



Interview with Gerard Cadena ▶ La patronal defensa els interessos de l'empresariat en un co

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The Andorran Business Confederation (CEA) has been looking after the interests of the business sector since 2006. Its president, Gerard Cadena, reflects on the current state of the sector, assesses Andorran competitiveness, and analyzes the challenges that the Principality must face in the future.

–What is the state of the Andorran business fabric?

–We are coming out of a pandemic, but this year 2022 seems to be doing quite well. The companies have been able to work, and are compensating a little for the losses suffered during the impact of the coronavirus. In short, this year's economic recovery has made it easier for many companies to work with the same prospects they had in 2019.

–So, can it be considered that the effects of the coronavirus pandemic have already been left behind?

–I think we can appreciate that, if there is no resurgence, we can leave aside the problem of the pandemic. And in fact, the uncertainty we have now is no longer covid, but this energy crisis produced by the war in Ukraine. This is where the affectation now arises. There are already several European countries waiting to go into recession, so we'll have to see how it all plays out. Above all, it must be seen how it affects tourism, and especially it seems that it will penalize long-distance travel. So, since we work with the local one here, maybe we do a little better. However, we cannot rule out that there could be a drop in customers this winter, although we hope not. Therefore, the hope is that we can have a winter like the ones we had before the pandemic.

–What impact are the current inclement weather having, such as the energy crisis or inflation?

–It is true that we have this incidence, with quite high inflation peaks. But despite everything, we are staying in figures around the current 6.8%, while in Spain they range between 9 and 10%, and countries as important as Germany are also at 10%. However, we must be very vigilant because this inflation damages the company as a whole. Likewise, the IMF forecasts that inflation will be at 5.4% at the end of the year, but we will not be able to verify this until the figure is on the table.

–In relation to the energy crisis, the Government has established the need to achieve a 15% saving. How do you see this demand?

–The will of the Andorran business fabric is to comply with this 15% reduction, because in some way, it also affects the company's operating account. In other words, the savings that can be made will compensate for the effect that the increase in energy prices will have, and the fact that we do not know exactly if new ones will occur. In



«You can't deal with the entire wage bill with the same increase»

GERARD CADENA President of the CEA

any case, we hope that there will be no power cuts and that the prices will not have to be increased further. However, it is clear that there are certain sectors that have a very important dependence on energy and that cannot reduce consumption. I refer, for example, to companies that have cold rooms, which can hardly use less electricity. It re-

mains to be seen how the measures promoted by the Government in this matter and presented to us on Friday at the Economic and Social Council will end up being applied, in this sense, but it seems that the Executive is taking all the steps to try to, if there is a higher problem, we have the mechanisms to be able to act.

–And what effect does the last announced increase in the price of electricity have on companies?

–When we referred to inflation, this is another element that is added. Depending on their level of consumption, it will affect them more or it will affect them less, but in any case, there is a widespread incidence in this aspect.

–To alleviate the effects of the increase in the cost of living, the Government has put on the table that wages must be increased next year. What do you think of this order?

–It is clear that in companies, especially in a context of labor shortages, there is significant wage pressure and a response is being given to it. The trend is for wages to increase. Through the studies we have done, we have seen how until 2021, wages had increased more than the standard of living in terms of the CPI that has existed in recent years. It is true that the situation in 2022 is completely different, and therefore, it will have to be analyzed in a different way. We understand that there is a part, that of the minimum wage, that will have to be increased, and that is why we are in negotiations within the framework of the Economic and Social Council to give an answer.



«This year there has indeed been a loss of purchasing power that must be compensated, so we will have to see how it is done»

–And beyond the minimum wage, how should we proceed?

–It must be studied. We have always said that it must be thought that companies are already planning to make these increases, and they must define them based on the corporation itself. In fact, from what we have seen in many cases, these increases are higher than the CPI. Therefore, there is no loss of purchasing power in this regard. In addition, I think that the entire wage bill cannot be treated with the same increase, but that each company has its own salary scales that must be respected, and I know that many have already made plans to increase salaries. What cannot be said is what the amount will be, it will depend on each case and each reality. That is why the CEA always insists that we have the context we have, and the reality is that we lack manpower. Therefore, the increases are important, and companies must ensure that this situation does not lead to a loss of competitiveness.

–Do you think that this increase should be equated with that of the CPI?

–We defend that the minimum wage must be increased by the value of the CPI, which the Government can decree and we do not oppose it. What we are saying is that the increase in the median salary and the average, must be the same company that adapts it to their needs. But I am

convinced that there will be companies that will increase workers' salaries above the CPI, and also others that will increase them less.

-The first proposals issued by you and the unions were far away. Do you think there are options to reach an understanding?

-I think we can reach a good agreement with the minimum wage. As for the rest, I insist, we have always said that the private company often goes ahead of the official regulations that can be promoted. A suitable proposal will have to be found, but leaving aside the minimum wage, we are not in favor of raising salaries by decree, apart from the fact that it is something that should be done through a bill.

-The union representatives refer to an annual increase in wages of 5% for four years. How do you rate this proposal?

-This was based on the fact that the unions had calculated the loss of purchasing power considering it from the Gross Domestic Product with the profits of the companies. But of course, many digital nomads have arrived in Andorra in recent years, and it often turns out that a single person can make a lot of money, but for the rest of the companies, the benefits are different. Therefore, these comparisons, from our point of view, are not logical. We have looked at it in a different way, and we find that the data is completely the opposite of what the unions have calculated and we do not find that there has been a loss of purchasing power, but rather a gain.

This, without taking into account 2022, which is a separate thing. This year there has been a loss of purchasing power that must be compensated, so we have to see how it is done. In fact, at the beginning of the year it was already seen that inflation was rising more than wages had been increased through the CPI and a supplementary increase was made in May. And I'm not saying that we have to wait until the end of the year to see what the value of inflation will be, but at the very least, we should observe how it behaves in November to define a proposal.

-One of the main elements that makes life more expensive is housing. As participants of the Economic and Social Council, how

would you approach this problem?

-The price of housing is very complex, because for 14 years there has often been no increase or only corresponding to the CPI. And when obstacles are put in place, in all countries it has been counterproductive. The housing problem we are facing now, to put it more graphically, is the fact that there are old rent flats and new rent flats. When new flats come on the market with updated prices, these are problematic. But we don't have to focus only on these, but also on those with old income who are employed and who have not let you increase. It is necessary to observe the whole of the two realities.

Obviously, this makes it difficult to find staff, and for this reason, at the first meeting of the new term we already decided that we will try to formulate a proposal. In any case, the one who has to find a solution is the Government, which does not happen to build three or four floors. For example, in Vienna they have been making officially protected floors for many years, and now they have a market for public floors that corresponds to 50% of the global one, which affects supply and demand. So, in Andorra, both the Government and the municipalities should work together to offer land and promote public-private collaboration to try to put more flats on the market, and thus reduce tensions.

-Do you think that Andorra is still an attractive place for foreign workers?

-Housing is one of the main problems we have when attracting talent. Then, although there is a lot of foreign investment, it has been very focused on the real estate sector. Therefore, what would be good and is being done at a slower pace is for there to be a diversification of the economy, and for there to be other sectors that can reach beyond the traditional ones such as commerce or tourism. These are services that are already starting to be promoted, and from the CEA we already proposed at the time that avenues such as e-commerce or eSports should be explored. In this way, it is important to do legislative work with elements such as blockchain, so as not to create legal uncertainty for companies. And if we do this, foreign investment will continue to arrive in Andorra.



«Administrations must work hard to promote public-private collaboration and put more flats on the market»

«[Tax reform] is not something we will find in the short term, and if it is done, it will be sooner from the year 2024»

-In this sense, the first experience of the summer season has now closed. Do you think the formula has worked?

-This tool has worked very well, and in fact, it was at the initiative of the CEA after we had met with the most affected sectors, mainly hotels and restaurants. Then, we asked the Executive to implement a summer quota given the difficulty in finding manpower. And in the end, this solution has been very well accepted by the sector.

-In fact, the winter workers are now arriving. Have the companies transferred any difficulties or is everything happening normally?

-What the companies asked for is that the quota be defined already, and finally, the parameters of the other years have been reproduced. We have also repeated the demand from last season, so that in October it was already underway given the difficulties, which is already a reality. So, it can be implemented following the usual procedures.

-Changing the subject, the Executive has referred more than once to the need for tax reform. Do you think it's time?

-This reform is already on the table. First of all, there will be a mini reform, which is already in the process of being amended. The CEA and the EFA made specific demands regarding some problems that affected us, especially in terms of quantifying the amortization. They were rather technical amendments that we passed to the parliamentary groups and we are waiting to see if they are reflected. The major reform that needs to be done, I find it difficult to face now, because we are almost in the pre-election period. And for next year, politicians will have to focus on the electoral campaign and the definition of a new Government. I think it's not something we're going to find in the short term, and if it does, it's going to be sooner than 2024.

-Looking to the future, what are Andorra's business challenges?

-As for the more traditional sectors, there is the challenge of reinventing themselves in many aspects. Especially commerce, which is in full transformation because other parameters such as online shopping have arrived that mean it must be

supplemented. We already carried out a first phase of intervention, which entailed grouping the different commercial sectors such as the Central Axis and the establishments in general in the parishes of Andorra la Vella and Escaldes-Engordany, and now we are working together to try to find solutions in this regard.

However, the success we have in terms of tourism is precisely the fact that we are not a country where you go skiing and then you don't have any more complements, but you can also go to Caldea, you can go shopping... This complementary offer is essential, and this is what we must preserve and enhance because our tourists value it very much.

-So, digitalization is a key piece for this progress?

-It is clear that digitization is very important for all companies, especially in the context of Andorra, where 85% of the fabric are micro-companies and it is essential that they can implement it. From the CEA we provide support so that all companies can advance in this line, and from the Government they are also preparing the Digitization Plan, at the same time that they also have their own mandate to digitize the Administration and are working on it. I think that the moment they are digitized, this will automatically promote that the small company has sufficient mechanisms to be able to adapt. If there is reciprocity in the degree of digitization, the evolution will be there. But in fact, the pandemic has shown that digitization is the indispensable tool for businesses to face the future.

-Do you think there is a good entrepreneurial and innovative fabric in the country?

-I think so, although perhaps it is rather individualized and what is difficult for us is to make a joint offer of all these initiatives that are being created. In the area of the Diversification Commission, regular meetings are being held in order to have a place where everyone can explain their experiences and see if there can be complementation. In fact, the fact that different coworking spaces have been established in Andorra facilitates the interaction of entrepreneurs, and this is one of the most important bets we must make for the future. ≡

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