

# Small States Differentiated Integration

Name of Country

Andorra

Name of Presenter/s

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# Legal integration status

## Trade agreement (1990)

Customs union for industrial products  
Exclusion for the imports on agricultural products  
Ampliation of custom allowances

## Savings Taxation Agreement (2004)

## Automatic Exchange of Information on financial accounts (2016)

*(Amends the previous agreement on taxation of savings income in the form of interest payments from 2004)*

## Cooperation Agreement (2004)

## Monetary agreement (2011)

Use of the Euro as oficial currency.  
Andorra transpose into its legislation regulations in the fields of prevention of money laundering; prevention of fraud and falsification of coinage; legislation in financial and banking matters and legislation on the compiling of statistical information.

# Legal integration status

## Financial crisis:

- Andorra needs an economic diversification:
- Political international pressure on fight tax evasion:

## Andorran response and strategy (*in progress*)

- From:
  - Bank secrecy without taxation.
  - Strong economic protectionism and not diversified economy.
- To:
  - Turn Andorra towards a greater integration with its surroundings.
  - Open, diversified and liberalized economy.
  - **Cornerstone: Single market.**

# Legal integration status

## 2012: Law on Foreign Investment in the Principality of Andorra

- Granted the liberalization of foreign investments, opening up all economic sectors to foreign investors.

## Agreements preventing double taxation:

- 2015: France
- 2016: Spain, Luxembourg and Liechtenstein
- 2017: Portugal, United Arab Emirates and Malta
- 2019: Cyprus

## Automatic Exchange of Information on financial accounts

- *The first automatic exchange of tax information took place in september 2018 with 41 countries, including EU member states*

## Establishment of a direct taxation:

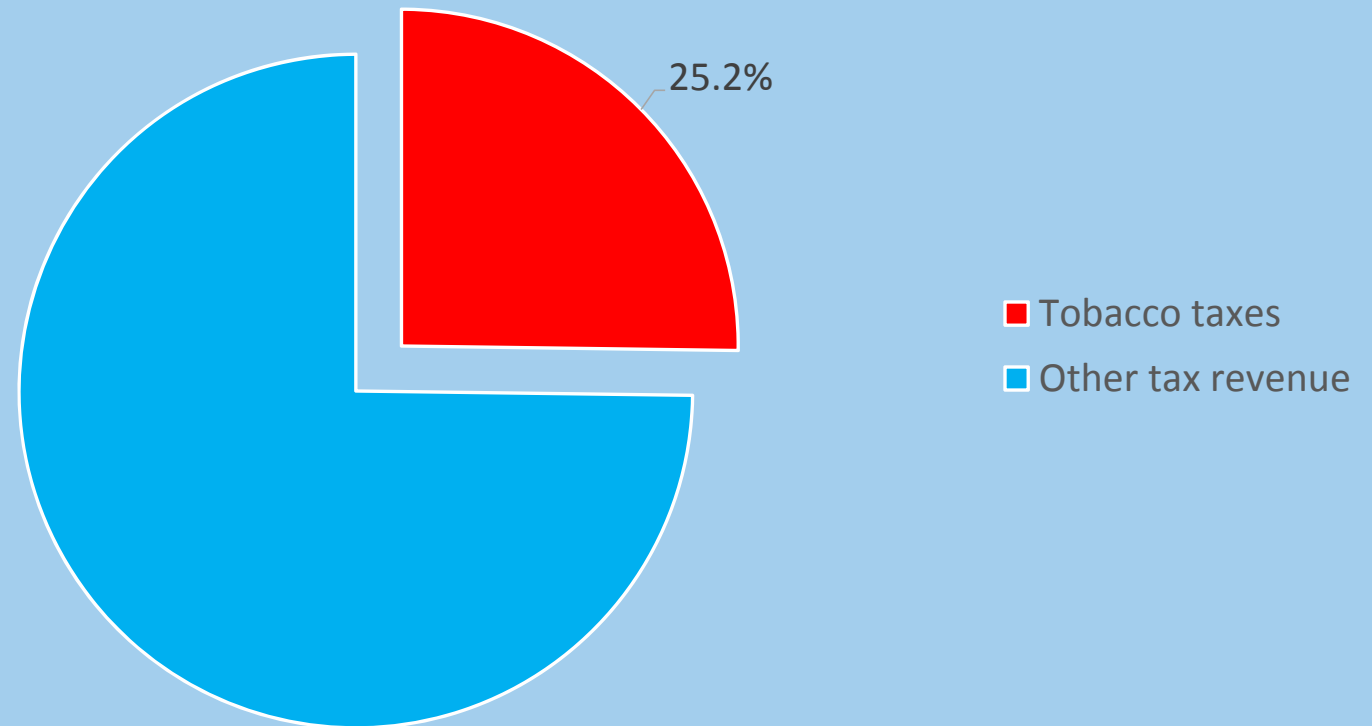
- 2011: Corporate tax (IS)
- 2011: Income tax for non-residents (IRNR)
- 2014: Income tax (IRPF)

## Criminal code defines tax offences

2017

On 2015 Officially started the negotiations between Andorra, San Marino Monaco and the EU for an **Association Agreement** (Ongoing)

# Government revenue 2018



# National bodies

- Ministry of Foreign Affairs, and a Secretary of State of European Affairs who depends directly from the head of the Government.
- Embassy and diplomatic mission to the EU with an Ambassador accredited to the EU.
- Regular meetings with social and economic agents.
- Friendship club and European Parliament and Andorran Parliament.

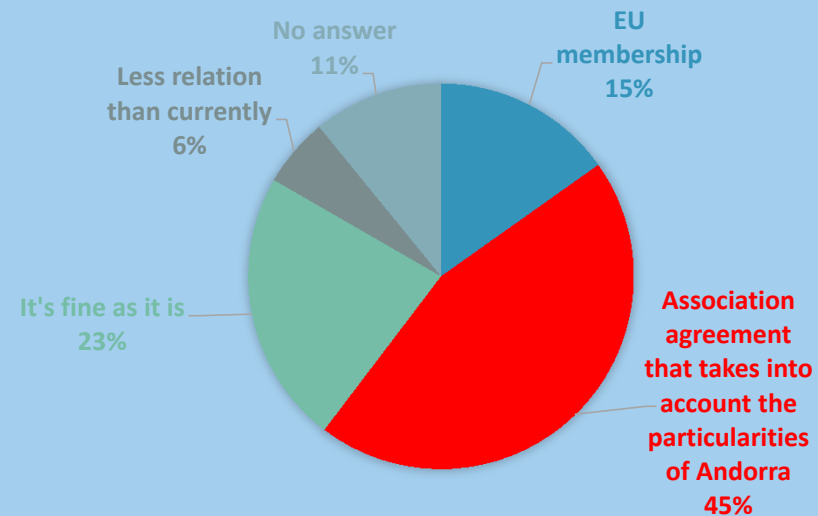


Photo: SOAZIG DE LA MOISSONNIÈRE

# National debates

- Related to groups of interest
- The survival:
  - Maintain sovereignty. Survival of a micro state.
  - Migration and identity. Quotas and security.
  - Taxation, survival of Andorran economy.
  - Is Andorra able to adopt EU acquis and bureaucra

What type of relationship should be agreed between Andorra and the European Union?



Observatori del CRES, 2015

## Results of Andorran General elections by party and position towards Europe. 2019

DA	35,13%	AA respecting some specificities
PS	30,62%	AA respecting some specificities
LdA	12,48%	AA respecting some specificities
TV	10,42%	Status quo or AA respecting strong specificities
SDP	5,87%	AA respecting some specificities
AS	4,64%	Populism, Eurosceptic

# European Integration

## Free movement

Freedom	Target	Controversy	AA negotiation
Goods	Access	Tobacco Customs allowances Sales taxes	30 years transition period Maintain allowances and taxation outside the AA
Services	Access	Liberal professions	
Capitals	Access	Lender of last resort	
Persons	Access	Quotas Unemployment benefits	

### Other Issues

EU acquis  
State monopolies  
Public tenders and EU  
funds  
Taxation



# European Integration Conclusions

- Andorra wants to take part in a progressive and structured manner in the European Single Market, while respecting certain specificities.

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