2019 World Ceramic Tiles Forum

6 November - 9 November

Westin Grand Hotel Berlin

Berlin, Germany

World Ceramic Tiles Forum

CET

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2019 World Ceramic Tiles Forum
- National Context -

SPAIN

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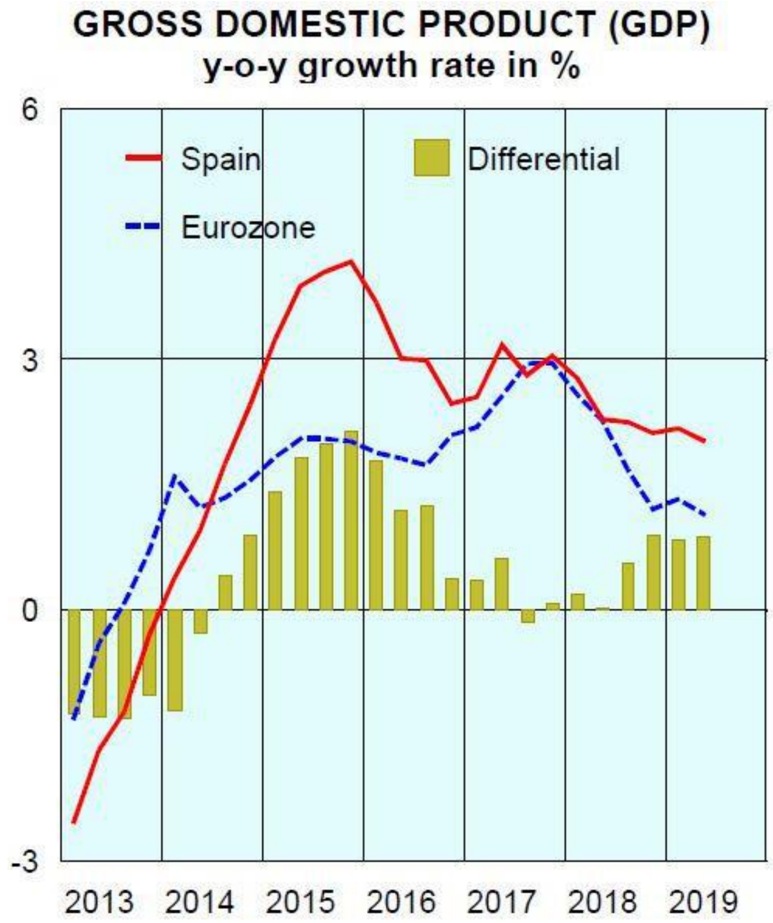
I. Trend in the construction sector/demand

The **Spanish economy** grows at a more moderate pace than anticipated.

The **real estate market** shows signs of moderation. Demand is showing signs of stabilization. The supply indicators are slowing down too, although growth in the construction sector remains significantly higher than that of the economy as a whole.

Nevertheless, this should not be interpreted as a sign of weakness in the sector, but rather as a process of normalization towards more sustainable growth rates following the strong rebound experienced during the recovery.



Spanish economy reports. Ministry of Economy

I. Trend in the construction sector/demand

Spain. **Activity and production indicators** (Year-on-year change or balances in %)

Spanish economy reports. Ministry of Economy

INDICATORS	2018	2019(1)	2018 III	2018 IV	2019 I	2019 II	2019 III(1)	Latest data
Industry								
Composite Industry Indicador (2)	2.4	1.5	2.2	1.7	1.6	1.5	-	Q.II.19
IPI calendar adjusted	0.3	1.0	0.3	-2.8	-0.1	1.7	1.5	Aug.19
Large Firms Sales. Industry (4)	1.5	1.6	1.8	1.2	2.8	0.6	1.0	Jul.19
Industry goods Exports (vol.)	-2.7	-1.3	-5.0	-4.0	-6.2	1.9	4.1	Jul.19
Employment (LFS)	2.3	1.4	2.1	-0.1	1.2	1.5	-	Q.II.19
Social Security covered workers (5)	2.7	1.5	2.6	2.2	1.8	1.5	1.3	Sep.19
Industry confidence indicator (balances)	-0.1	-3.5	-2.6	-1.9	-3.8	-4.6	-2.0	Sep.19
Construction								
Composite Construction Indicator (2)	4.1	2.1	3.3	3.5	2.3	1.9	-	Q.II.19
Production in Construction Index (ca)	2.3	-0.9	-1.0	4.2	-4.1	1.0	2.7	Jul.19
Large Firms Sales.Construction (4)	3.2	2.2	4.6	1.0	2.8	0.8	5.0	Jul.19
Employment (LFS)	8.3	8.1	7.4	11.9	11.2	5.0	-	Q.II.19
Social Security covered workers (5)	6.7	5.8	7.0	6.5	7.0	5.9	4.4	Sep.19
Floorage approvals: total	23.9	7.7	27.0	18.3	11.4	5.5	5.2	Jul.19
Floorage approvals: housing	24.5	6.2	32.7	23.3	11.0	6.8	-4.8	Jul.19
Construction confidence indicator (balances)	-4.6	-5.3	-8.3	-1.6	-0.6	-7.8	-7.4	Sep.19

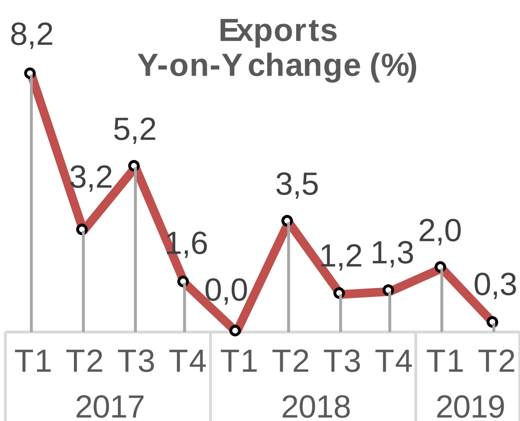
II. Trend in production, consumption and trade in ceramic tiles

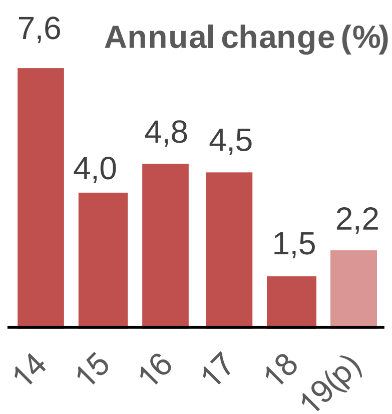
Exports is still growing but at a low average rate of 1-2 %.

Domestic market maintain an average growth of around 6-7 %.

Production follows the decreasing trend of sales and could end the year in negative growth.

Exports (value)

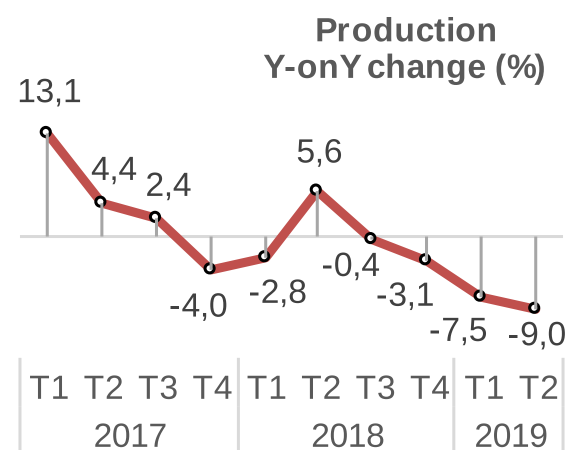




Exports 2018: 2,727 Million euros (+1.5%)

2019 data up to August

Industry production index



Prod. 2018: 530 Mill. m2 (+0.0%)

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

Natural gas and electricity

The National Commission on Markets and Competition (CNMC in Spanish) has recently published a set of new proposed regulations to revise the remuneration system of energy supply activities (transportation and distribution) and establish new methodology for access, transport and distribution tariffs. This new regulation is currently under enquiry and consultation from stakeholders and will have an important impact on the regulated energy costs that consumers pay.

Industrial associations of large natural gas consuming manufacturers, including ASCER, have analyzed the proposals and suggested technical amendments in order to have a beneficial outcome on their competitiveness. The objective of the new regulation is to reduce excess remuneration which will lead to a reduction in transport tariffs, hence a reduction in energy costs.

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

Natural gas and electricity (cont.)

Spanish current regulated gas energy costs (mainly transport and distributions tariffs) are 45% greater than the average EU values.

This negatively impacts industry competitiveness, since ceramic tiles are sold all around the world to countries which have lower energy costs.

The new regulation is foreseen to come into force in 2020, subject to Spain's central government evaluation and to parliamentary control. It is an opportunity to harmonize these costs with the rest of European countries and enhance industries competition.

On the other hand, there is a lot of pressure from energy suppliers to prevent cuts on their remuneration, so we’ll have to wait to see the outcome of the negotiations and the final State Council decision.

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

National energy and climate plan (SPAIN)

National Energy and Climate Plans (NECPs) are the new framework within which EU Member States have to plan, in an integrated manner, their climate and energy objectives, targets, policies and measures to the European Commission.

The Spanish NECP establishes a reduction of almost 30% of installed cogeneration capacity. This means that one out of every three cogeneration plants will stop functioning and electricity produced by cogeneration at national level will be reduced from 11% to only 5%, thus eliminating all positive contributions from cogeneration (less CO2 emissions, high energy efficiency, reduced losses, distributed power, etc.)

National energy and climate plan (SPAIN) cont.

The EU recognizes the benefits of cogeneration to national energy system, besides the suitability of this technology in energy intensive industries with particularly high heat demand.

Given the above, these industries demand a regulation framework that guarantees the functioning of cogeneration plants, enhancing the competitiveness of the industry while helping to achieve the EU’s environment and energy efficiency goals.

IV. Development in standardisation at national level

There's been no new developments on national standards or regulations affecting ceramic tiles during the last year.

V. Development in regulations at national level affecting ceramic tiles (notably environmental or health & safety regulation)

1) Current legislation applicable to respirable crystalline silica (RCS)

1.1 Emissions limit in force: 0,05 mg/m3. Probably will be 0,1 mg/m3 after entry in force in Spain the Directive(EU) 2017/2398, from 17/01/2020.

1.2 Labelling requirements: There are no requirements yet, even though ASCER recommends manufacturers to inform customers about health risks (silicosis and lung cancer) derived from installation tasks (cutting, drilling).

1.3 Since May 2018, RCS is considered as carcinogenic substance by Spanish law (lung cancer).

1.4 Since 17/01/2020, it will be applied the transposition of Directive 2017/2398 to the Spanish national legislation, which will entail the application of severe and costly measures to prevent risks.

2) Current legislation affecting other raw materials (e.g. TiO2)

In Spain there is still no regulation on classification applicable to TiO2, the European regulation is pending.

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Thank you for your attention!

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