

World Ceramic Tiles Forum

FRANCE

JC Kergoat

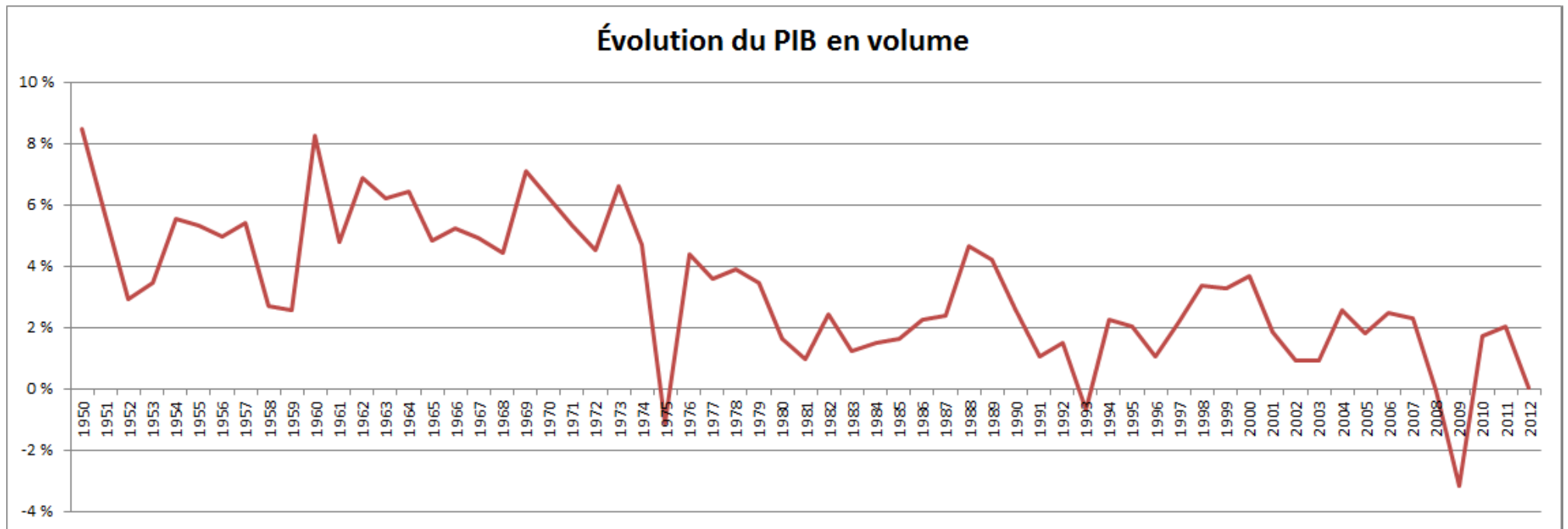
CSCCF : Chambre Syndicale du Carreau Céramique de France



National Context – FRANCE

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

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



Source : INSEE (official statistics organization)

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

Volume of construction work : Housing +/- 80 billion € - Non housing : +/- 50 billion €

New jobs : 60 billion € declining more – Improvements 70 billion € (slight decrease)

Individual houses : 179 000 vs Collective housing : 167 000 *authorized*

Source = FFB (French Construction Industry Organization) 2012 report

Housing developments

* Official new (since May 2012) Government target : 500 000 new housing jobs per year

* Reality : 2012 : 325 000 in 12 months, 237 000 January - September

2013 : 320 000 (?) in 12 months, 234 000 January September (-1% vs 2012)

Possible reasons for decrease : market was upheld by investors (> 40 % of purchases), but now :

=> new rent control regulations

=> more difficult to expel non paying tenants etc.

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=> more difficult to expel non paying tenants etc.

HOUSING developments

=> Less tax incentives than previously (possibilities to deduct from revenue part of the investment / VAT)

III. On the other hand :

=> higher building costs (new **green** requirements, more regulations for safety etc.)

=> General Consumer confidence near it's all time low

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

- * Market figures relatively stable since the beginning of the crisis (+/- 120 M SQM)
 - * Forecast for 2013 : - 5 % for consumption market < 1 billion € at factory prices
 - * Production steadily decreasing : closing of plants / kilns : < 28 M SQM in 2013
 - * Heavy losses sustained by many ceramic tile producing companies
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- * Imports represent nowadays nearly 80 % of domestic market (coming mostly from Italy & Spain)

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

- * Relative uncertainty as to the nuclear power plants future (no agreement between the government coalition)
- * Heavy subsidies for renewable energies (wind / solar) but in a tight budgetary constraint environment
- * VAT rates will be higher on 1st January 2014 (rates and sectors still debated)
- * Higher corporate tax rates for 2014 (+11 %, highest in Europe)
- * Special 75 % controversial income tax rate : some fear it might drive away foreign investment

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

* France being part of Europe, follows European rules

* Opportunity to sell more of certain tiles due to stricter regulations on energy consumption per housing

V. Other national developments

Possibility of a new recession in 2013-2014

Unemployment nears its all time high (> 10%)

GDP « growth » 0 %

Heated tax debate : more taxes or less public spending needed to curb deficit ?

Thank you for your time

Optional Q & A time