

World Ceramic Tiles Forum

20th meeting, Rio de Janeiro

National Context. 2013

SPAIN



National Context – Name of the country

- I. General economic situation and trends in the construction sector/demand
- II. Trends in production, consumption and trade in ceramic tiles
- III. Latest developments at national level in energy supply regulation and taxation
- IV. Developments in standardisation or regulation at national level affecting ceramic tiles
- V. Other national developments

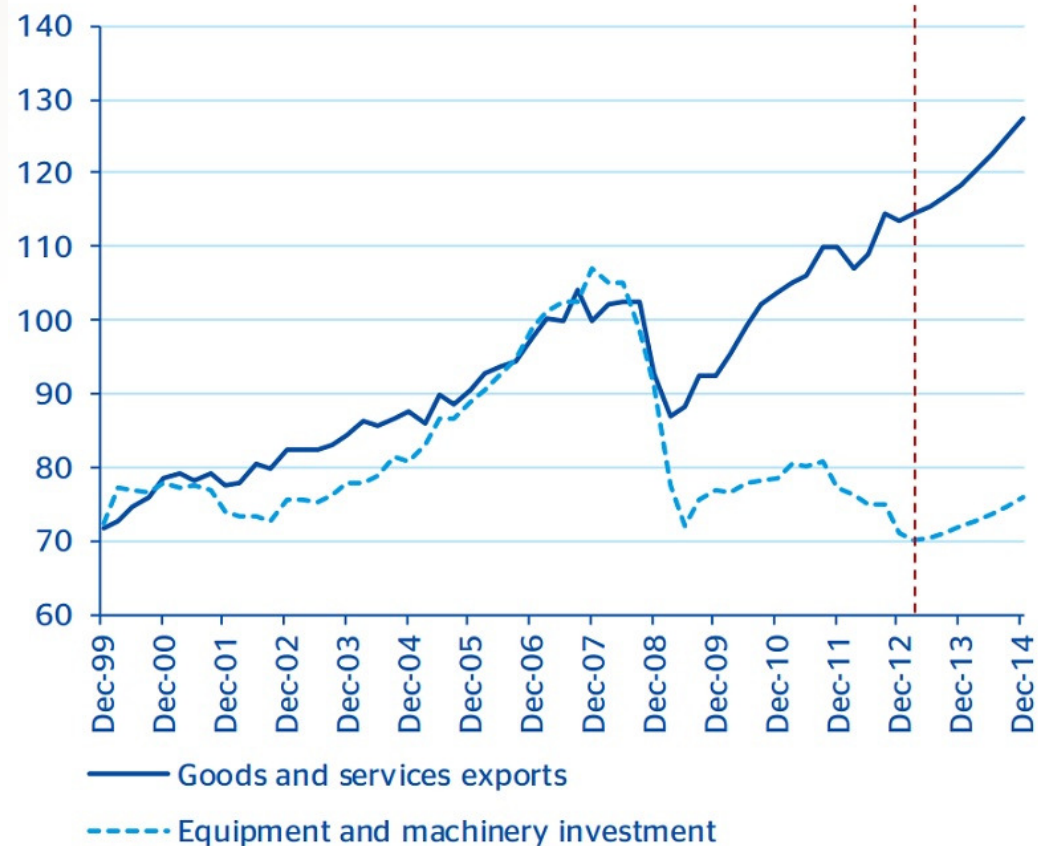
I. General economic situation, trend in the construction sector/demand

Spain's economy is now facing some decisive months. The latest data are broadly encouraging, both in business and employment indicators. The driving forces are the **foreign sector** and the **investment in production equipment**.

However, **Spain's macroeconomic situation is still very fragile**. There is the risk in not reaching the targets set for budgetary adjustment and the risk of complacency in reform policies, specially in the labour and fiscal areas, associated in turn with the reform of public administrations and the pension system.

Spain: exports and investment in equipment and machinery (2008=100)

Source: BBVA Research based on INE data



I. General economic situation, trend in the construction sector/demand

Spanish economy

Source. The Spanish Economy
(La Caixa. Monthly report)

	2012	2013	2014	3Q 2012	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013
Macroeconomic aggregates									
Household consumption	-2.8	-2.7	0.2	-2.8	-3.6	-4.3	-3.2	-2.6	-0.8
General government consumption	-4.8	-1.5	-1.2	-4.9	-5.0	-3.3	-2.4	0.1	-0.2
Gross fixed capital formation	-7.0	-6.5	-1.1	-7.5	-7.7	-7.5	-6.4	-7.3	-4.8
Capital goods	-3.9	-0.1	2.6	-3.7	-4.7	-4.2	0.4	-1.1	4.3
Construction	-9.7	-10.3	-3.1	-10.9	-10.0	-10.2	-10.5	-10.6	-10.1
Domestic demand (contr. Δ PIB)	-4.1	-3.1	-0.3	-4.2	-4.6	-4.7	-3.6	-2.9	-1.4
Exports of goods and services	2.1	5.2	5.6	3.3	4.4	3.6	9.2	3.8	4.2
Imports of goods and services	-5.7	-0.6	2.4	-4.6	-3.5	-4.8	3.1	-1.6	0.9
Gross domestic product	-1.6	-1.2	0.8	-1.7	-2.1	-2.0	-1.6	-1.1	-0.2
Other variables									
Employment	-4.8	-3.1	0.5	-4.7	-5.0	-4.5	-3.8	-2.8	-1.3
Unemployment rate (% labour force)	25.0	26.2	25.3	25.0	26.0	27.2	26.3	25.7	25.9
Consumer price index	2.4	1.7	1.4	2.8	3.1	2.6	1.7	1.4	1.1
Unit labour costs	-3.0	-1.2	0.0	-2.4	-5.3	-2.9	-2.3	-1.4	1.6



I. General economic situation, trend in the construction sector/demand

KEY ECONOMIC INDICATORS FOR SPAIN

Year-on-year (%) change, unless otherwise specified

Activity indicators

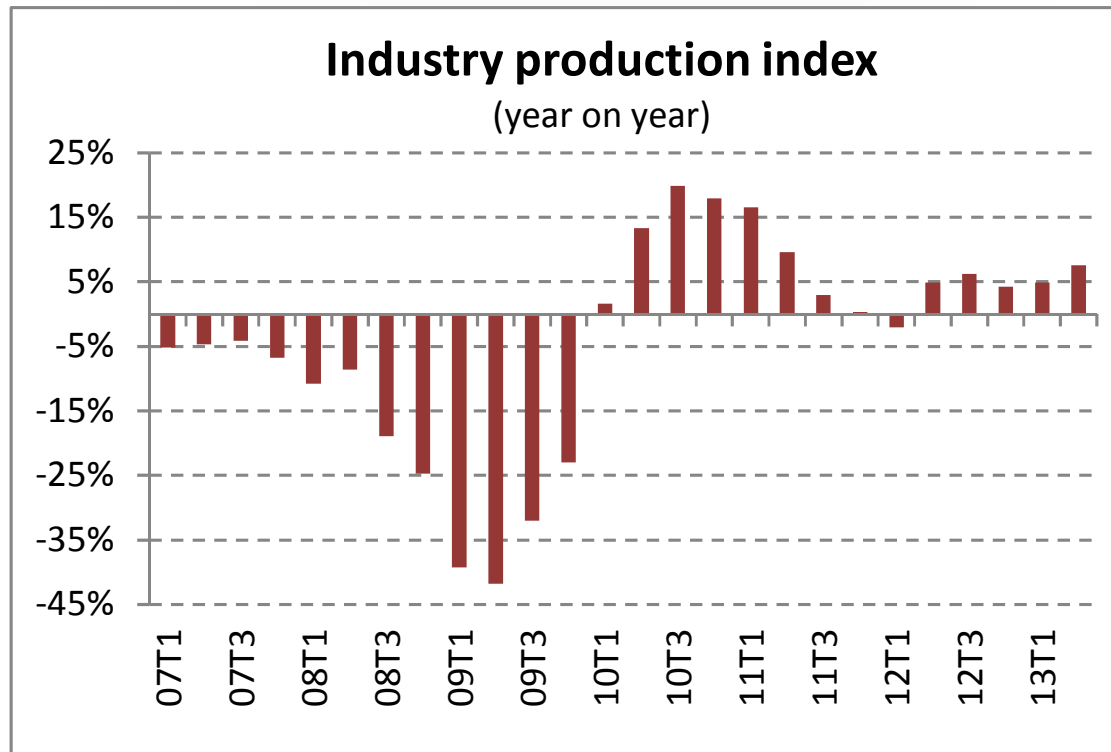
Source. The Spanish Economy
(La Caixa. Monthly report)

	2011	2012	3Q 2012	4Q 2012	1Q 2013	2Q 2013	07/13	08/13
Industry								
Electricity consumption	-0.9	-2.2	-2.8	-2.6	-3.6	-1.7	-3.2	...
Industrial production index	-1.3	-6.0	-5.2	-5.7	-4.2	-1.7
Indicator of confidence in industry (<i>value</i>)	-12.5	-17.5	-20.0	-17.9	-15.9	-15.4	-14.2	-12.7
Manufacturing PMI (<i>value</i>)	47.3	43.8	43.6	44.5	45.7	47.6	49.8	...
Construction								
Building permits	-13.5	-42.7	-47.8	-43.5	-28.0
House sales	-18.1	-8.7	0.4	3.5	7.9	0.6

The construction sector is continuing to adjust and has now accumulated **5 consecutive years of contraction**. Sales were only boosted temporarily by tax incentives in force up to December 2012.

II. Trend in production, consumption and trade in ceramic tiles

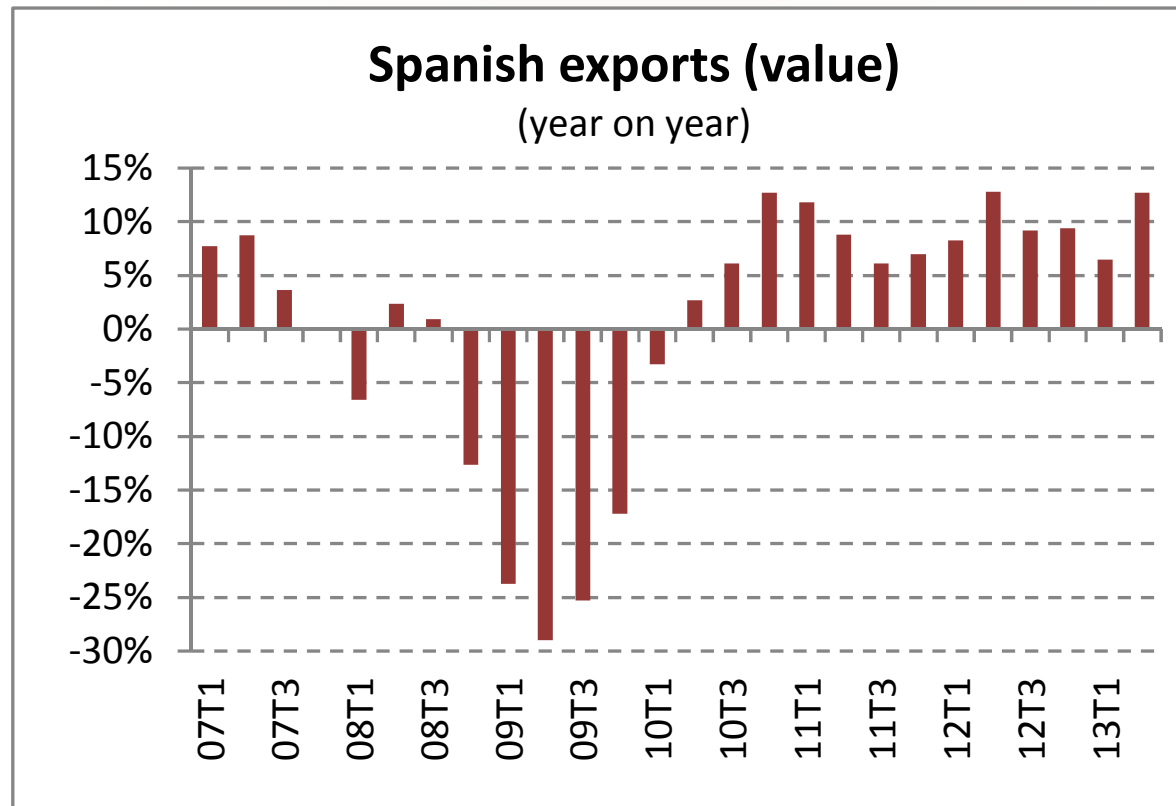
Production fell 40% in 2007-10. It has recovered slightly in 2011 (+7%) and 2012 (+3.1%), due to exports. In the last five quarters, production growth remains moderate.



Source. Instituto Nacional de Estadística

II. Trend in production, consumption and trade in ceramic tiles

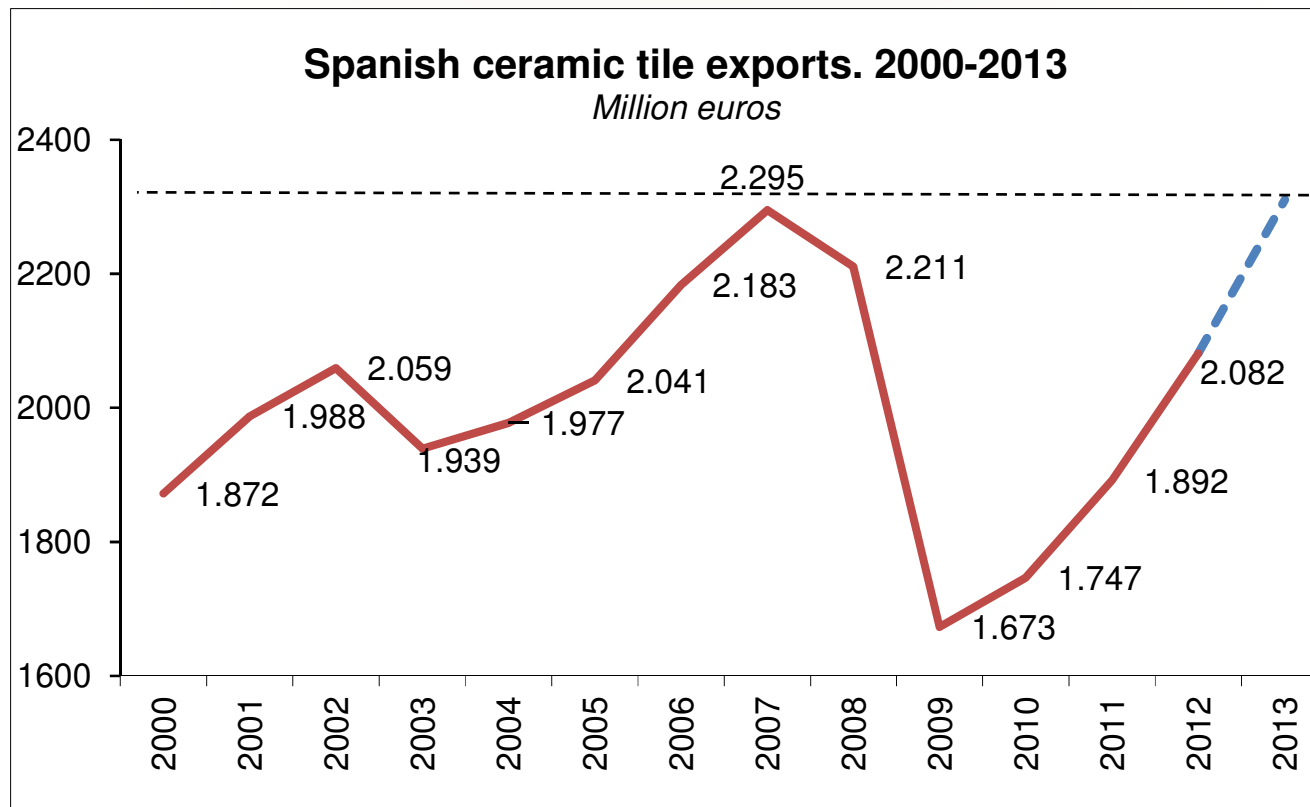
Exports are **growing steadily** since 2010, and are expected to keep up in 2013. Now, exports represent more than 75% of production. **Domestic sales** do not recover and are likely to **continue decreasing**.



Million euro

II. Trend in production, consumption and trade in ceramic tiles

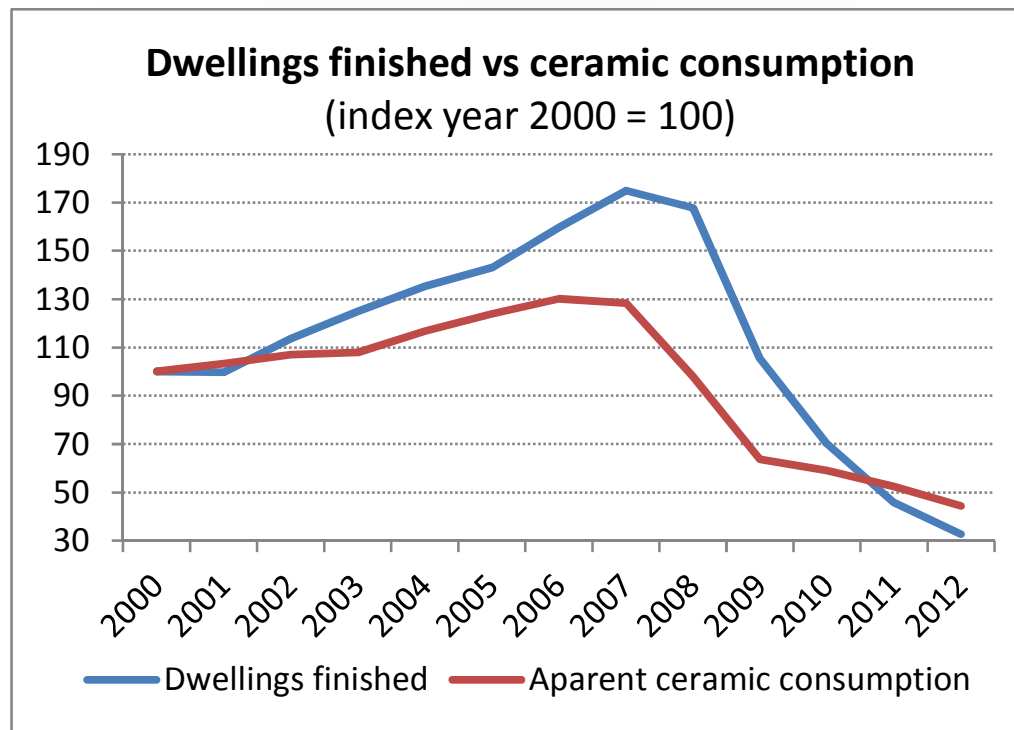
Exports in 2012 were 9.3% lower than the best year (2.295 Million euros in 2007). In **2013** they will reach or exceed the **2007** peak.



Million euro

II. Trend in production, consumption and trade in ceramic tiles

Domestic tile **consumption** has dropped dramatically in recent years, due to the collapse of new buildings construction and contraction of household spending. In 2012, estimated domestic consumption was 44% of the year 2000 (around 2.3 m²/per capita and 100-110 Million m²).



Source. ASCER and Ministerio de Fomento

III. Latest developments at national level in energy supply regulation and taxation

NATURAL GAS

- New tax on natural gas consumption for industrial use: 0,54 €/MWh
- Tax for gas used to produce electricity by cogeneration: 2,34 €/MWh

ELECTRICITY

- New legislative package to reform electricity market
- 6% tax on electricity generation (cogeneration plants)

COGENERATION

- New retribution scheme as of July 2013 – detail still under development
- Abolishment of economic supplements on account of energy efficiency

IV. Any development in standardisation or regulation at national level affecting ceramic tiles

STANDARDISATION

- National implementation of EN 14411:2012 (revision of ceramic tile standard)

REGULATION

- Construction Products Directive (CPR) in force as of 1st July 2013
- New CE marking requirements and Declaration of Performance
- Guidelines to facilitate manufacturers the application of CPR

V. Other national developments