



PUBLIC FUNDS

Finances will increase international reserves by 100 million euros in 2022

Banks lacking liquidity can go to the lender of last resort managed by the AFA

The new bill will be processed in the ordinary way, but the processing will be «fast»



David Cerqueda

GENERAL DIRECTOR OF THE AFA

«Since the Andorran financial market has shrunk, if one bank had a problem, it could drag the rest down»



SFGA / JAVILADOT

IMF technical teams and also managed by the AFA, which will act as the central bank if a financial institution suffers from temporary liquidity stress. The Andorran model is based on the ELA mechanism of the European Central Bank (ECB) and the national central banks of the Eurosystem. The Andorran regulator will only be able to dispose of a maximum of 200 million euros from the



Eric Jover

FINANCE MINISTER

«Let's take another step in the resilience of the State's public finances and in international homologation»

►► The general director of the AFA, David Cerqueda, at a press conference in the Government's administrative building.

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The Ministry of Finance plans to increase international reserves by 100 million euros before the end of the year. Currently, around 240 million euros are available, 140 in special drawing rights from the International Monetary Fund (IMF) and 100 from the Bank of Spain, administered by the Andorran Financial Authority (AFA). The objective is to reach 12% of the Gross Domestic Product (GDP), about 340 million euros, and for this reason there are advanced negotiations with the Bank of France (50 million) and the Central Bank of the Netherlands (another 50 million). These data were made known last Monday during the presentation of the bill for the creation of international reserves and access of the financial system to assistance

in the form of an urgent provision of liquidity.

The Minister of Finance, Eric Jover, and the general director of the AFA, David Cerqueda, appeared in a press conference. «It is another step in the resilience of the State's public finances and international approval», congratulated Jover, who argued the presentation of the bill to cover an «anomaly», such as the lack of international reserves and that of a lender of last resort. Thus, the aim is to provide Andorra with greater resource capacity to deal with risk situations, such as pandemics or natural disasters, and at the same time give the financial system more security in the event of a need for liquidity.

Thus, the text reaffirms the mechanism of international reserves and creates a device equivalent to that of a lender of last resort. As Jover explained, the bill has entered

the parliamentary procedure in the General Council through the ordinary way, but the processing will be «fast» because the text is «short», with only nine articles and some ad-

the figures

8.7% of GDP, the IMF's quantification for 2022 allocated to international reserves.

240 million euros is the current amount available to the State in capital abroad.

200 million euros that the AFA can automatically dispose of for urgent provision.

ditional provisions and, in addition, the Government has already started talks with the parliamentary groups in order to explain its content.

Returning to international reserves, the IMF reduced the percentage of GDP needed in 2022, placing it at 8.7%, although the Government has taken as a reference the 12% set in 2021. The provision is part of the State treasury, with possibilities of contributions from the administration and public entities and is referenced in the annual budget framework. The AFA, for its part, exercises the functions of administration and custody, through a management committee, which will act with criteria of prudence and liquidity.

In this way, the reserves can be used for crisis situations and for the resources of the lender of last resort, developed with the support of the

reserves automatically and, if more is needed, the approval of the Government will be required.

«Since the Andorran financial market has shrunk, and we've gone from five to three banks, if one entity had a problem, it could drag down the rest», argued Cerqueda. However, he clarified, «the current situation is strong, there is no problem, not even in the medium term», he assured. In this sense, Jover added that «right now we don't need it, there is no forecast that tells us that, but we need security networks», he explained.

THE BUDGET, READY // On the other hand, the Minister of Finance advanced that the State budget for 2023 is quite advanced. «We are just fine-tuning it» and «there are a few days or a few weeks left» to present it, assured Jover. In addition, he explained that the rise in interest rates «only has a very marginal effect» on the accounts, since «we are protected» because the State debt is fixed in 5 or 10 years. ≡

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POLITICS

Foreign investment will need to have 34% of a company in the country

The amendments to the Digital Economy law will regulate telework to guarantee disconnection outside of working hours

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In order to establish a new filter for foreign investment, the parliamentary groups of the parliamentary majority present the amendments to the Digital Economy, Entrepreneurship and Innovation Bill establishing the minimum threshold for the possession of 34% of an Andorran society (currently 25%) to those liberal professionals who wish to obtain a residence and work permit. In the same way, the minimum deposit they will have to make before the Andorran Financial Authority (AFA) increases from the current 15,000 euros to 50,000 euros, which means an increase of 233%.

This was not the only measure explained by the deputy president of Democrats, Mònica Bonell, but she also added that «passive residents will have to invest an amount of 600,000 euros in the country to maintain their status», while until now the minimum capital was 400,000 euros. At this point, the majority groups decided to lower the figure announced by the head of government, Xavier Espot, during the Political Orientation Debate (800,000 euros) in order to avoid an oversized foraging effect on the whole of the foreign investors.

Despite the change in amounts in relation to the deposit, the amendments establish that the amount necessary to acquire the residence will remain at 400,000 euros in those cases in which it is invested directly in the Housing Fund to encourage the supply of flats at national level. By allocating this minimum amount «we want to combat the speculation carried out by some passive residents in the construction of single-family houses», said Bonell. Likewise, the text contemplates that if the work permit is rejected on two consecutive occasions due to lack of activity, it will not be possible to apply again before 12 months have passed from the date of expiry of the certificate.

In turn, the general counsel of the Independent Parliamentary Group Marc Magallón broke down the amendments relating to the



Marc Magallón, Mònica Bonell and Carles Naudi at the press conference.

regulation of shared spaces (co-living) detailing that the will of the majority is to create a shared use infrastructure in which «each member has his intimate space together with common work areas that include professionals from different economic sectors». A concept close to coworking which, at the same time, aims to facilitate procedures, services and the search for housing

«for those employees who have contracts of limited duration in the country». With these modifications, the parliamentary majority intends to expand the types of profile that will be able to access these infrastructures. In this sense, the directive is also addressed to those young people in the country who wish to take a first step in the emancipation process or who want to become

independent.

Referring to the digital section of the amendments, the president of Committed Citizens (CC), Carles Naudi, indicated that, mainly, the law «is aimed at students so that they are well prepared for the work situation of the future by incidence in digital entrepreneurship». In this way, he explained that the text aims to regulate telework to guarantee

the disconnection of employees and digital rest once they have finished the working day. Thus, workers and employers will have to establish an agreement to determine the time slots, just as the data protection permit works to contact members of the workforce using the personal telephone number. All this, «without the fact that refusing to work remotely can become a reason for dismissal», said Naudi.

On the other hand, in relation to the candidates for the next elections, the president of CC admitted that, today, «the party has not yet made a statement about the characteristics of the list». Despite this, he affirmed that there is «very good harmony» between all the parties that form the majority, but that, for the moment, «we are focusing on the presentation of the statutes for the formation of the party».



MÒNICA BONELL
DEPUTY PRESIDENT OF DEMOCRATS

«Passive residents will have to invest an amount of 600,000 euros to maintain their status»

MARC MAGALLÓN
GEN. MIN. OF THE INDEPENDENT GROUP

«Each member will have their own intimate space with common work areas for different professionals»

CARLES NAUDI
PRESIDENT OF COMMITTED CITIZENS

«[The law] is aimed at students to prepare for the work situation of the future and digital entrepreneurship»

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