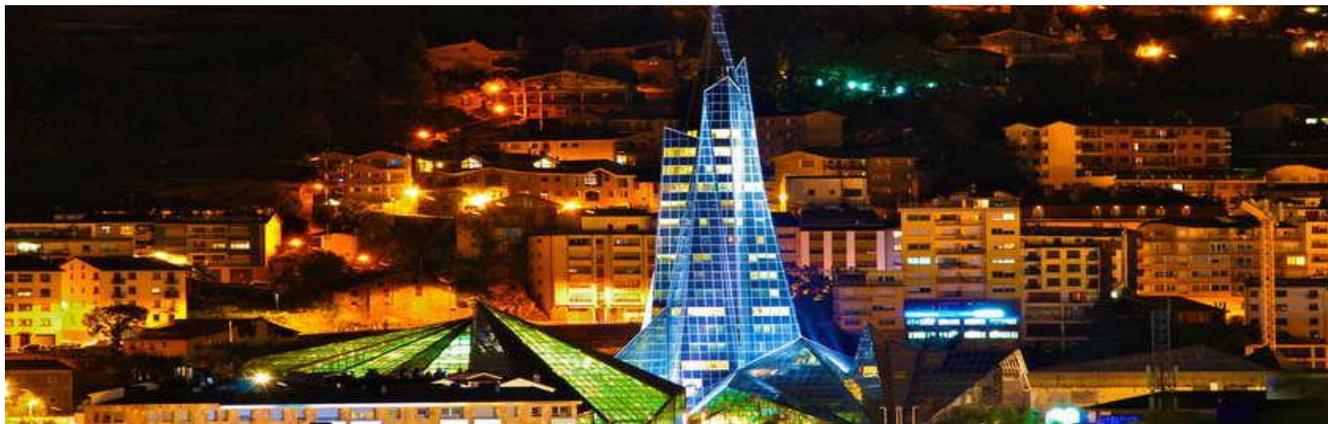


WHY INVEST IN ANDORRA?

“Beyond your expectations”



ANDORRA AND ITS NEW ECONOMIC AND TAXATION MODEL

ECONOMIC OPENING, COMPETITIVE TAX SYSTEM, AND INTERNATIONAL PROJECTION

This document has been drafted in accordance with the evolution of the legal and fiscal framework of the new Andorran taxation system.

- I. Andorra. Strategic location
- I. Initial vision
- II. Quality of life
- II. Differential alignment
- I. Towards a new fiscal framework
- II. The new fiscal framework
- III. Agreements for the avoidance of double taxation, AADT
- III. Foreign investments: liberalisation 100 %
- IV. Imminent structural changes
- V. Reform of Immigration: New models for residency without work permit
- VI. Practical aspects of the new economic and fiscal model
- I. Two investment structure models
- II. Comparative on a fiscal level with other European jurisdictions

I. ANDORRA. STRATEGIC LOCATION

I. Initial vision

Andorra, strategically located between Spain and France, has historically based its enormous economic prosperity on a model based on the competitiveness of tourism and trade, construction and its status as a financial centre.

The appearance of strong competition in tourism, the shorter price differential, the crisis both worldwide and in financial and construction sectors, as well as international pressure to eliminate offshore zones, have resulted in an important need to create a new economic model.

Andorra has decided on alignment with Europe, but modulating certain differential characteristics that not only make the service offer more competitive, especially in trade and tourism, but also make Andorra one of the most attractive European jurisdictions for the development of investment projects and business initiatives on an international level.

The new economic model, based on the liberalisation of foreign investments, offers the international investor a multitude of strategic opportunities on both a business and individual level which, combined with a competitive fiscal framework and exceptional living conditions, will undoubtedly fulfil all your expectations.

And all this as well as receiving better consideration from the jurisdictions setting the objectives for the future.

In short, the jurisdiction with its particular and attractive fiscal advantages, integrated in an international context, offers an opportunity for growth, optimisation, and expansion for companies with an international vocation.

I. ANDORRA. STRATEGIC LOCATION

II. Quality of life

If anything characterises Andorra comparatively with the majority of countries in its European environment, it is the exceptional quality of life.

This is reflected in aspects such as:

High standard of living

Andorra holds a privileged position regarding the level of per capita distribution: €47,314 in 2010, above that of Spain (€29,863), France (€42,503), Germany (€46,269) or Italy (€35,926).

It is also above the average for OECD countries (€44,490) and the European Union (€35,551).

This is only below Luxembourg (€110,697), Switzerland (€84,815) or the United States (\$53,042).

Low price level

The low tax burden means that the cost of living is more advantageous than in the majority of European countries and, therefore, our future investor citizens and their families can benefit from prices for the majority of products and services that are much more competitive than in their countries of origin.

Proximity

Andorra makes its limited territory one of its greatest virtues. Proximity helps to resolve the majority of questions that excessive bureaucracy makes more complex.

Stability and security

Andorra is a socially stable country with a high citizen security rate. The crime rate is one of the lowest in the world.

Natural environment

Andorra has a protected, incomparable natural environment.

Communications

Andorra is in the process of improving and redesigning its routes of communication to make it much more accessible by land and air.

Education

Andorra offers three different, high-quality, free educational systems as well as the option for private education and other specialties.

Healthcare

The public health system is of exceptional quality and also enables, via international agreements, benefitting from healthcare abroad.

Technology

Andorra is an innovative country and pioneer in the field of technology: the digital switch-over and UMTS coverage have already taken place and a fibre-optic network is available throughout the territory.

Recreational and sports facilities

Andorra offers skiable areas, high level sporting facilities for the practice and technification of sport, thermal wellness facilities, and areas for risk, adventure and mountain sports.

Cultural activity

National Auditorium, Congress Centre, events and festivals of all types.

Sources:

Government of Andorra

"Comuns" (Local Councils, Autonomous Communities and City Councils)

CASS (Caixa Andorrana de la Seguretat Social - Andorran Social Security Fund)

FEDA (Forces Elèctriques d'Andorra - Andorran Power Supply Company)

Andorra Telecom

I. ANDORRA. STRATEGIC LOCATION

III. Differential alignment

I. Towards a new fiscal framework

International pressure, the progress of the financial economic crisis, and the meeting of the G20 in London on 2 April 2009 made the will of the international community to advance towards transparency of financial activities quite clear.

The Declaration of the Principality of Andorra that then Head of the Government, Albert Pintat, signed in Paris on 10 March 2009, implied a firm commitment to establish tax information exchange agreements following application by taxation the authorities as per the OECD model tax information exchange.

The tax information exchange following previous application resulting from the application of this legal text has resulted in the signing of more than 21 tax information exchange agreements:

1. France: signed on 22 September 2009 and published in the *BOPA* ('Gazette of the Principality of Andorra') on 9 June 2010; came into effect on 22 December 2010.
2. Spain: signed on 14 January 2010 and published in the *BOPA* ('Gazette of the Principality of Andorra') on 13 May 2010; came into effect on 10 February 2011.
3. Signed and in effect: apart from Spain and France; Portugal, San Marino, Monaco, Liechtenstein, Austria, Faeroes, Norway, Denmark, Sweden, Finland, Netherlands, Germany, Iceland, Poland, Australia, Greenland and Argentina.
4. Signed but not yet in effect: Belgium, Switzerland, Czech Republic, and Italy. With these agreements Andorra is no longer considered a tax haven or included on the grey lists of the OECD and the respective States.

The exchange affects the different taxes of the respective subscribing countries and is an administrative procedure between financial and economic authorities and their delegations (Treasury Department).

It affects circumstances relative to taxes beginning on the date of coming into effect or later.

There are no retroactive effects and if the financial year has already begun, it jumps to the following tax period.

There is an administrative and legal procedure for appeal by the defendant or person accused.

Automatic tax information exchange

Andorra is aware of the tendency to transparency on an international level and its response in this regard has been along the same lines, understanding that automatic tax information exchange is an unavoidable future for all jurisdictions on a world-wide level.

Currently, a total of 51 countries have signed the multilateral agreement for automatic tax information exchange in relation to certain financial accounts held in Andorran banks by individuals and legal bodies that are non-residents for tax purposes.

It should be borne in mind that the large majority of participating countries will apply this agreement in 2017, but Andorra has signed to begin this procedure in 2018.

In early 2015, only 4 countries did not declare their commitment to adhere to this agreement, but in all probability international pressure will be determinant in this regard.

The application of automatic tax information exchange will come into effect in Andorra in 2018, but there is expected to be a retroactive period of one year.

The details of the accounts that will be reported and the general scope of this automatic exchange are still not known.

Source
Ministry of Finance
Department of Statistics

II. ANDORRA. STRATEGIC LOCATION

I. The new fiscal framework

General objective:

Simplify the political and economic relationships between Andorra and surrounding countries by means of recognised tax system.

Necessity:

Recognition is essential to agreements for the avoidance of double taxation.

Novelty:

Tax on income of business and professional origin: resident and non-resident individuals, and legal entities.

Simplification and unification of the indirect tax system:

General Indirect Tax ('Impost General Indirecte', IGI).

Definition and creation of 4 new taxes:

On the one hand, the laws regulating the direct tax system approved on 29 December 2010 and which came into effect on 27 January 2011.

1. Non-Resident Income Tax.

In force as of 1 April 2011.

General tax rate of 10 %.

2. Tax on Income from Economic Activities.

In force as of 1 January 2012 (first fiscal year).

General rate of 10 %.

3. Personal Income Tax:

The fiscal framework has been complemented by a tax system for individuals at a very competitive rate and which, in any case, will not exceed 10 %.

Law 5/2014, dated 24 April, in force as of 1 January 2015.

On the other hand, the Law regulating the indirect tax system:

4. General Indirect Tax (IGI).

With a general rate of 4.5 %

Law 11/2012 approved on 21 June 2012, in force since 1 January 2013 (first fiscal year).

Company Tax

Applicable to all companies operating in Andorra and which furthermore have their residence or registered head office in the Principality of Andorra either since their creation or as a result of a transfer.

This new tax will lead a tremendously attractive fiscal model that has managed to create a treatment that combines the best virtues of jurisdictions such as Holland, Luxembourg, Switzerland, Ireland, Malta or Cyprus.

Depending on the character of the company:

Conventional companies established in Andorra

The taxation is 10 % of the revenue obtained by the company in the annual accounting period of the current year. With important deductions that enable assuming an even lower tax cost.

International business companies trading intangibles

The result is ideal international positioning, vastly improving the traditional Dutch model.

Tax obligors can benefit from an 80 % reduction of the tax base in the following cases:

1. Concession, authorisation for use or cession or license of rights over patents, designs, models or industrial drawings, brands, domain names and other company distinctive signs, as well as industrial property rights.
2. Concession or license for the use of drawings, formulae or procedures, rights to industrial, commercial or scientific information, including the use of industrial, commercial or scientific equipment.
3. Concession, cession or license of author's, artistic or scientific rights, including audiovisual productions, programs, applications, and data processing systems.

Contracting a half-day part-time worker and having premises for the business activity of at least 20 m² are mandatory to benefit from the exemption.

Companies participating in international trade

Tax obligors can benefit from an 80 % reduction of the tax base if the international purchase/sale of the goods, agent or intermediary for the purchase/sale of movable or fixed assets outside the territory of Andorra or the activity of the commission

agents is performed from Andorra and the product marketed has not been shipped from or delivered to Andorra.

Furthermore, this exemption is also applicable if the company has premises of at least 20 m² and one half-day part-time employee.

Companies dedicated to financial investment and management

Tax obligors benefit from a reduction of 80 % on the tax base.

These companies are tax residents in Andorra whose activity consists of obtaining loans from associated or third party organisations which, together with their share capital, are used to provide loans to associated non-resident organisations.

In this case the company must have a minimum share capital of €250,000 and have at least one half-day part-time employee in Andorra as well as premises dedicated exclusively to performing this activity.

Furthermore, this exemption is also applicable if the company has premises of at least 20 m² and one half-day part-time employee.

Holding companies

Companies with shares in other national companies in third countries.

These companies benefit from tax exemption on the dividends obtained, as well as on capital gains in the following cases:

- 1. The non-resident investee is subject, without any possibility of exemption, to income tax of characteristics similar to the corporate tax of the Principality of Andorra.**
- 2. The percentage participation, direct or indirect, in the capital, equity, net worth or voting rights of the resident or non-resident entity is 5 % or more. The corresponding participation must have been held uninterruptedly for one year prior to the day on which the profit to be distributed becomes due or, failing this, must be held for the time required to complete this period.**

Non-Resident Income Tax

Tax obligors in this case are individuals and legal entities non-resident in the Principality of Andorra who obtain income in the territory.

The general rate is 10 %, with some exceptions.

Income on investments obtained by individuals who are non-resident in Andorra are not subject to this tax (there is however a tax cost for citizens of the European Union).

This is important in the event of income from bank accounts.

Revenue obtained in Andorra is considered to be that resulting from activities carried out in the territory, those proceeding from assets located in Andorra, or those from rights exercisable or usable in the Principality.

General Indirect Tax ('Impost General Indirecte', IGI)

This tax known as IGI (although very similar in nature to the European VAT) regroups the majority of current taxes into indirect tax.

The IGI has been in effect since 18 July 2012 and in force since 1 January 2013.

With the appearance of the IGI the indirect tax system is comprised of:

1. IGI, which taxes the transmission of goods and the rendering of services.
2. 'Impost Indirecte sobre les Transmissions Patrimoniales' (ITP), capital transfer tax, applicable to second transmissions of fixed assets.

Nevertheless, first transmissions of fixed assets or simply transmissions performed by companies or professionals will be subject to an IGI of 4.5 %, an ITP of 4 % being applicable to all other operations with fixed assets.

The forecast tax rates, both general and reduced, are at levels far below those of neighbouring countries and adapt, in fact, to the needs of the Andorran economy.

With this new law, all operations are subject to a general tax rate of 4.5 % **except basic products and services which are subject to a reduced rate of 1 %**, or the super-reduced rate of 0 % and an increased rate of 9.5 % which is applied to banking and financial services.

Personal Income Tax

Personal Income Tax is the tax which since 1 January 2015 completes the new fiscal framework of the Principality of Andorra.

Its structure is identical to the personal income tax of Spain and other countries, but with the peculiarity of a fixed rate of 10 %.

It includes important exemptions such as the first €24,000 for income from work, the first €3,000 of revenue from movable assets or total exemption of dividends from Andorran companies.

The exemptions and deductions that enable substantially reducing the effective tax rate, combined with the non-existence of a tax on wealth or net worth and the non-existence of taxes on inheritance and donations, make Andorra one of the most competitive and non-restrictive jurisdictions regarding personal taxation in the whole of Europe.

Source
Ministry of Economy
Development and Investment (ADI)

II. DIFFERENTIAL ALIGNMENT

II. Agreements for the avoidance of double taxation, AADT

The existence of agreements for the avoidance of double taxation (AADT) is essential to promote foreign investments, whether they be foreign investment in Andorra or Andorran capital abroad, as they provide investors with legal security and reduce the tax burden of these investments.

All agreements for tax information exchange include stipulations for their replacement by eventual agreements for the avoidance of double taxation and the commitment to initiate negotiations as of the coming into effect of exchange agreements.

The agreements for the avoidance of double taxation are a key part of the international competitiveness of companies that finally establish themselves in Andorra.

The agreement for the avoidance of double taxation between Andorra and France was first initialled in April 2012, and later signed on 1 April 2013.

In the case of Spain, it was recently signed on 8 January 2015. In addition, the Government has already signed agreements with Portugal, Luxembourg, Belgium, Switzerland, and Austria.

During 2013 a very important campaign took place to activate negotiations for other agreements for the avoidance of double taxation with countries that had already signed agreements for tax information exchange and others considered strategic for Andorra's international relationships.

Nevertheless, it is important to note that the non-existence of double taxation agreements does not in any way prevent benefitting from the whole range of competitive tax advantages for national production and general trading activities, especially for those in the category that benefits from an exemption of 80 % with an effective rate of 2 %.

III. FOREIGN INVESTMENTS

Liberalisation 100 %

The new Law 10/2012 for Foreign Investment was approved on 21 June 2012 and came into effect on 19 July 2012.

This Law enables opening up to foreign capital (liberalisation of 100 % of the investment in all sectors), simplification of the process for creating companies to thus ensure acceleration of the market and open the door to foreign talent and capital to the extent required to revitalise and consolidate the Andorran economy through diversification, competitiveness, promotion of initiative, innovation and the rational use of the tax differential.

This new, highly competitive model as a strategic tax platform has been created to capture newly created foreign investments that create employment and wealth, focussed on the capture of sectors and companies that generate greatest added value and growth.

The idea behind this is:

1. Provide good service to established investments and potential investors, ensuring the support and backing of potential investors at all stages: pre-investment, investment, and post-investment.
2. Promote an adequate climate to favour investment, identifying the needs of possible and already established investors and suggesting ways to meet them. Create closer relationships with associations and institutions related to foreign investment.
3. Transmit and promote an image of Andorra associated with a competitive, modern, and innovative country that is increasingly international and offering human and technological resources prepared for the process of globalisation of markets and the economy.
4. Establish the lines of collaboration with all institutions which, on a state and local scale, are dedicated to the promotion and attraction of investments that enable establishing a network with a multiplier effect to achieve these objectives.

IV. IMMINENT STRUCTURAL CHANGES*

All these legislative and social changes involve a series of structural changes that are already being developed:

Airport

The Government is working on the project for the construction, management, and commercial exploitation of the national airport with the objective that in the near future it will be in operation, and do so with various regular flights connecting Andorra with different European capitals.

Commercial Boulevard

Andorra wants to offer high quality commerce to tourists, visitors, and citizens.

In this regard, it strives to attract famous names in international fashion so that with new fiscal framework and economic opening encourages them to establish themselves in Andorra, making the country a leading reference centre for luxury shopping in Europe, thus simplifying the creation of new construction of commercial areas inside iconic, unique buildings creating and providing the ideal environment for this sector, encouraging the creation of companies with in-house capital without any need for a local figurehead and guaranteeing a non-restrictive tax system to complement this attraction.

Tourist infrastructures (hotels and restaurants)

The new economic model and the future demands of tourists, visitors and new citizens, require a transformation and improvement of tourist infrastructures and the process of analysis and impulse has already begun.

These changes also involve initiatives designed for the technical training of the human groups involved.

Elite Healthcare

One new objective of the Government is to lead Andorra towards medical excellence by implementing the most advanced clinical technology, without waiting lists and having a large network of state-of-the-art technology readily available.

High level training and education

Promotion of new high level training centres with an international vocation.
Promotion of all aspects of research, development, and technology.

Development of entrepreneurship to attract projects and their financing.

Development of recreational activities, especially gambling

Together with initiatives to promote the development of multiple options of recreational activities, special emphasis has been placed on the gambling sector.

The first step was to pass the decree dated 7 March 2012 for the creation and operation of the Gambling Agency and the Inter-ministerial Gambling Commission and this led to the creation of the Gambling Office.

Its purpose was to analyse the strengths and weaknesses of this new activity and open the way to new gambling legislation that covers options such as casinos, lotteries, and on-line and off-line betting.

The proposed gambling law began its passage through Parliament in 2013.

Other initiatives

Furthermore, impetus will be given to international exhibitions and congresses, as well as all types of initiatives and events related to sport, culture, music, art, science, etc.

Financial Sector

The financial sector is one of the main pillars of the Andorran economy.

All together this sector consists of 5 banking groups, 8 financial organisations for the management of investment agencies, 3 financial organisations for wealth management, 1 specialised credit institution, and 29 insurance companies.

Over the last few years the banking sector has made significant effort to adjust its legislative framework to the Community acquis, especially in regard to banking and financial legislation, and will continue to do so for the next few years, progressively evolving towards international standards with the purpose of competing under equal conditions with other global financial markets.

This adaptation of the sector to European banking regulations, the development of standards for tax transparency within the OECD framework as well as consolidation of the new Andorran tax framework, have gone hand in hand with important processes for the internationalisation of the majority of organisations in the sector, leading to diversification and business growth.

The Andorran banking sector is characterised by heavy capitalisation of different organisations as well as by the application of quality standards and improvements in the transparency practices.

These characteristics have enabled the solvency of the sector reach rates of better than 20 %, above the majority of financial markets in the area.

Throughout 2014, Andorran banking organisations have handled 10,799.4 million Euros in deposits, a net credit portfolio of 6,183.8 million, and total resources of 43,966 million Euros.

The continued examples of the solvency of the financial sector in a difficult and complex international economic context show that the banking sector is prepared to face future challenges with calmness and confidence.

The INAF (Institut Nacional Andorrà de Finances - Andorran National Institute of Finance) is the organ that supervises and controls the Andorran financial system (except Insurance Companies not belonging to banking groups which are supervised by the Ministry of Finance of the Government of Andorra).

The Andorran Financial Intelligence Unit (Unitat d'Intel·ligència Financera d'Andorra, UIFAND) is an independent body whose mission is to promote and co-ordinate preventive measures against money laundering and the financing of terrorism, guaranteeing the financial and economic stability of the Principality.

Source

Association of Andorran Banks (ABA)

Andbank, Vall Banc, Mora Banc, Crèdit Andorrà and Banc Sabadell d'Andorra.

Source

Ministry of Tourism and Trade

Department of Economy

V. REFORM OF IMMIGRATION

NEW MODELS FOR RESIDENCY WITHOUT WORK PERMIT

All active residents in Andorra who are wage earners or free-lance workers must be members of the Andorran Social Security Fund (Caixa Andorrana de Seguretat Social, CASS).

The contribution for salaried workers involves a burden of between 5.5 % and 10.5 % for the wage earner, and 14.5 % for the employer; for free-lance workers the contribution is from 20 % to 25 %.

All foreigners working in the Principality must have a work permit

Once contracted by a national company, the later must apply to the Ministry of the Interior for the corresponding permit.

The permit is issued by the Ministry and conditioned by payment of a quota.

The foreign investors and professionals who channel their investments through Andorran mercantile companies have the right to apply for a free-lance residence and work permit.

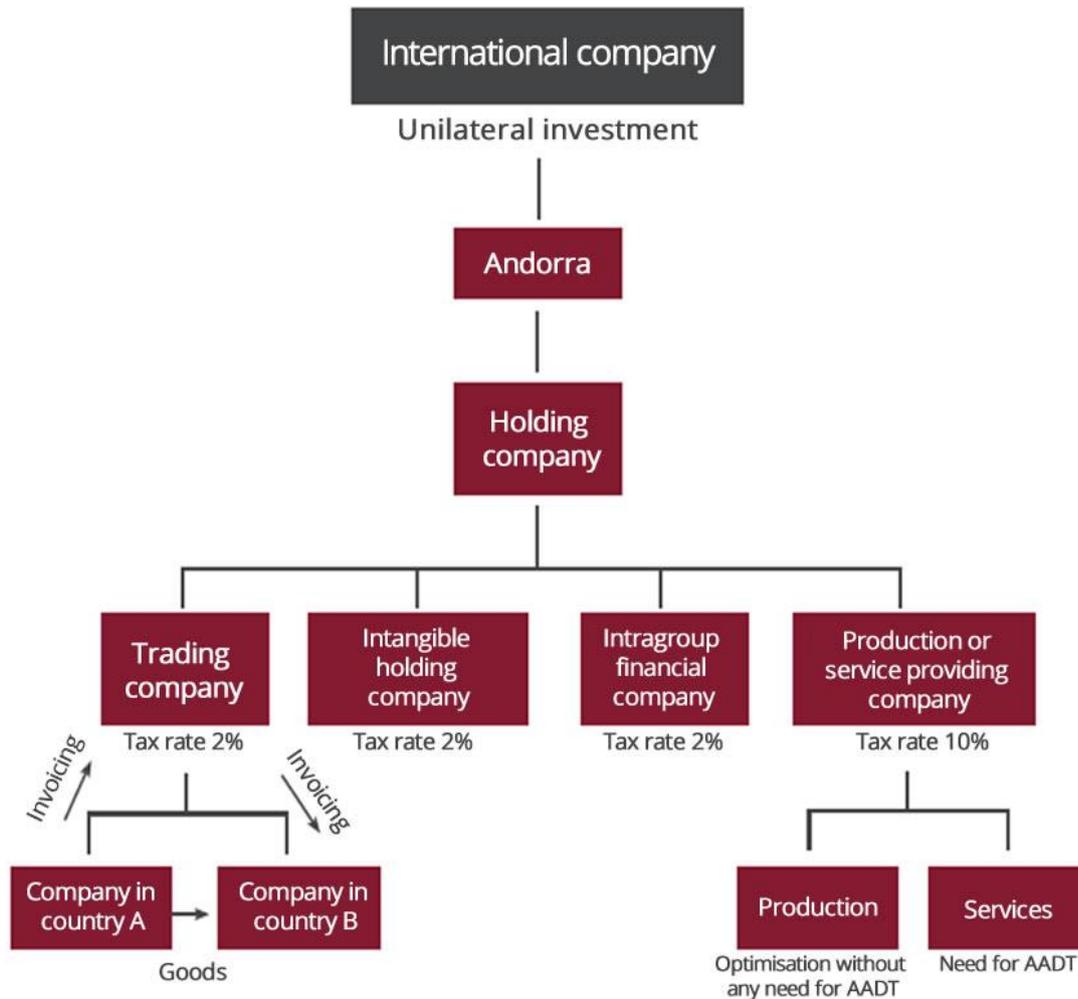
This is possible under the double condition of forming part of the shareholders (10 % participation) and of the Board of Directors of the company.

Source
Ministry of Justice and Interior
Department of Labour

VI. PRACTICAL ASPECTS OF THE NEW ECONOMIC AND FISCAL MODEL

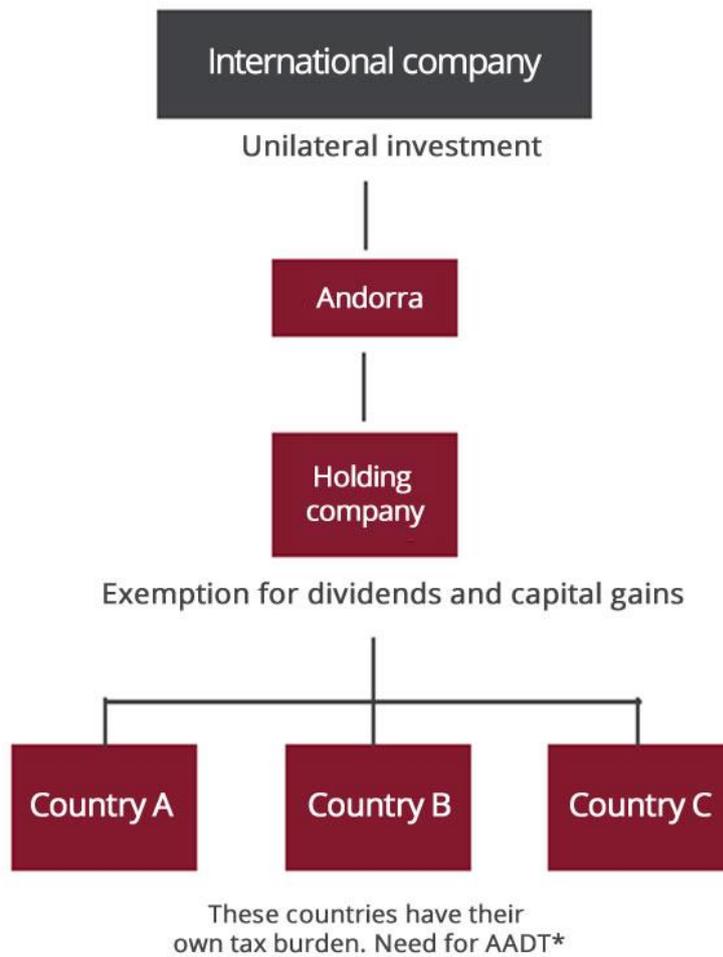
I. Two investment structure models

a. Individual model for investment in Andorra



*AADT: Agreement for the avoidance of double taxation

Source
Ministry of Finance
Department of Customs and Excises

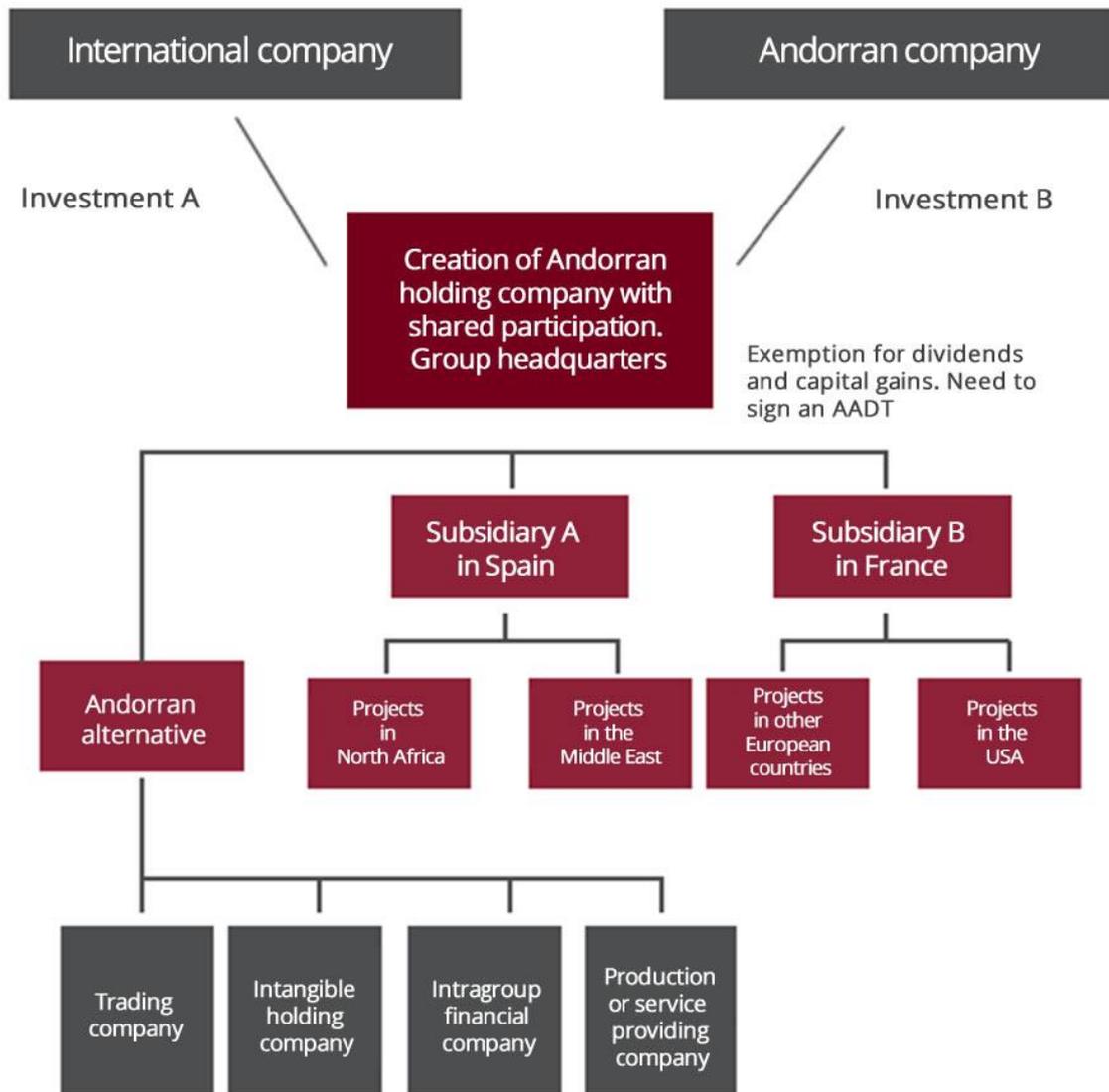


Source
Ministry of Finance

VI. PRACTICAL ASPECTS OF THE NEW ECONOMIC AND FISCAL MODEL

I. Two investment structure models

b. Joint Venture Model – International Company – Andorran Company



Source
Ministry of Finance
Department of Customs and Excises

VI. PRACTICAL ASPECTS OF THE NEW ECONOMIC AND FISCAL MODEL

II. Comparative on a fiscal level with other European jurisdictions

	Andorra	Spain	Portugal	France
Company taxes				
Corporate Tax	10%	30%	25%	33,33%
Capital Gains Tax	0-15%	30%	25%	33,33%

Withholding tax for countries without a tax agreement (for non-residents)

Royalties	5%	30%	25%	33,33%
Interest	Exempt	21%	25%	-
Dividends	Exempt	21%	25%	25%
Other	-	21% - 24,75%	15% - 21,5%	33,33%

Indirect taxes

General Indirect Tax (IGI) (Equivalent to VAT)	4,5%	21%	23%	21,20%
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Source
Ministry of Finance
Department of Customs and Excises

	Andorra	Liechtenstein	Monaco	San Marino
Company taxes				
Corporate Tax	10%	12,5%	33,3%	17%
Capital Gains Tax	0-15%	-	33,3%	17%

Withholding tax for countries without a tax agreement (for non-residents)

Royalties	5%	-	-	15%
Interest	Exempt	-	-	13%
Dividends	Exempt	-	-	-
Other	-	-	-	15%

Indirect taxes

General Indirect Tax (IGI) (Equivalent to VAT)	4,5%	8%	19,6%	0 % IGI 17% Import Tax
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Source
Ministry of Finance
Department of Customs and Excises

	Andorra	Ireland	Holland	Luxemburg	Switzerland	Malta	Cyprus
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Company taxes

Corporate Tax	10%	12,5%	20%	22,05%	8,5%	35%	10%
Capital Gains Tax	0-15%	30%	20%	22,05%	8,5%	35%	10%

Withholding tax for
countries without a
tax agreement
(for non-residents)

Royalties	5%	20%	-	-	-	0%	-
Interest	Exempt	20%	-	-	35%	0%	-
Dividends	Exempt	20%	15%	15%	35%	0%	-
Other	-	-	-	-	-	35%	10%

Indirect taxes

General Indirect Tax (IGI) (Equivalent to VAT)	4,5%	23%	19%	15%	8%	18%	18%
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Source
Ministry of Finance
Department of Customs and Excises

In conclusion:

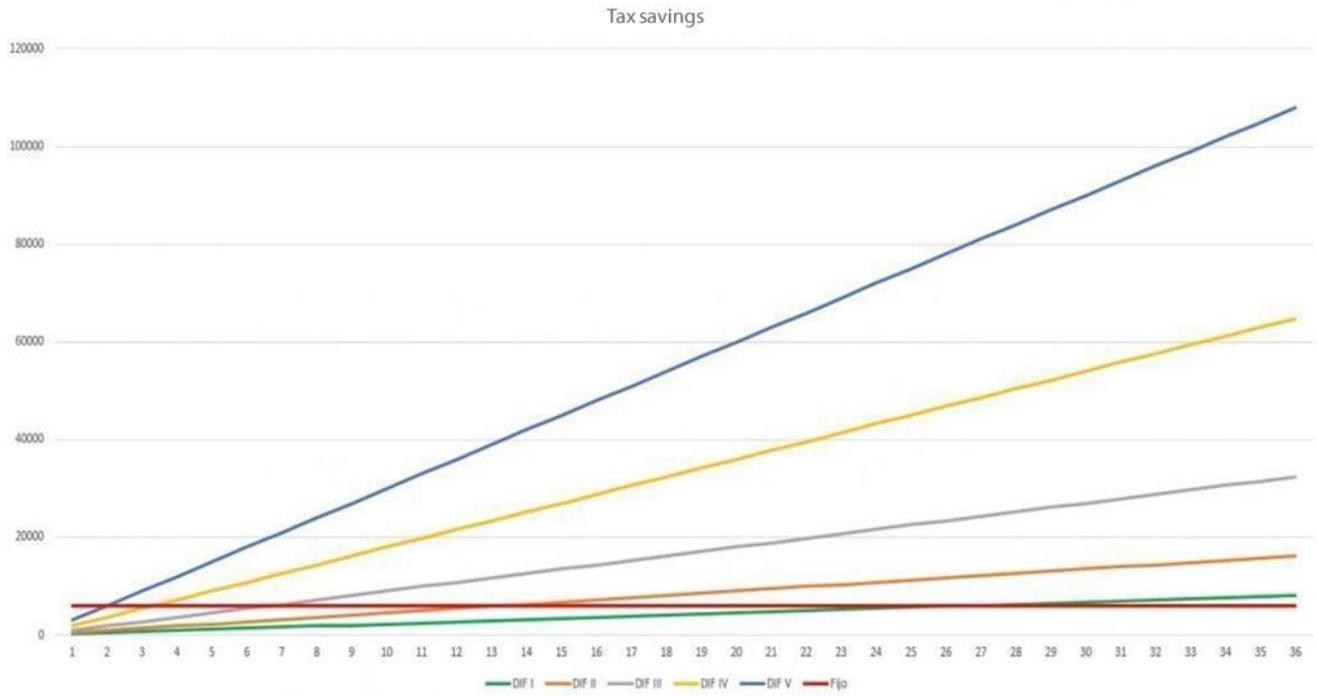
What the Principality of Andorra offers

Confidentiality - Strict professional secret protected by Andorran law.

Security - Andorra is outstanding for its security, whether for citizens (absence of delinquency) or legal and economic.

Low taxation rate - Andorra has no direct taxes on companies or individuals.

Taxation of Savings - The agreement between Andorra and the European Union establishes a deduction at source on the interest paid in the Principality to beneficiaries who are individuals resident in one of the EU member states.

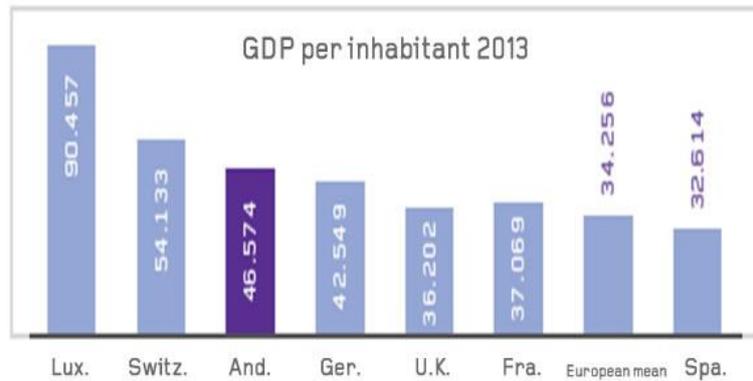


High Quality of Life
Sound Public Finances
Competitive Business Environment
Culturally Open to International Companies

[IN ANDORRA]

F: Andorra Turismo, Vall de Siscaró

[A PROSPEROUS DIVERSIFIED COUNTRY]



- **Cosmopolitan population:** 50 % of the population are foreigners, mainly from Spain, Portugal, and France.
- **More than 100 nationalities.**
- **Very high Human development index** (37th on the Human development index of the UNDP).

Source: Department of Statistics of Andorra, United Nations Development Program (UNDP).

[High quality of life]

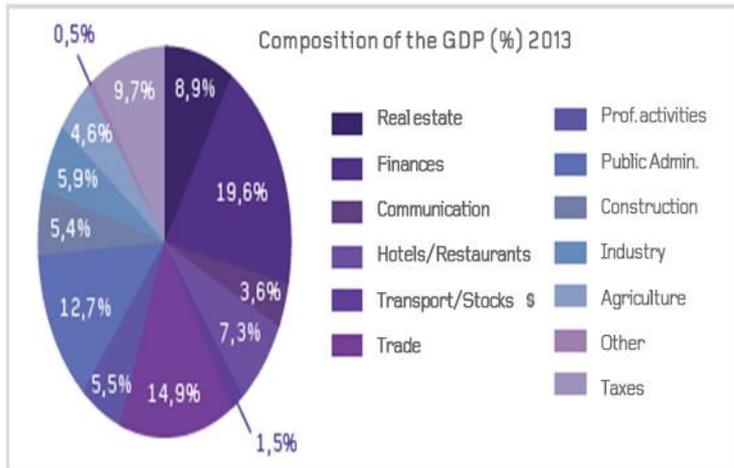


- **Political stability and absence of violence** (8th position on the *World Bank Worldwide Governance Indicator*).
- **Low crime rate** (0 crimes in 2014).
- **Efficient Social Security System** (2nd nation for life expectancy, 83 years).
- **Free, public education system** with free choice between the Andorran, French or Spanish educational system.
- **Ideal air quality** 95 % of the year, 99 % of waste water treated and 39 % of waste reused or recycled.

Source: International Living Index, WHO Global Health Observatory (World Health Organisation), Ministry for the Environment, Agriculture and Sustainability.

Un Destino para Todo el Año
Un Destino Turístico Completo
Una Economía que Evoluciona
Un Pequeño País con un Gran Sector Turístico

[A SERVICE BASED ECONOMY]



GDP 2,447 million Euros in 2013.

3.72 % mean growth between 2000 and 2013.

Total imports: 1,170 million Euros in 2014.

Tourism and related activities (including real estate) represent 56 % of the GDP.

Note: Nominal GDP growth.

Source: Department of Statistics of Andorra.



Population 2012: 76,246

Total Area: 468 sq.km

Close to: Barcelona 207.1km · Toulouse 180.4km

Official Currency: Euro

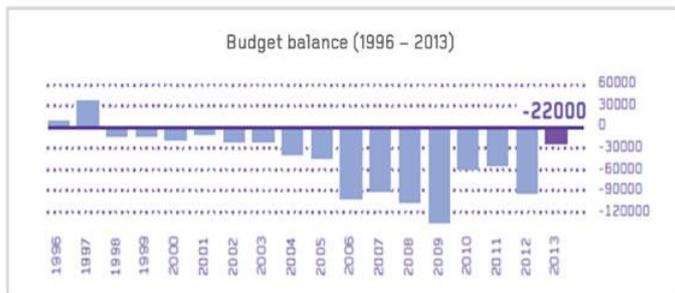
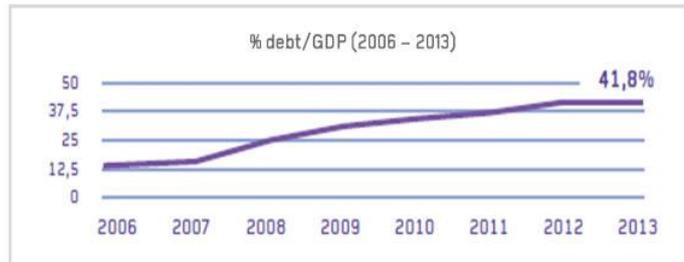
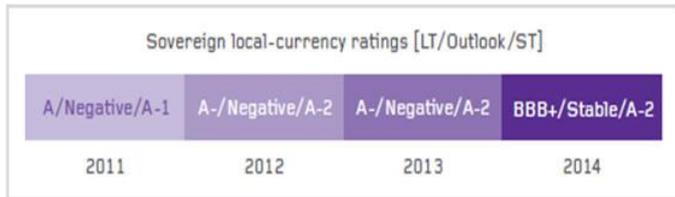
Official Language: Catalan

Other Everyday Languages: French, Spanish, Portuguese



Source: Department of Statistics of Andorra.

[SOLID PUBLIC FINANCIAL INSTITUTIONS]

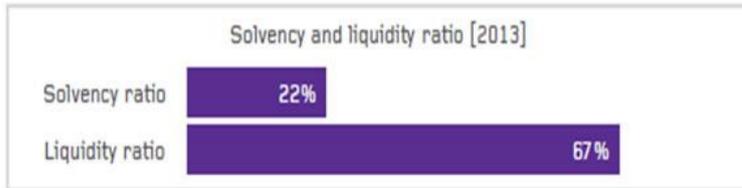


“THE STABLE PERSPECTIVE OF ANDORRA REFLECTS OUR OPINION THAT THE ECONOMIC RECOVERY OF THE COUNTRY AND GOVERNMENT REFORMS WILL SUPPORT ECONOMIC RECOVERY AND IMPROVE THE BUDGET SITUATION IN THE PERIOD 2014-2017”

[S&P 13 December 2013]

Source: Research Update Andorra, S&P, Department of Statistics of Andorra.

[A STABLE AND ROBUST FINANCIAL SYSTEM]



- Monetary agreement with the EU.
- Strong, stable presence representing 19.6 % of the GDP.
- The solvency of the banking system is the result of prudent capitalisation policies.
- Five banks handling a total of 41,000 million in assets.

“THE ANDORRAN BANKING SYSTEM SHOWED SOLVENCY AND LIQUIDITY RATIOS, UNDER ANDORRAN ACCOUNTING STANDARDS, OF 20 % AND 65 % AT THE END OF 2012”

[S&P 13 December 2013]

Source: Association of Andorran banks (ABA).

[A COMPETITIVE BUSINESS ENVIRONMENT]

- Population culturally open to foreign companies and investors.
- Customs union with the EU for non-agricultural products.
- Commitment to OECD international financial transparency standards (23 TIEA signed).
- Negotiation with the EU.
- Agreement for the avoidance of double taxation (AADT) signed with France, Spain, and Luxembourg.
- High performance internet structure.
 - 98 % of homes and companies have wide band Internet access.
 - 94 % of homes and companies access Internet by fibre optic cable (1,000 Mbps symmetric).
- Competitive electricity prices for companies, in the range of 0.094 €/kWh in 2012 in addition to very high quality electricity supply with a total time of interruption equivalent to the installed power (TIEPI) of less than 12 minutes for the same year.

Source: Ministry of Foreign Affairs of Andorra, Andorra Telecom.