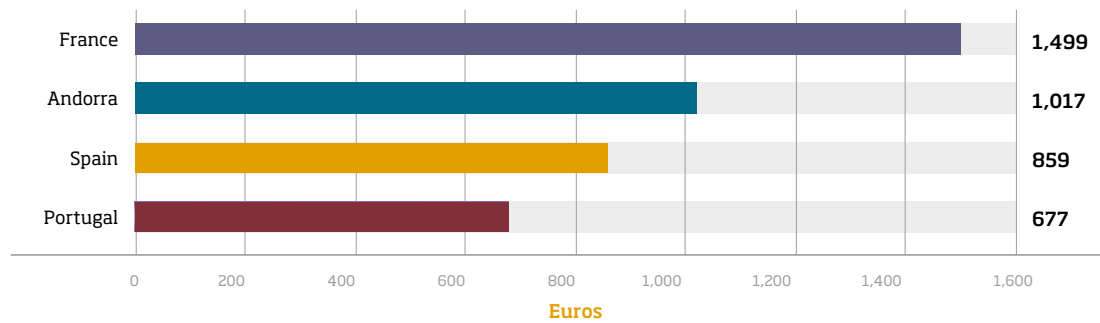
Average wage (1990-2018)



Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.

The Government fixes the minimum interprofessional wage (SMI) periodically each year, at least once a year.

Minimum wage 2018



Source: Eurostat / Ministry of the Presidency, Economy and Business; Department of Statistics.



Inflation in line with the European

Consumer prices

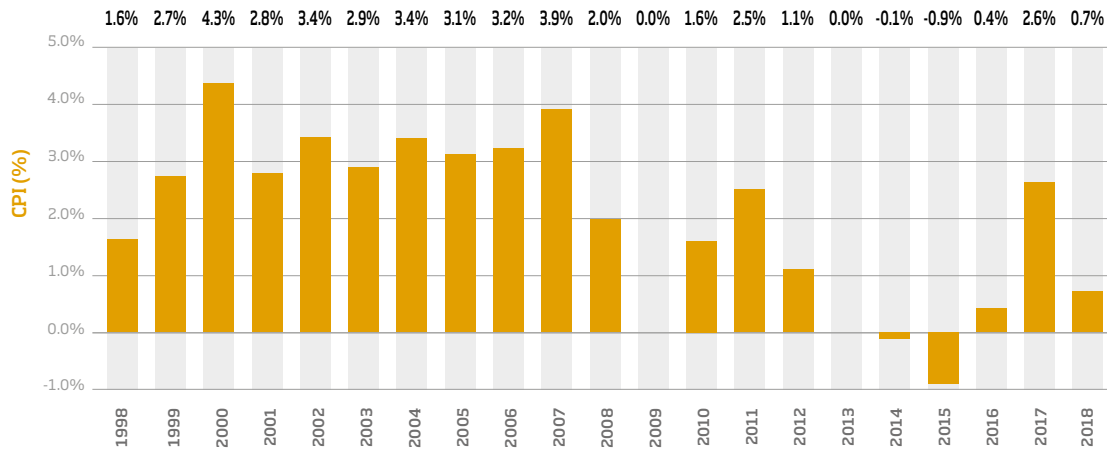
Consumer price index (CPI)

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.

Changes in consumer prices in Andorra in 2018 were marked by moderation. Inflation ended 2018 at an annual rate of +0.7%, lower than in 2017. This trend of contained prices can be explained by slower rises in energy prices and the slow, progressive improvement in economic activity. Compared with other countries in the region, Andorra's inflation figure was lower than that of the whole Eurozone (+1.8% harmonised inflation) and the French index (+2.1%). It was also 1 point lower than in Spain (+1.7%), the source of most consumer goods.

For its part, underlying inflation, which excludes the most volatile components - fresh food and energy products - shrank five tenths since the previous year, to reach +0.4%.

CPI evolution in Andorra (1998 - 2018)



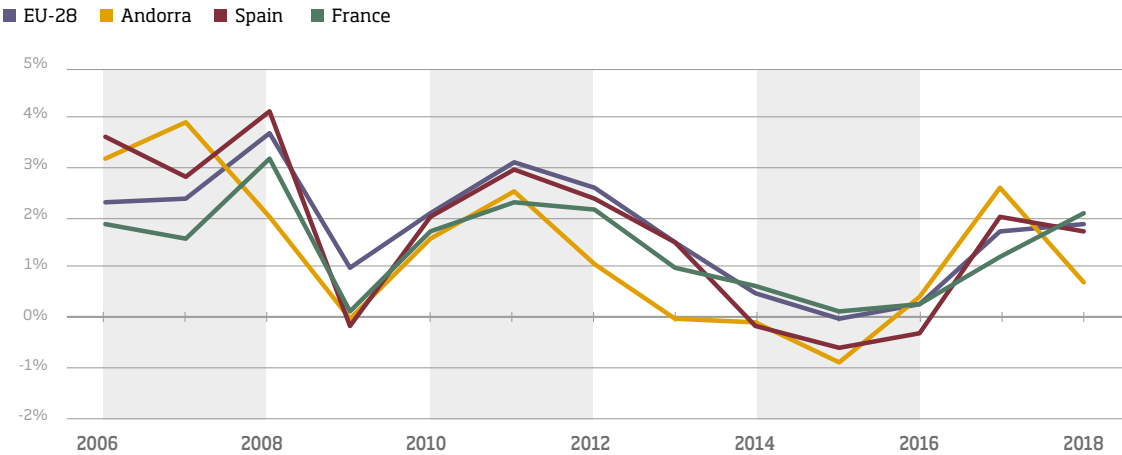
Source: Ministry of the Presidency, Economy and Business; Department of Statistics.

CPI - groups of activities

	Weightings 2018	Annual variations 2018
Food & non-alcoholic beverages	1,951	1.6%
Alcoholic beverages & tobacco	176	1.5%
Clothing & footwear	670	-
Housing, water, gas, electricity & other fuels	2,046	1.5%
Furniture, household goods & services	382	-0.2%
Health	213	1.7%
Transport	1,739	-1.5%
Communications	436	-1.0%
Leisure, shows & culture	534	-0.9%
Education	36	0.9%
Hotels & catering	584	1.7%
Miscellaneous goods & services	1,233	-
General index	10,000	0.7%
Underlying inflation	8,630	0.4%
Oil products	534	-
Services	469	-

Source: Ministry of the Presidency, Economy and Business; Department of Statistics.

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



Source: Eurostat / Ministry of the Presidency, Economy and Business; Department of Statistics.

Property transfers

In 2018, the volume of property transfers increased 9.4% from 2017, to reach the figure of 5,537 sales. By type, of the total number of transfers, 5,416 related to second-hand properties (97.8% of the total) and 121 to new build properties.

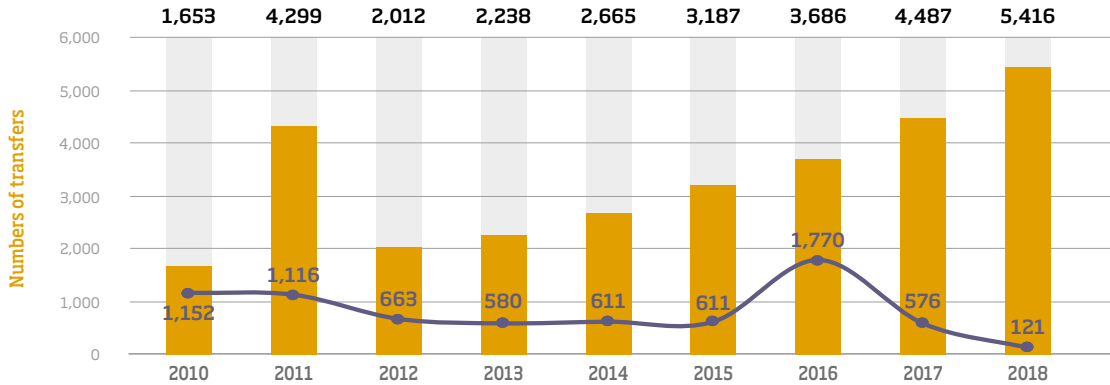
The parishes with the greatest number of property sales were Canillo and Encamp, with 23.5% and 21.7% of the total, respectively. In contrast, Sant Julià de Lòria and Ordino saw a lower volume of transactions, 4.8% and 6.5% of the total, respectively.

Property transfers per parish

	2010	2015	2017	2018	Variation 2018/2017	% total 2018
Canillo	785	710	1,125	1,302	15.7%	23.5%
Encamp	438	485	1,027	1,202	17.0%	21.7%
Ordino	227	324	418	359	-14.1%	6.5%
La Massana	447	605	904	1,017	12.5%	18.4%
Andorra la Vella	439	732	591	775	31.1%	14.0%
Sant Julià de Lòria	121	303	265	266	0.4%	4.8%
Escaldes - Engordany	348	639	733	616	-16.0%	11.1%
TOTAL	2,805	3,798	5,063	5,537	9.4%	100%

Property transfers

■ Second-hand ■ New build

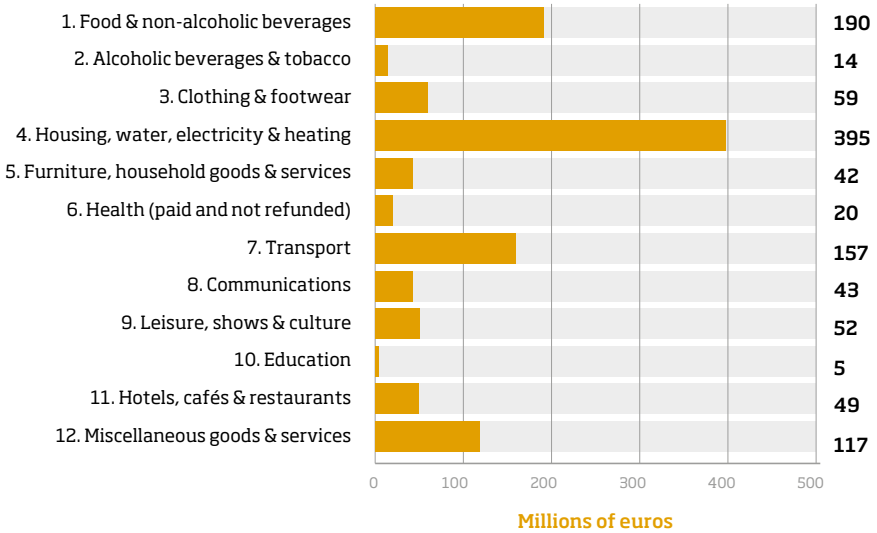


Source: Ministry of the Presidency, Economy and Business; Department of Statistics.

Household Budget Survey

	2015	2016	2017	2018	Variation 2018/2017
Total expenditure	€1,206,264,494	€1,224,016,331	€1,263,747,223	€1,311,522,748	3.8%
Expenditure per capita	€16,816	€16,743	€16,896	€17,217	1.9%
Expenditure per household	€38,572	€37,749	€37,427	€37,734	0.8%

National consumption by group 2018



Source: Ministry of the Presidency, Economy and Business; Department of Statistics. (HBS).

Total expenditure by households resident in the Principality on goods and services for own consumption increased 3.8% in 2018, compared with the previous year, as did the average spending per capita (+1.9%). Following this trend, average spending per household increased 0.8% to reach an average of €37,734.

Andorran households spend more than half of their annual budget on food, clothing and, above all, housing.

Public sector

Central Government

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 *Comú* governments together handled 568 million euros of expenditure in 2018, to which can be added the expenditure of the CASS and the Pension Reserve Fund of nearly 305 million euros, that of semi-public entities, public law entities and other bodies¹ of more than 78 million euros, and that of state-owned enterprises² of more than 23 million euros.

The main source of state revenue is indirect tax, which represents 66.7% of total non-financial revenue. Revenue from direct tax has grown significantly in recent years due to new tax forms that began to be applied in 2012. Accordingly, the share of this entry in 2018 rose to 19.5% of total non-financial income. As for expenditure, the central Government spends about 90% of non-financial resources on current expenditure (personnel, consumption of goods and services, transfers, etc.). The rest is spent on real investment (8.8%) and capital transfers (1.7%).

Budget settlement

	2005	2010	2015	2018*
Cash budget result (million €)	-40.8	-52.9	-13.3	-2.2
Level of execution in non-financial expenditure	96.3%	101.5%	95.0%	96.0%
Level of execution in non-financial revenue	98.0%	85.0%	97.9%	102.0%

Expenditure (million €)

Current expenditure	175.6	233.6	300.2	389.1
Capital expenditure	121.0	123.3	103.9	45.4
Debt repayment & asset acquisition	188.3	246.6	389.7	237.5

Revenue (million €)

Revenue from taxes & duties	232.1	293.1	366.2	398.1
Other revenue	23.7	10.9	24.6	34.3
Debt & financial asset acquisition	260.2	338.3	386.3	235.0

* The 2018 budget settlement is provisional.

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).

Low burden
of public
administration

Local Government (Communes)

In the case of the *Comú* governments, total settled non-financial revenue reached the figure of 156.9 million euros in 2018. By chapters, capital transfers are still the most important entry with 26.4% of total non-financial revenue, and the chapter of taxes and other revenue is the most important current income entry at 28.1%. As for expenditure, investment represents about 29.3% of total non-financial expenditure, while personnel costs (36.4%) and consumption of goods and services (29%) absorb another large part of *Comú* resources.

Budget settlement

	2005	2010	2015	2018
Cash budget result (million €)	2.4	19.1	22.9	23.4
Level of execution in spending	87.2%	83.9%	95.4%	94.7%
Level of execution in revenue	99.4%	91.7%	104.3%	110.0%

Expenditure (million €)

Current expenditure	80.2	99.5	88.2	94.2
Capital expenditure	43.3	15.1	21.4	39.4
Debt repayment & asset acquisition	19.7	14.7	15.9	19.9

Revenue (million €)

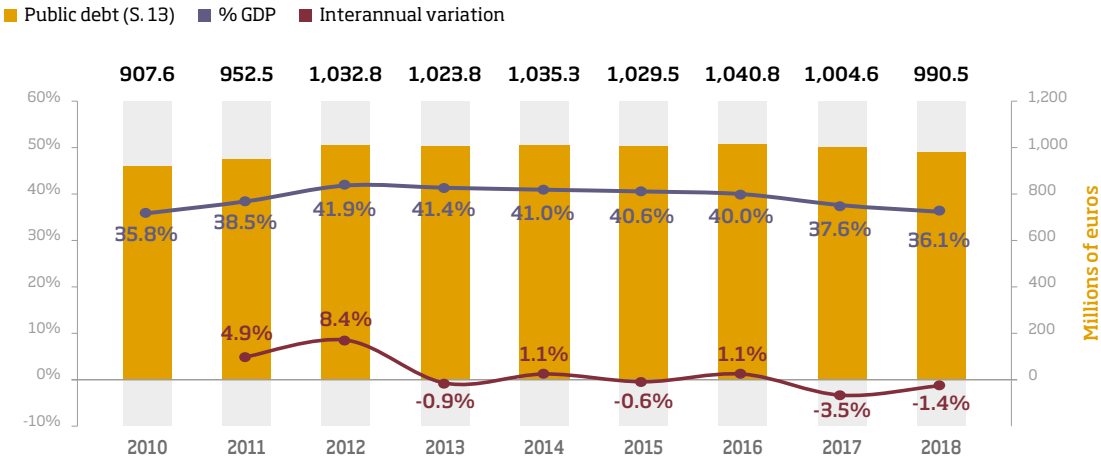
Revenue from taxes & duties	58.2	69.9	62.5	80.7
Other revenue	67.7	63.9	70.1	76.3
Debt & financial asset acquisition	9.7	0.0	4.0	5.0

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

Source: Communes.

In 2018, the total public administration debt was 990.5 million euros. This is the equivalent of 36.1% of GDP and is 1.4% lower than the debt figure in 2017 (1,004.6 million euros). The debt-to-GDP ratio has fallen progressively since 2012, when it reached the highest percentage of 41.9%.

Public debt

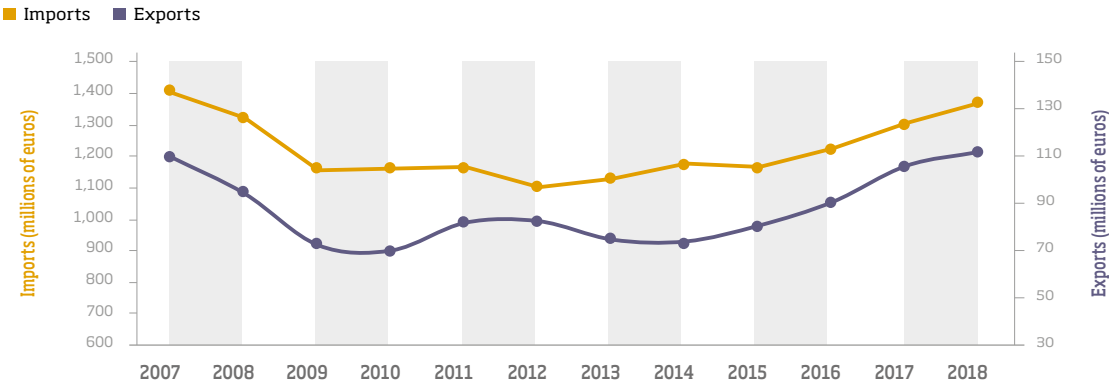


Source: Ministry of Finance; Budget & Assets Department.

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.

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.

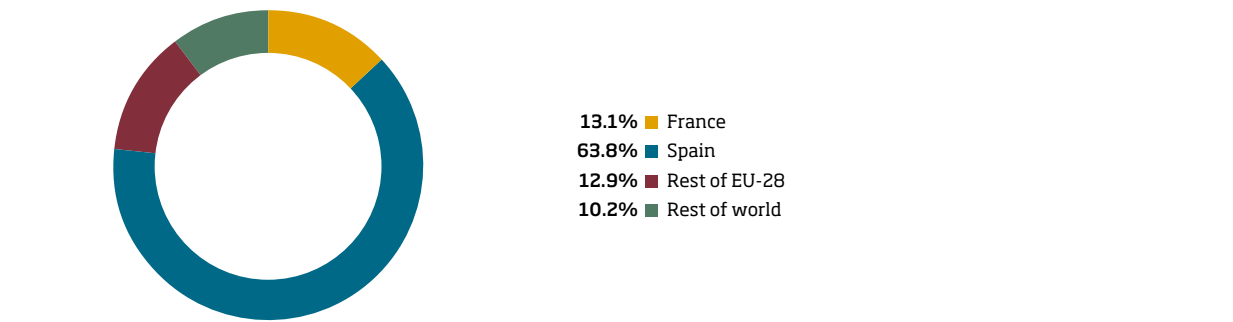


Source: Ministry of Finance; Department of Tax and Frontiers.



An economy that is
open to the world

Geographical distribution of imports (2018)

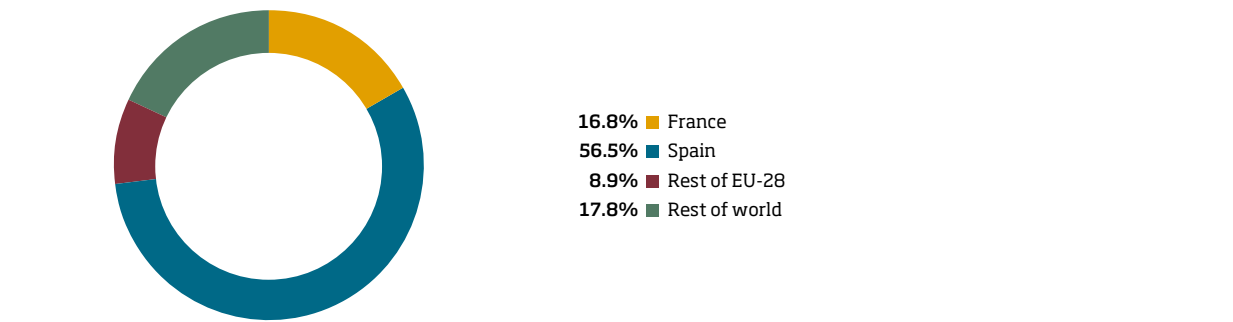


Imports of goods (euros)

	2005	2010	2015	2017	2018	Variation 2018/2017	% total 2018
Food	180,598,454	166,745,809	176,404,958	192,172,429	195,177,859	1.6%	14.3%
Beverages & tobacco	97,666,399	90,860,719	99,779,730	107,579,633	108,483,995	0.8%	7.9%
Industrial	158,184,246	113,039,531	118,569,404	130,377,912	142,465,854	9.3%	10.4%
Fuel	66,014,202	117,361,452	103,966,591	100,958,078	114,827,781	13.7%	8.4%
Pharma & Perfumery	122,721,956	112,493,370	117,153,413	131,416,928	135,584,962	3.2%	9.9%
Clothing & footwear	184,335,860	171,947,434	154,942,515	161,227,854	158,078,114	-2.0%	11.6%
Construction	91,414,518	57,172,580	41,969,607	43,971,073	66,590,241	51.4%	4.9%
Jewellery	43,826,457	30,121,780	42,087,018	57,898,885	39,456,473	-31.9%	2.9%
Miscellaneous	123,342,707	98,039,836	86,366,394	99,874,616	118,176,393	18.3%	8.6%
Electronics	214,489,082	116,000,900	108,736,701	116,802,751	112,112,346	-4.0%	8.2%
Transport	166,881,653	85,798,644	118,561,037	165,216,071	177,642,361	7.5%	13.0%
TOTAL	1,449,475,534	1,159,582,055	1,168,537,366	1,307,496,228	1,368,596,379	4.7%	100%

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

Geographical distribution of exports (2018)



Exports of goods (euros)

	2005	2010	2015	2017	2018	Variation 2018/2017	% total 2018
Food	32,679,797	467,709	239,558	263,018	208,991	-20.5%	0.2%
Beverages & tobacco	437,442	110,218	544,045	456,477	408,017	-10.6%	0.4%
Industrial	14,078,234	6,230,094	6,127,054	9,161,661	11,282,817	23.2%	10.1%
Fuel	1,593	1,199	35,916	8,955	14,907	66.5%	0.0%
Pharma & Perfumery	3,465,589	1,910,772	740,216	1,535,400	3,170,810	106.5%	2.8%
Clothing & footwear	7,062,949	9,769,162	9,588,383	9,595,896	11,259,360	17.3%	10.0%
Construction	4,473,974	6,224,193	5,471,661	5,504,265	5,415,426	-1.6%	4.8%
Jewellery	3,647,787	4,173,360	8,769,760	13,589,307	11,099,504	-18.3%	9.9%
Miscellaneous	9,535,505	4,864,551	6,632,107	8,799,265	9,285,695	5.5%	8.3%
Electronics	34,402,523	26,068,891	26,981,983	36,294,160	39,903,720	9.9%	35.6%
Transport	20,293,380	10,079,689	15,474,319	21,014,996	20,196,431	-3.9%	18.0%
TOTAL	130,078,773	69,899,839	80,605,001	106,223,401	112,245,679	5.7%	100%

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

A Predominance of micro, small and medium-sized enterprises

Business structure

Andorra has 8,774 businesses which employ a total of 38,848 people. The analysis of sectoral distribution shows that services comprise a very high percentage of the Andorran business system (86.7% of businesses and 87.5% of employees in 2018), higher than in all European developed countries. Construction is the second largest sector with 7.2% of businesses and 7.9% of employees, while industry and primary activities have a much smaller percentage.

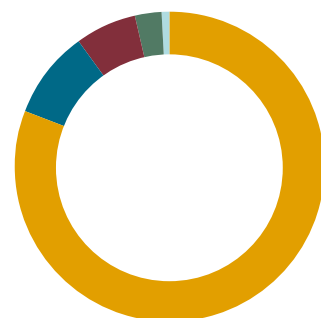
Discounting public administration, with 37 businesses and 4,444 employees, the average size of an Andorran private business is 3.8 employees.

The predominance of service businesses, of a smaller size on average, means that 80.9% of businesses have a workforce of between one and five employees, while only 0.7% have more than a hundred employees.

Number of businesses by sector in December

	2016	2017	2018	% total 2018
Primary	232	228	226	2.6%
Industry & Energy	303	303	309	3.5%
Construction	638	635	632	7.2%
Services	6,878	7,242	7,607	86.7%
Total number of businesses	8,051	8,408	8,774	100%

Distribution of businesses by number of workers (2018)



Source: CASS.

Number of employees by sector (average)

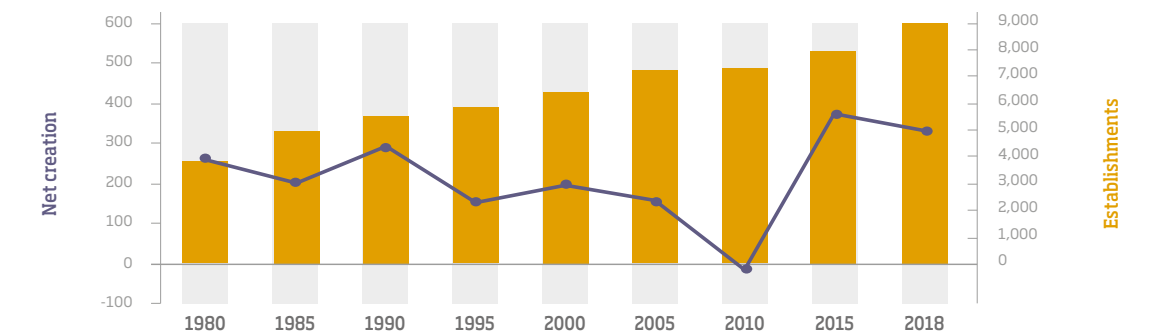
	2016	2017	2018	% total 2018
Primary	171	167	164	0.4%
Industry & Energy	1,615	1,604	1,616	4.2%
Construction	2,816	2,875	3,063	7.9%
Services	32,001	33,061	34,007	87.5%
Total number of employees	36,604	37,705	38,848	100%

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.

Establishments (1980 - 2018)

■ Number of establishments ■ Net creation of establishments



Establishments by sector

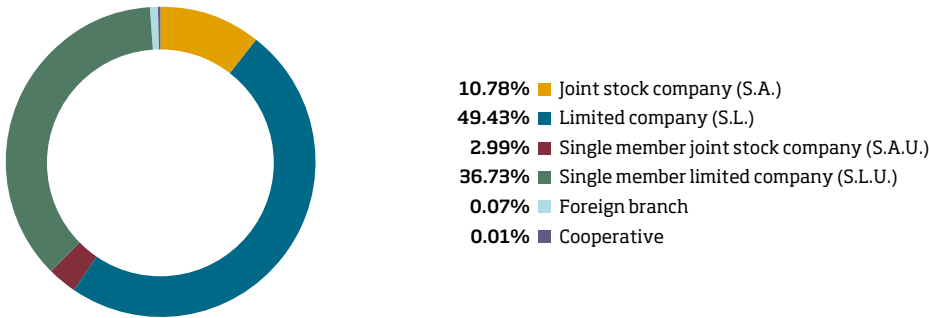
	2016	2017	2018	Variation 2018/2017
Agriculture, livestock, hunting & forestry	46	46	49	6.5%
Manufacturing and extraction industries	363	376	393	4.5%
Production & distribution of electricity, gas & water	5	6	6	0.0%
Construction	782	795	809	1.8%
Commerce & motor vehicle repairs	2,832	2,880	2,911	1.1%
Hotels & catering	1,002	1,029	1,037	0.8%
Transport, storage & communications	415	429	433	0.9%
Financial system	172	178	178	0.0%
Real estate & rental activities; business services	1,896	2,187	2,397	9.6%
Education	107	120	131	9.2%
Health & veterinary activities, social services	203	212	214	0.9%
Other social activities and services to the community	524	579	612	5.7%
TOTAL	8,347	8,837	9,170	3.8%

Source: Ministry of the Presidency, Economy and Business; Commerce & Inspections Service.

Active companies

	2010	2015	2017	2018	Variation 2018/2017
Joint stock company (S.A.)	1,243	1,156	1,151	1,158	0.6%
Limited company (S.L.)	3,889	4,527	5,038	5,311	5.4%
Single member joint stock company (S.A.U.)	313	313	316	321	1.6%
Single member limited company (S.L.U.)	1,424	2,689	3,564	3,946	10.7%
Foreign branch	0	4	7	7	0.0%
Cooperative	0	1	1	1	0.0%
TOTAL	6,869	8,690	10,077	10,744	6.6%

Active companies by legal form (2018)



Source: Ministry of the Presidency, Economy and Business; Companies Registry.



Structural statistics on non-financial businesses.
Period 2012-2015

The operating revenue and expenditure of businesses have followed a rising trend since 2013, the start of the economic recovery. In 2015, in global terms, operating income reached €485.1 M, 22% higher than in 2014, and productivity per employee was €34,839, representing an 8.1% increase since 2014. The operating margin for all businesses, which was 0.10 in 2015, and their productivity levels, are lower than in 2012, although the dynamic since 2013 is positive and shows a clear trend of recovery.

	2012	2013	2014	2015	Variation 2015/2014
Number of businesses	5,299	5,490	5,736	6,186	7.8%
Number of establishments	6,420	6,599	6,642	7,032	5.9%
Employees	35,383	35,417	36,404	38,098	4.7%
Operating revenue (millions of €)	26,511	25,675	25,800	26,501	2.7%
Changes in inventories of finished products and work-in- progress (millions of €)	-9,093	1,693	-3,531	7,775	-320.2%
Operating costs (millions of €)	4,241,475	4,009,703	4,224,730	4,405,187	4.3%
Gross investment in assets (millions of €)	484,852	322,739	503,353	471,360	-6.4%
Operating income (thousands of €)	539,902	268,977	397,589	485,129	22.0%
Operating margin	0.11	0.06	0.09	0.10	11.1%
Productivity (euros)	39,443	32,144	32,217	34,839	8.1%
Cost per employee (euros)	26,169	27,593	29,133	27,033	-7.2%

Source: Ministry of the Presidency, Economy and Business; Department of Statistics.



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 226 businesses and 164 employees working in primary activities, representing only 2.6% and 0.4% of the total, respectively.

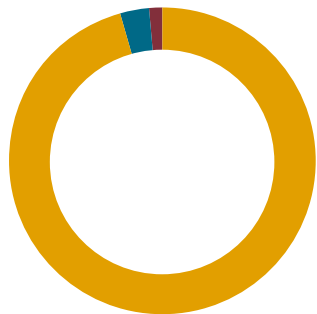
The business structure of this sector is characterised by the very small size of businesses, smaller than in the economy as a whole. So, 95.6% of businesses have five or less workers and only 1.3% have more than ten workers.

Primary sector

	2017	2018	Variation 2018/2017
Number of businesses	228	226	-0.9%
Number of employees (average)	167	164	-1.4%

Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.

**Distribution of primary
sector businesses
by number
of workers (2018)**



95.6% ■ From 1 to 5
3.1% ■ From 6 to 10
1.3% ■ From 11 to 25

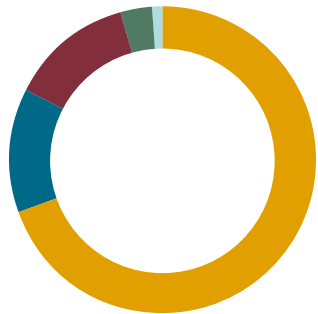
Industry

The industrial sector is a very small percentage of the Andorran economy, with only 3.5% of businesses and 4.2% of employees. Traditional industry is mainly aimed at supplying the domestic market. However, it should be noted that in recent years, Andorra has been developing a high value-added industrial sector with an international focus.

Of the 309 industrial businesses in Andorra, there is one extraction industry, eight dedicated to the production and distribution of electricity, gas and water, while the others are essentially manufacturing businesses. Of these, the most important activities are: tobacco industries, employing 15.2% of total employees in the industrial sector; food and beverage industries (14.5%) and printing, graphic arts and the reproduction of recorded media (13.2%).

The business structure of the sector is characterised by larger-than-average businesses than in the economy as a whole, although small businesses generally predominate. So, 69.6% of businesses have five or less workers and only 4.2% have a workforce of more than 25 workers.

**Distribution of
industrial businesses
by number of
workers (2018)**



69.6% ■ From 1 to 5
12.9% ■ From 6 to 10
13.3% ■ From 11 to 25
3.2% ■ From 26 to 100
1.0% ■ Over 100

Industry & Energy sector

	2017	2018	Variation 2018/2017	% total 2018
Number of businesses	303	309	2.0%	100%
Extraction industries	1	1	0.0%	0.3%
Manufacturing industries	294	300	2.0%	97.1%
Production & distribution of electricity, gas & water	8	8	0.0%	2.6%
Number of employees (average)	1,604	1,616	0.7%	100%
Extraction industries	1	1	0.0%	0.1%
Manufacturing industries	1,434	1,442	0.6%	89.2%
Production & distribution of electricity, gas & water	169	173	2.8%	10.7%

Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.

Developing new industry with
an international outlook



Construction based on sustainability and efficiency

Construction

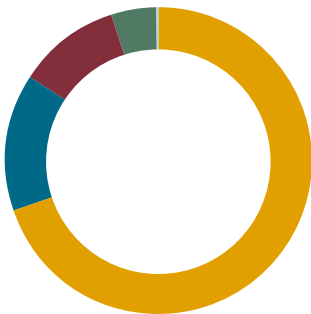
The construction sector represents a significant percentage of the Andorran economy, in relative terms to other developed countries, despite shrinking in recent years due to the property crisis. Specifically, the construction sector currently represents 6.2% of total Andorran GVA, compared with 12.6% in 2006, with 7.9% of employees and 7.2% of businesses.

The business structure of the sector is characterised by larger-than-average businesses than in the whole economy. However, small enterprises predominate, with a lack of large construction groups. So, 69.8% of businesses have five or less workers, while only 4.8% have a workforce of more than 25 workers.

Construction sector

	2017	2018	Variation 2018/2017
Number of businesses	635	632	-0.5%
Number of employees (average)	2,875	3,063	6.5%

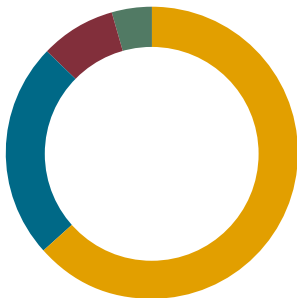
Distribution of construction businesses by number of workers (2018)



69.8% From 1 to 5
14.6% From 6 to 10
10.9% From 11 to 25
4.6% From 26 to 100
0.2% Over 100

Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.

Housing by tenure system (2018)



63.6% Rental
23.9% Fully-paid ownership
8.3% Partly-paid ownership
4.3% Inheritance

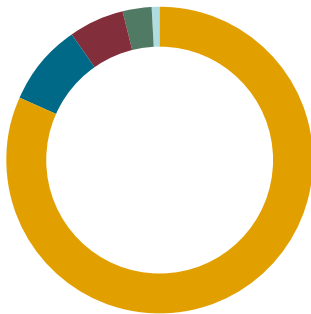
Source: Ministry of the Presidency, Economy and Business; Department of Statistics (HBS).

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 around tertiary activities. So, services are the most important sector of the Andorran economy, with 86.7% of businesses and 87.5% of employees.

Within this broad sector, the most notable activities are commerce, with 26% of workers and 24.4% of service businesses; real estate, rentals and business services with 16% of workers and 35.5% of businesses, and hotels and catering, with 15% of employees and 11.1% of businesses. Another tertiary activity with an important percentage of total employment in the sector is public administration, with 13.1% of employees in the service sector.

Distribution of service businesses by number of workers (2018)



81.8% From 1 to 5
8.7% From 6 to 10
5.9% From 11 to 25
2.8% From 26 to 100
0.8% Over 100

Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.

The business structure of the service sector is characterised by a predominance of small enterprises. So, 81.8% of businesses have five or less workers and only 3.6% have a workforce of more than 25 workers.



A wide range of services

Service sector

	2017	2018	Variation 2018/2017	% total 2018
Number of businesses	7,242	7,607	5.0%	100%
Commerce & motor vehicle repairs	1,914	1,858	-2.9%	24.4%
Hotels & catering	850	844	-0.7%	11.1%
Transport, storage & communications	287	290	1.0%	3.8%
Financial system	112	118	5.4%	1.6%
Real estate & rental activities; business services	2,307	2,697	16.9%	35.5%
Public administration, defence & mandatory social security	33	37	12.1%	0.5%
Education	100	109	9.0%	1.4%
Health & veterinary activities, social services	463	483	4.3%	6.3%
Other activities	1,176	1,171	-0.4%	15.4%
Number of employees	33,061	34,007	2.9%	100%
Commerce & motor vehicle repairs	8,838	8,851	0.2%	26.0%
Hotels & catering	4,957	5,092	2.7%	15.0%
Transport, storage & communications	1,228	1,279	4.2%	3.8%
Financial system	1,867	1,873	0.3%	5.5%
Real estate & rental activities; business services	4,996	5,453	9.1%	16.0%
Public administration, defence & mandatory social security	4,377	4,444	1.5%	13.1%
Education	583	599	2.7%	1.8%
Health & veterinary activities, social services	2,003	2,076	3.6%	6.1%
Other activities	4,213	4,340	3.0%	12.8%

Source: CASS / Ministry of the Presidency, Economy and Business; Department of Statistics.



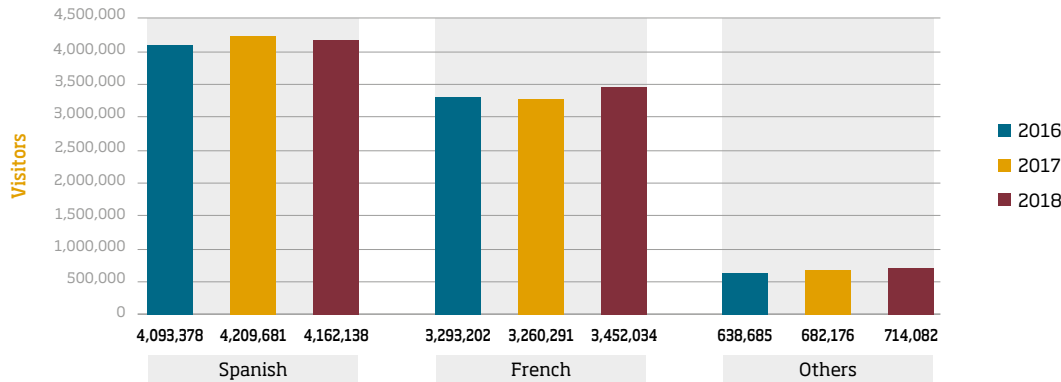
Tourism - 365
days a year

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 relief, but also receives a large number of visitors in other seasons. In 2018, 8.33 million people visited Andorra. 63.5% of visitors were same-day visitors - who do not spend the night - while the other 36.5% were tourists - staying at least one night. By nationalities, most visitors are Spanish or French. These figures put the total annual number of overnight stays at around 8.9 million.

Visitors by country of origin



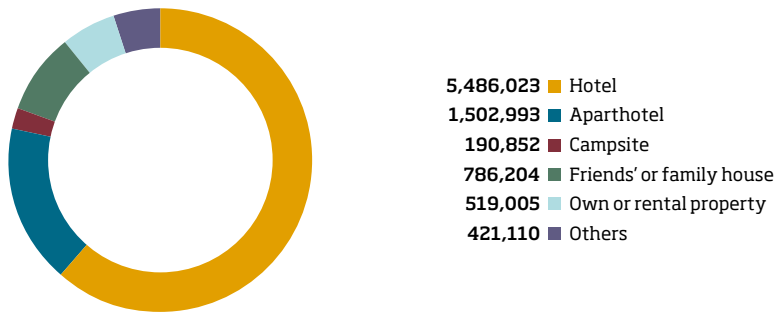
Total visitors

	2015	2016	2017	2018	Variation 2018/2017	% total 2018
Tourists	2,663,341	2,818,875	3,002,860	3,042,370	1.3%	36.5%
Same-day visitors	5,187,070	5,206,390	5,149,288	5,285,884	2.7%	63.5%
Total visitors	7,850,411	8,025,265	8,152,148	8,328,254	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 the Presidency, Economy and Business; Department of Statistics.

Overnight stays by type of accommodation (2018)



Source: Ministry of the Presidency, Economy and Business; Department of Statistics.

Number of units of tourist accommodation by type and category (2018)

	*	**	***	****	*****	Total
Pension	6	0	0	0	0	6
Hostal or Residence	10	0	0	0	0	10
Holiday apartment	3	10	14	1	0	28
Aparthotel	2	4	12	3	1	22
Hotel	0	26	79	59	9	173
TOTAL	21	40	105	63	10	239

Other tourist accommodation

		No category	*	**	***	****	*****	Total
Furnished apartments	Apartments	429	490	1,457	291	48	1	2,716
	Beds	2,125	2,502	7,211	1,535	318	10	13,701
Campsites		0	3	5	0	0	0	8
Summer camps		0	1	0	0	0	0	1
Mountain huts		0	23	5	0	0	0	28
Youth hostels		0	2	0	0	0	0	2
Rural accommodation		0	0	0	3	5	0	8

Source: Ministry of Tourism.

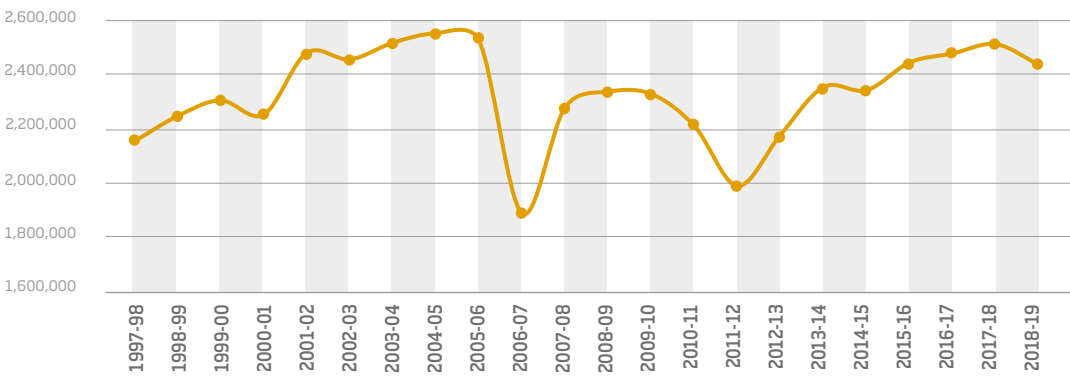
Tourist attractions

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 (1998 - 2019)



Source: Ski Andorra.

SPA LEISURE

This distinctive form of national tourism includes **Caldea**, one of the largest spas in Europe. With a total area of 44,849 m², Caldea was opened in March 1994. The project was designed by the French architect Jean-Michel Ruols to fulfil the wishes of the Comú of Escaldes-Engordany to exploit its wealth of thermal springs, using a different concept to 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 Tobotranc 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.

After five years of *Scalada*, a new project with Cirque de Soleil has begun, with a new show and a format that is unique to Europe. In 2018, the Canadian troupe performed *Diva*, with an innovative format combining live music and acrobatics, attended by more than 105,000 spectators.



Dynamic,
innovative commerce

Commerce

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.

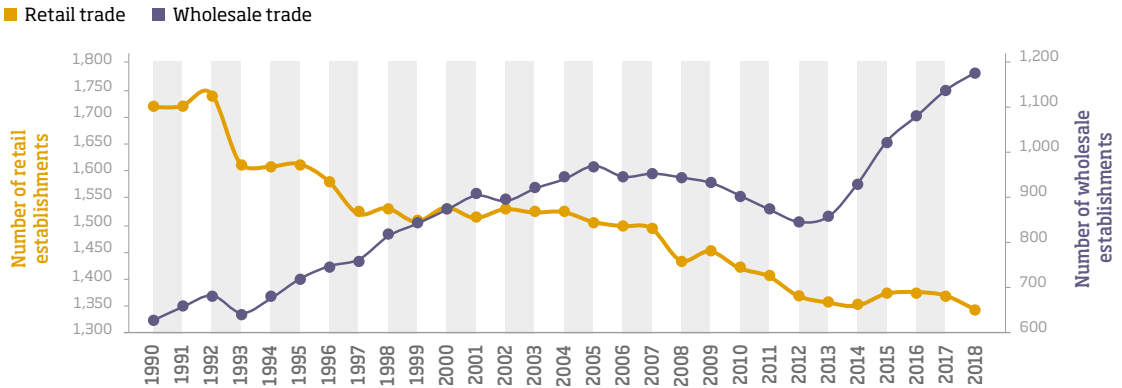
The range of personal effects (jewellery, perfumery, clothing, etc.), household appliances, sports equipment and electronics is outstanding.

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 36*).

Commerce is the activity with the largest concentration of workers in the service sector, with 22.8% of total employees in Andorra. Businesses involved in commerce are 21.2% of total national businesses.

The business structure of commerce is characterised by a predominance of small enterprises: 79% of businesses have five or less workers and only 2.9% have a workforce of more than 25 workers.

Commercial establishments



Source: Ministry of the Presidency, Economy and Business; Commerce & Inspections Service.

Financial system

The Andorran financial sector is one of the main pillars of the Andorran economy. The sector comprises 5 banking groups, 7 financial entities managing investment schemes, 11 financial investment entities including 6 financial advisers, and 27 insurance companies.

In recent years, the Andorran financial system has handled constant changes in international regulations, such as the implementation of regulations on tax transparency, combatting money laundering and terrorist financing and the legislation contained in the monetary agreement regulating banking and finance.

The transformation of the sector to adapt to European banking regulations is now in its final stage, with the firm goals of transparency and matching international standards to enable the Andorran financial market to compete with other global financial markets on equal terms.

A banking sector
with over 85 years'
experience



The banking sector has been boosted by the provision of value-added services and an ambitious growth and diversification strategy, not forgetting strong internationalisation and sustainable, lucrative growth.

The figures for Andorran banking show a strong, sound market that instils confidence. In 2018, the Andorran banking entities managed 9,529.7 million euros in deposits, a credit portfolio of 5,911.1 million euros and total resources of 44,925 million euros.

The net profit allocated in the last financial year was 100 million euros, with 7.31% ROE, higher than the average for European banks.

These results should be considered in the context of low interest rates and falling prices in the financial markets in the last year, as well as the tendency of the sector to prioritise technological investment, especially digital transformation projects, in which 30 million euros were invested in 2018.

The entities have also made a great effort in recent years to adapt their teams and processes, to implement all the international regulations and standards in record time.

The Andorran Financial Authority (AFA) is the supervisory and regulatory body of the Andorran financial system and the insurance sector.

The Andorran Financial Intelligence Unit (UIFAND) is the independent body in charge of implementing and coordinating measures to combat money laundering and terrorist financing.

Banking sector

	2015	2016	2017	2018
Number of offices	36	41	41	40
Number of bank employees ⁽¹⁾	2,527	2,668	2,658	2,618

Economic aggregates (millions of €)	2015	2016	2017*	2018*
Balance	14,411.8	14,492.5	14,138.6	13,969.9
Lending (gross)	6,278.6	6,299.9	5,982.8	5,911.1
Assets under management	45,214.1	45,434.3	46,138.1	44,925.1
Clients' deposits	11,120.4	10,898.5	10,161.6	9,529.7
Net profit	168.5	155.9	131.3	99.6

Ratios	2015	2016	2017*	2018*
ROE	10.93%	9.73%	9.85%	7.31%
ROA	1.19%	1.03%	0.88%	0.71%
Solvency	22.78%	25.10%	21.74%	20.30%
Liquidity	71.24%	61.41%	65.37%	61.83%
Efficiency	54.15%	59.98%	68.05%	75.47%

(1) Includes employees in Andorra and abroad.

*From 2017 data expressed according to IFRS.

Source: Andorran Banking and annual reports of banking entities.



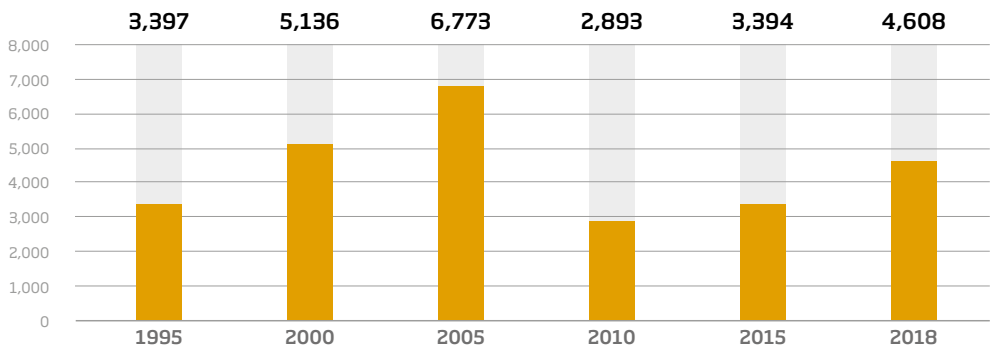
At the
forefront of new
technology

Transport and telecommunications

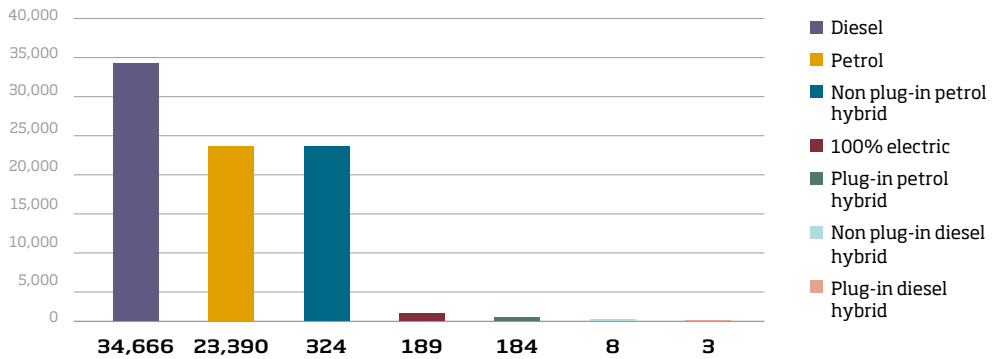
Transport

In 2018, 4,608 vehicles were registered, 3,265 of which were cars.

Number of vehicle registrations



Number of cars by fuel type. 2018



Source: Ministry of the Presidency, Economy and Business; Department of Transport.

Telecommunications

Total subscriptions to services

	2005	2010	2015	2018	Variation 2018/2017
Landlines	35,444	38,171	38,850	39,375	2.5%
ISDN channels	10,501	11,594	6,191	--	--
MOBILAND	35,740	40,020	53,762	64,368	3.5%
Mobiland Clic Prepay cards in service	28,820	25,475	17,574	18,246	0.5%
Broadband internet	10,341	24,502	30,694	35,663	4.0%
Corporate Voice Network (channels)	--	--	2,149	3,064	3.7%
VOIP	--	--	828	4,778	-19.3%

Note: Over the year, the data for ISDN channels have gradually transferred to Corporate Voice Network (channels) and VOIP.
Source: Andorra Telecom.

Statistics on the installation and use of ICT in households in Andorra 2017



94.5%
of households have
access to the
Internet



75.0%
of children
aged 10-15 have a
mobile phone



40.4%
of the population
has carried out a
government procedure
electronically



53.0%
of the population
has made an
online purchase

The status of Andorra in Europe



2nd European country where people most use a **mobile phone to connect to the Internet** (92.6%).

3rd European country where a high percentage of people connect **daily to the Internet** (95.8%).

7th European country where **households have Internet access** (94.5%).

10th European country where people have **connected to the Internet** in the last three months (91.6%).

4

Appendices















Abbreviations

GDP	gross domestic product
GVA	gross value added
CPI	consumer price index
PPP	purchasing power parity
HBS	household budget survey
LFS	labour force survey
LCS	living conditions survey
m	metre
m²	square metre
km	kilometre
km²	square kilometre
inhab./km²	inhabitants per square kilometre
g	gramme
kg	kilogramme
ml	millilitre
l	litre
GWh	gigawatt hour
ha	hectare
mm	millimetre
°C	degrees centigrade (or Celsius)
CASS	Andorran Social Security System





Useful addresses

Business promotion agencies





Actua (Invest in Andorra - Innovation Hub Andorra)	
Parc de la Mola, 10 (Planta baixa edifici de Caldea) AD700 Escaldes-Engordany Principat d’Andorra	
	+(376) 81 20 20
	+(376) 81 20 21
	info@actua.ad
	www.actua.ad
Andorran Chamber of Commerce, Industry and Services (CCIS)	
C/ Prat de la Creu, 8 AD500 Andorra la Vella Principat d’Andorra	
	+(376) 80 92 92
	+(376) 80 92 93
	ccis@andorra.ad
	www.ccis.ad
Andorra Turisme SAU	
C/ Prat de la Creu, 59-65, esc. D, 4rt pis AD500 Andorra la Vella Principat d’Andorra	
	+(376) 89 11 89
	+(376) 82 81 23
	info@visitandorra.com
	www.visitandorra.com

Tourist offices and delegations





SPAIN

Attaché for Commerce and Tourism of the Andorran Embassy to Spain	
C/ Alcalá, 73 28009 Madrid	
	+(34) 91 431 74 53
	+(34) 91 577 63 41
	infomad@andorra.es
	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	
	+(376) 742 630
	+(376) 843 585
	iea@iea.ad
	www.iea.ad

Department of Statistics

Ministry of the Presidency, Economy and Business - Government of Andorra	
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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 (Invest in Andorra - Innovation Hub Andorra)	www.actua.ad
General Council	www.consell.ad
Ministry of Culture and Sports	www.cultura.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	www.andorranbanking.ad
Andorran Financial Authority	www.afa.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

15 reasons to invest in Andorra



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



6. One of the most competitive taxation systems in Europe:
- VAT: 4.5%.
- Other direct taxes up to 10%.



11. Access to excellent education, with three free school systems: Andorran, Spanish and French, and other internationally recognised systems such as the British.



2. A prosperous, diverse country with per capita GDP of \$49,153 (PPP).



7. A sound financial system that guarantees stability.



12. A safe country with one of the lowest crime indexes in the world.



3. A market that draws more than 8 million visitors, mostly for shopping but also for health and wellbeing.



8. One of the best health systems in the world and one of the healthiest countries.
(Source: The Lancet).



13. An open, cosmopolitan society with over 100 nationalities.



4. Currently negotiating an association agreement with the EU to provide access to the European internal market of more than 500 million consumers.



9. State-of-the-art Internet: the first country to have full fibre optic coverage, with 100% of homes connected at 300 Mbps.



14. Among the lowest electricity rates in Europe.



5. Double Taxation Agreements (DTA) with several countries, including France, Spain, Luxembourg, Liechtenstein, Portugal, United Arab Emirates and Malta.



10. An active laboratory for business and research. Andorra supports innovation and big data projects between the different sectors.



15. The Andorran Government is committed to an economy that is open to the world, innovation and diversification.



INVEST IN
ANDORRA
www.actua.ad