



# World Ceramic Tiles Forum – National Context

ITALY



# National Context – Name of the country

- 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



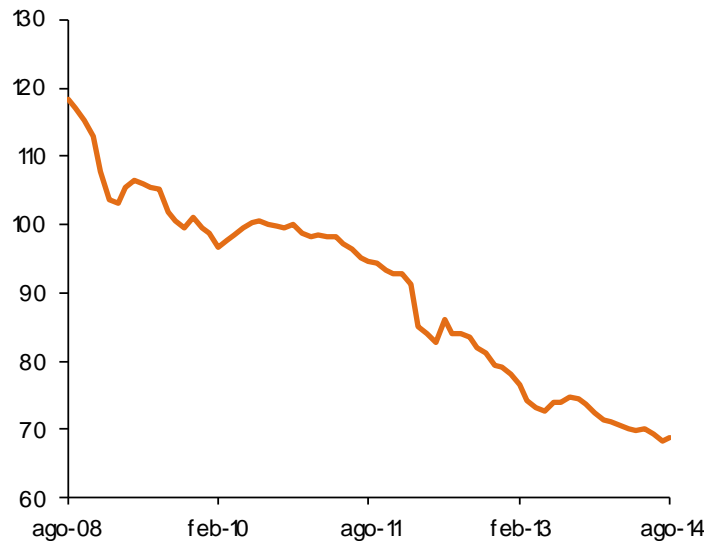
## Italy: general economic situation

	2013	2014 (estimated)
G.D.P. % change over previous year	-1,9	-0,4
INFLATION RATE	1,2	0,3
OFFICIAL BANK RATE ( <b>BCE</b> )	0,55	0,16
NOMINAL WAGE INCREASE (TOTAL INDUSTRY)	2,4	2,2
UNEMPLOYED AS A % OF TOTAL LABOUR FORCE	12,2	12,5

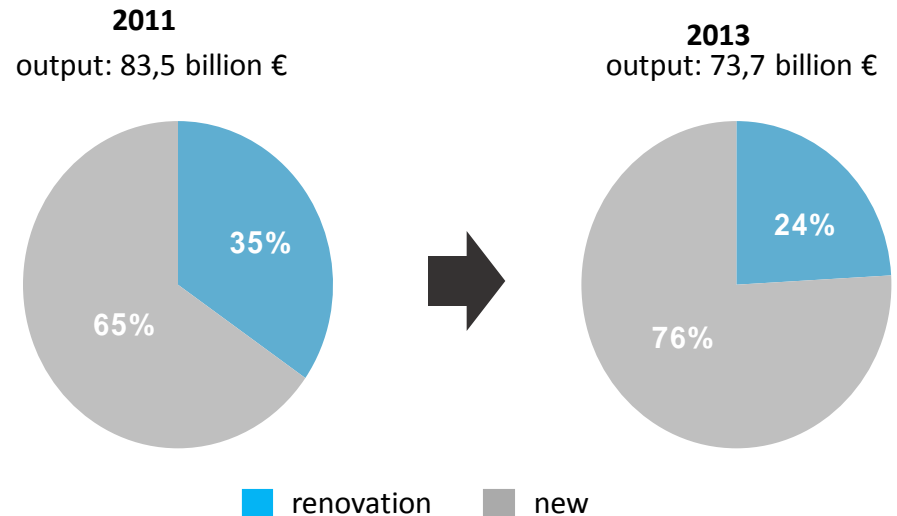
# I. General economic situation, trend in the construction sector/demand



**Production in construction sector - index**



**Investment in residential market - % share**



✓ Nowadays the construction investment levels are the same of early 2000. Since 2008 the fall of investment has been sharp.

✓ No recovery is expected: we estimate a further decline of construction investment in 2014

✓ New residential production still in crisis in 2013 and 2014, while incentives led the growth in renovation.

✓ The investment for both generic renovation and energy-efficiency projects supported by fiscal incentives increased by 44% with respect to 2012. And the result for the first half of 2014 shows that the path to growth is still underway.

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

### The Italian ceramic tile industry

	2012	2013	Var. %
<b>Companies (unit)</b>	<b>159</b>	<b>156</b>	<b>-1,89%</b>
<b>Employees (unit)</b>	<b>21.355</b>	<b>20.537</b>	<b>-3,83%</b>
<b>Production (million sq.mt.)</b>	<b>367,2</b>	<b>363,4</b>	<b>-1,05%</b>
<b>Total sales (million sq.mt)</b>	<b>382,2</b>	<b>389,3</b>	<b>1,85%</b>
...of which Italy	93,2	86,5	-7,18%
...of which export	289,0	302,7	4,76%
<b>Investments (million €)</b>	<b>255,5</b>	<b>224,6</b>	<b>-12,08%</b>
<b>Total Turnover (million €)</b>	<b>4.581,0</b>	<b>4.726,0</b>	<b>3,16%</b>
...of which Italy	919,0	856,0	-6,84%
...of which export	3.662,0	3.870,0	5,66%

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

### Italian ceramic tile markets

(first half 2014)

Area - Continente <i>Area - Continent</i>	Valori assoluti <i>Absolute values</i>		Variazioni percentuali <i>% variations</i>	
	milioni di mq. <i>million Sq.mt.</i>	milioni di Euro <i>million €</i>	mq. / <i>Sq.mt.</i>	Valore / <i>value</i>
Europa Occidentale - UE <i>EU - Western Europe</i>	73,59	1.048,35	8,07%	10,97%
Europa Meridionale - UE <i>EU - Southern Europe</i>	4,91	59,26	15,21%	10,79%
Europa Orientale - UE <i>EU - Eastern Europe</i>	8,71	104,54	15,51%	16,49%
Europa extra UE <i>Other European countries extra EU</i>	21,82	241,30	-2,98%	-3,88%
Americhe <i>Americas</i>	24,02	340,72	-1,31%	-0,50%
Asia	17,79	238,65	4,07%	8,82%
Africa	7,01	52,82	3,73%	5,72%
Australia _ Oceania	2,84	40,21	29,61%	28,22%
<b>Totale Export</b> <i>Total export</i>	<b>160,69</b>	<b>2.125,83</b>	<b>5,18%</b>	<b>7,25%</b>
Vendite Italia <i>Domestic sales</i>	40,33	408,21	-8,13%	-7,20%
<b>Totale Vendite</b> <i>Total Sales</i>	<b>201,03</b>	<b>2.534,04</b>	<b>2,21%</b>	<b>4,63%</b>

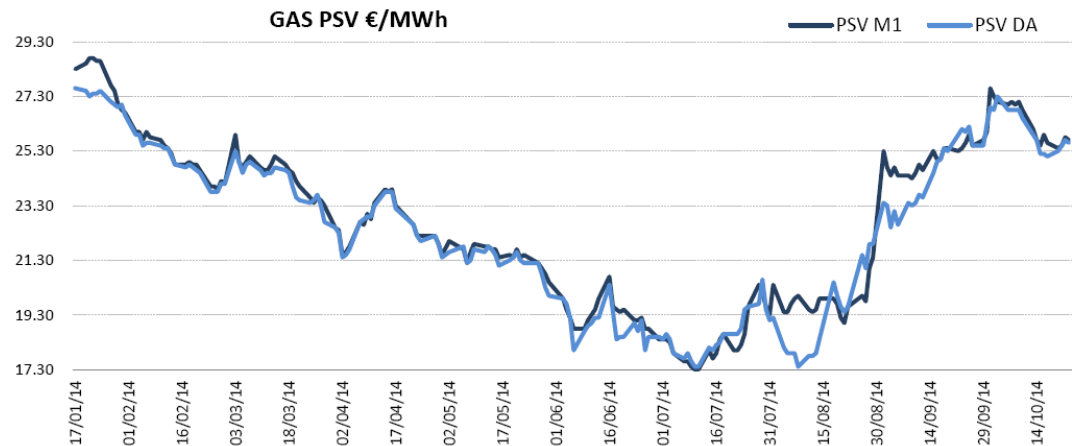
# III. Latest developments at national level in energy supply regulation and taxation

## Electric power

- RES charge rose at about 50 €/MWh; electrical costs jeopardise the companies competitiveness
- Refunds have been introduced in 2013 for energy-intensive companies (“electric consumption” >2.4 GWh/y and “electric power cost”/“turnover” > 2%)
- It is expected to be a small relief for ceramics (-15% of RES charges paid)
- Italian regulation seems to be compliant with new EU “Environmental and Energy State Aid Guideline” (adopted on 9th April 2014)
- Still waiting for the 2013 reimbursement (subject to submission of a bank guarantee)

## Gas market

- The price drop due to low demand was interrupted in mid-2014 because the Russian-Ukrainian crisis
- The uncertain outlook keeps pressure on prices (also forward)
- Industrial Consortium Gas Intensive sold directly to its member 220 million m3 in TY 2013/2014



## Cogeneration

- Starting from 2015 electric energy produced from CHP and self-consumed will be charged to a part of “grid services fees” (including RES charge)
- 5% at the beginning (may rise for new plants)
- This compromise the economic balance of the existing plants, introducing uncertainty for new investments

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

✓The European Regulation 305/2011, compulsory on 2013-07-01 has been successfully implemented and for the time being there is no need of any further development until the item as per the essential requirement of sustainable use of resources has been fully addressed.

Italy is involved in the standardisation at European and ISO level and the developments are those being addressed in the relevant Technical Committees (CEN/TC 67 and ISO/TC 189).

✓UNI Mirror Group "Slipperiness of floor coverings" has approved the implementation of CEN/TS 16165 and is involved in its revision (after the 3-years period) with the aim of revising consequently the Italian regulation;

✓A professional association of ceramic tile installers and contractors including also retailers and ceramic showrooms called "Assoposa" was founded in Italy with the support of Confindustria Ceramica and some key players of the tile installation industry. The association has the responsibility of assessing the skills of its members and promotes training and education.



# V. Other national developments

## MEASURES LAUNCHED IN 2013 and 2014 WITH AN IMPACT ON THE CONSTRUCTION SECTOR

### **DL 16/2014, became law in May 2014 – Fiscal measures:**

Possibility for Municipalities to increase the maximum level of TASI (tax on indivisible services on the house) by 8 per thousand. This increase of revenue for the Municipality has to be allocated to tax relief or other measures for the principle house.

### **LAW 147/2013 (STABILITY LAW FOR 2014)**

#### **For the public sector:**

New funds for infrastructures (big projects, road and railways repair, land safety, reconstruction interventions in Abruzzo) for a total amount of 6.4 billion euro for the period 2014-2016. Cohesion funds 54.8 billion euro for the period 2014-2020, of which 1.6 for 2014-2016. Softening of the internal stability pact for local bodies (still to be discussed).

Purchase by the CDP (Cassa Depositi e Prestiti) of the bonds deriving from the securitisation of the credits of the SME. The resources should be allocated in measures to support the SME. Guarantee Fund for the first home: 50% of the capital is guaranteed through this fund (the total amount is 600 million) aimed at the purchase of the principle house as well as at renovation and energy efficiency improvement. It is aimed at providing access to credit for buying the first home for young couples, single parent families and under 35s with “atypical” job-contracts. It has been estimated it could activate 70,000 new transactions and investment of 4.2 billion. Guarantee from CDP for energy efficiency improvement of public buildings.

#### **For the private sector:**

Extension of incentives for energy efficiency building renovation (65% tax relief up to December 2014, 50% in 2015 – 65% up to 2016 for interventions in communal parts of condominiums or for the overall intervention of a condominium).

Extension of incentives for generic building renovation (50% tax relief up to December 2014, 40% in 2015, 36% after January 2016).

Is currently in the process of being approved, the extension of the fiscal incentives for 2015 (65% and 50%).

Extension of the 50% tax relief for purchases of furniture and of big appliances of energetic class A+, within intervention of refurbishment, up to December 2014.