



BILL

Foreign investment authorizations break records in 2021

The Government gives the green light to 1,300 companies, twice as many as were approved the previous year.

More than 60% of new companies will benefit from the new liberalization process

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The year 2021 closed with a record number of foreign investment authorizations. Exact figures are not available, but of the 1,308 companies that opened, between 56 and 60% did so with an undetermined amount of foreign capital. The figure is almost double that of 2019, when 682 were approved - in 2020 there were 641, but they are not representative due to the outbreak of the coronavirus pandemic. Now, in just one decade, Andorra has gone from needing foreign investment at all costs to having to control and limit it to only that which «has positive effects in the sectors we want and in the way we want», in words of the Minister of the Presidency, Economy and Business, Jordi Gallardo, who yesterday appeared in the legislative committee to present the Bill amending the Foreign Investment Law. «We have completed a cycle, after 10 years it

The Executive eliminates the initial assessment on capital that comes from countries with double taxation

is a law that we have celebrated a lot and that has responded to its intended objective, but now I dare to say that it requires a review and modernization that is in accordance with international practices and allow us to be more competitive», pointed out the minister.

In this way, «a control is needed to guarantee that the investment that arrives in the country generates productive tissue» and for this reason a legal change is proposed which, on the one hand, includes a hitherto non-existent monitoring of investments and plans business once the projects are authorized and, on the other hand, speeds up the process under a new liberalizing criterion in which the prior control for investment from countries with which the Principality has signed a double taxation agreement is eliminated. In this regard, 40% of foreign investment co-



► The Secretary of State for the Economy, Eric Bartolomé, and the Minister of the Economy, Jordi Gallardo, yesterday at the General Council.

mes from Spain and 24% from France – both countries with a double taxation agreement –: «Rounding off, we can say that 60% of foreign investment will benefit from this model of liberalization; it's very good news», pointed out Gallardo, while detailing that any investment in particularly sensitive sectors that put national security or sovereignty at risk, will indeed maintain initial supervision, regardless of the country they come from. By sector, the head of Economics recognized that since 2018 the real estate trend has not stopped growing, while there has also been a sustained increase in different liberal professions and in digital advice.

SHORTER DEADLINES // Another improvement pending subject of the law is the shortening of deadlines. Thus, at the beginning of the legislature, an audit was carried out which revealed

JORDI GALLARDO
MINISTER OF THE PRESIDENCY, ECONOMY AND BUSINESS

«[We must limit investment to that which] has positive effects in the sectors we want and in the way we want»

«I dare to say that [the law] requires a review and modernization that is in accordance with international practices»

led that carrying out a foreign investment in Andorra required a period of 240 days. In just over three years, it has been reduced to 98 days and now the goal is to achieve it in a month. For this reason, in addition to the international harmonization that will be achieved with the new text and the liberalization process, there will also be a need for a «reinforcement» of the department's workforce, which should go from the current three workers to «six or eight more people».

Regarding portfolio investments, which until now did not have the obligation to be declared, Gallardo warned that when the text is approved, they will have to be notified for the purposes of supervision and control of international bodies, which will also allow having a more accurate knowledge of the volume of companies in the country. ≡

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GENERAL COUNCIL

The opposition denounces that the new law may be unconstitutional

The PS leaves the chamber without participating in the vote due to the lack of «time allotted for study» of the texts

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The opposition denounces that the new law approved by the General Council, with only the votes of the majority, on the promotion of the sustainability of urban development and tourism and on the modification of territorial planning and urban planning and tourist accommodation could incur unconstitutionality. In this sense, Tercavia and the non-attached councilor, Carine Montaner, voted against alleging «legal uncertainty» in some of its aspects such as the «retroactivity» regarding the granting of planning licenses and the «deprivation of property» without compensation from the Government, as indicated by Montaner. For his part, the president of Terceravia, Josep Pintat, rejected the text because «the relevant studies have not been carried out beforehand and it raises doubts about its legality».

In the same way, and in opposition to the vision of the Government and the parliamentary majority, the Social Democratic Party (PS) put forward a motion in the bill, together with Carine Montaner, which was rejected by 16 votes against and 8 in favor. Although the general councilors of the main opposition party debated the motion, they later decided to leave the parliamentary chamber at the time of the vote because, as indicated by the social democrat Judith Salazar, «we have doubts about the invasion of competences with the municipalities and, above all, we are leaving because we cannot issue a reasoned vote with the little margin of time that has been left to us since the publication of the law». However, the PS reiterated in numerous interventions that, although they do not agree with the ways in which the text was approved, they share the background.

In relation to the Executive's return to the discussion of the bill, the Head of Government, Xavier Espot, stated that the opposition groups should celebrate a law «that aligns perfectly with the ideals of



► PS General Councilors Judith Salazar and Jordi Font leave the chamber.



Xavier Espot
HEAD OF GOVERNMENT

«We open the door to negotiate with the parliamentary groups those points in the text where there is divergence»

urban development sustainable shared by many parties». In fact, he pointed out that, during the existing month of leeway for the agreement on the additional measures to be adopted by the municipalities in matters of environment and urban planning, «we are opening the door to negotiate with the parliamentary groups those points in the text in which there are divergence».

In contrast, Pintat emphasized that the announcement of the legislative project during the first day of the Political Orientation Debate generated a «call effect» to the population and, specifically, to the country's promoters. Responding to the accusation, Espot gave him the right, although he added that «it would have been worse not to do it, but the call would have become much more damaging if the proce-

dure had been extended for months». Later focusing on the position of the PS, the head of government assured that, at the very least, «you could have read the law a couple of times to be able to issue, at least, some judgment during the debate process». In addition, Espot expressed that «I am convinced of the constitutionality of the law, although I also predict that this will end up in the Constitutional Court».

Regarding the interventions of the groups of the parliamentary majority, the president of the Independent Parliamentary Group, Ferran Costa, stated that his formation is satisfied with the procedure of extreme urgency, arguing that it is a «less harmful» form than the «express» procedures of other countries that have the tool of the decree law, because «at least it is sub-

Municipalities receive numerous calls to obtain licenses

►► During the interventions of the parliamentary debate on the bill, the moratorium on building licenses that will come into force in the coming days was addressed on numerous occasions. In this sense, the Head of Government, Xavier Espot, asserted that the municipalities have received a significant number of requests for new construction licenses. Precisely on this point the Executive focused his argument to defend the use of the procedure of extreme urgency to approve the new guidelines. In this way, Espot emphasized that «if we had not carried out this procedure, contemplated, by the way, in article 60.1 of the Constitution, the concept we want to give to sustainable growth would have been completely distorted».

jected to partial scrutiny and passes through the chamber». In the same vein, General Counselor Maria Martisella of Democrats party indicated that «we are not pleased to do it this way because the commissions enrich the texts, but the type of law required extreme urgency». For his part, the president of Committed Citizens, Carles Naudi, celebrating the Government's decision, asked the social democratic bench not to leave for the «democratic right and duty to participate in the discussions of the parliamentary groups».

At the same time, the social democratic councilors, after the end of the vote on the law, declared their support for the presentation of an appeal to the Constitutional Court. For his part, General Counselor Jordi Font stated that «I understand that it is desired to carry out a confidentiality process for a certain period, but in the course of the six months that the text has been being prepared, many have been granted licenses».

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