World Ceramic Tiles Forum – National Context

26-30 June. Sevastopol

Spain

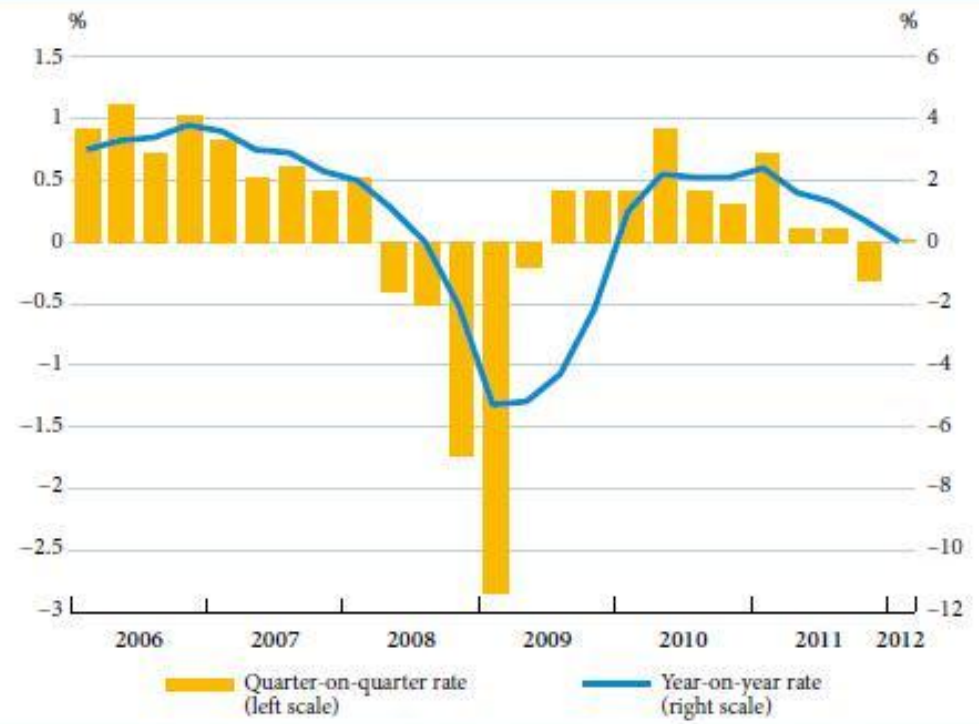
World Ceramic Tiles Forum
2011

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

Despite the dynamism of the global economy, **Europe is “decoupling”** (the link between World and European’s growth has broken)

EUROPE’S ENGINE CATCHES A COLD

Change in GDP



SOURCE: Eurostat.

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

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

The international context of the Spanish economy will be largely **determined by the outcome of the European crisis**

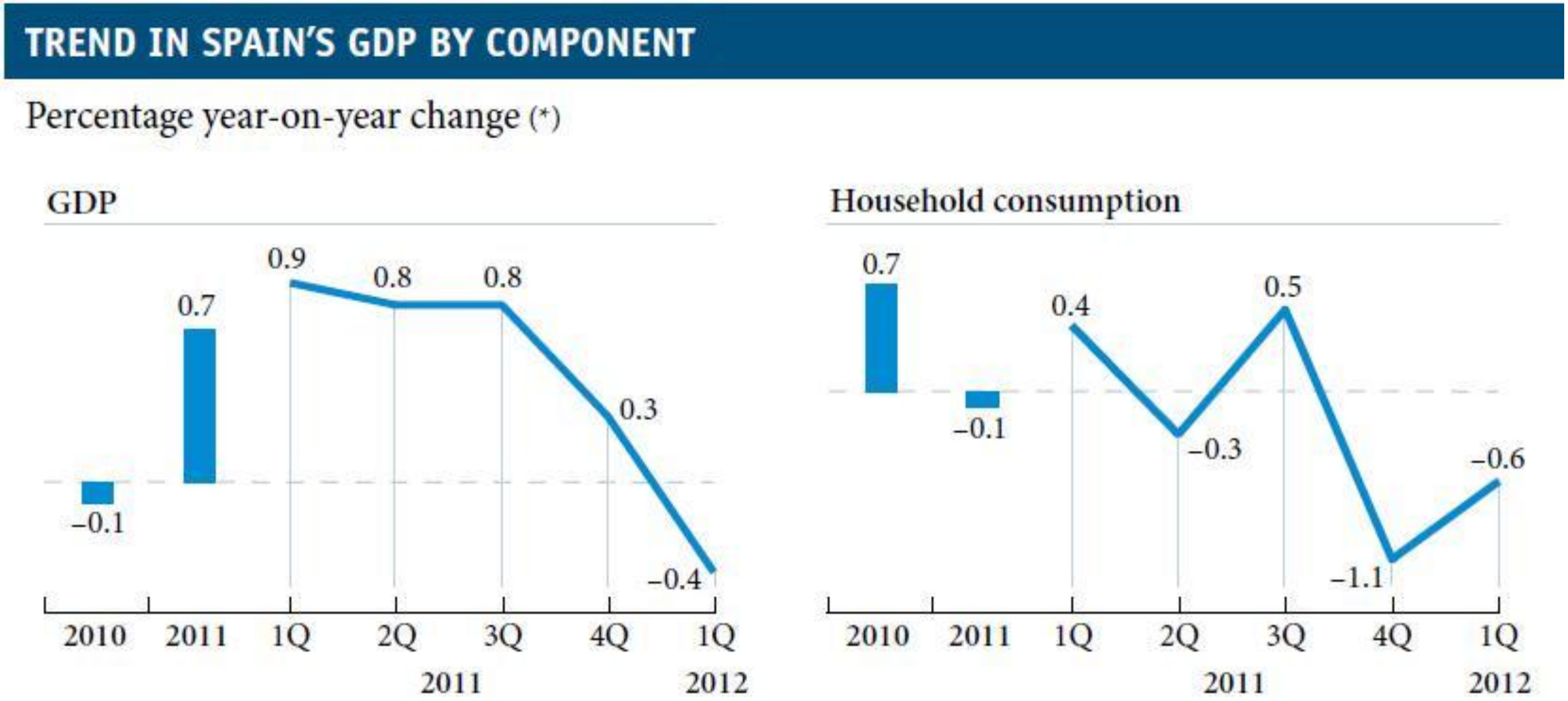
Europe needs a **long-term plan to boost activity** and to share sovereign risk in exchange for improved coordination, governance and structural reforms

Improving confidence depends upon the design, execution and communication of a **credible reform agenda**

The **reforms** of the last months in Spain **does not resolve** investor doubts

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

Spain maintains the prospect of a GDP contraction in 2012 (> 1.2%) and a slow recovery in 2013, but with increased uncertainty



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

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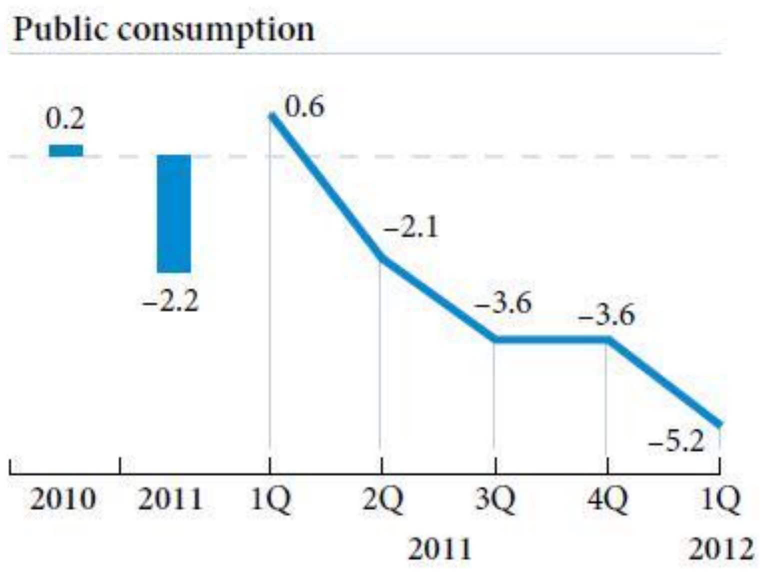
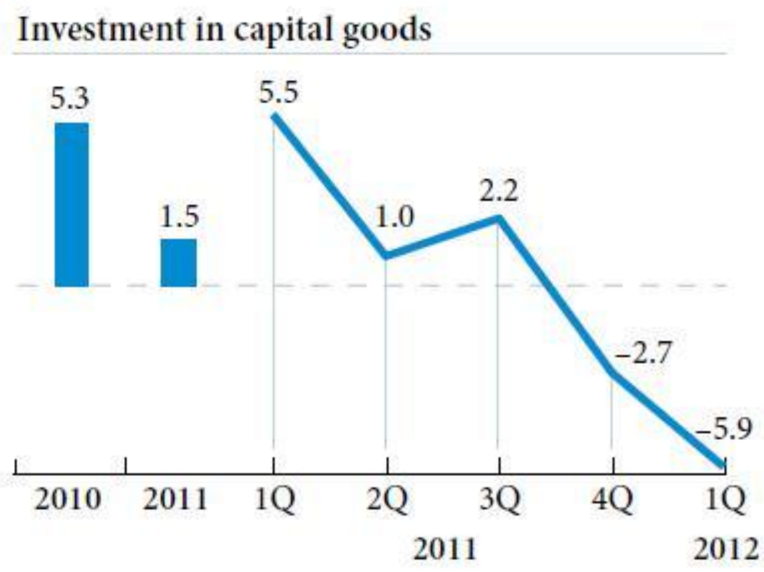
TREND IN SPAIN'S GDP BY COMPONENT

Percentage year-on-year change (*)





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

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

Spain: macroeconomic forecasts (yoy change, %, unless otherwise indicated)

	2009	2010	2011	2012	2013
Activity					
Real GDP	-3.7	-0.1	0.7	-1.3	0.6
Private consumption	-4.3	0.8	-0.1	-2.0	-0.9
Public consumption	3.8	0.2	-2.2	-8.0	-5.6
Gross fixed capital formation	-16.4	-6.0	-5.2	-7.5	-1.0
Capital goods	-22.6	5.5	1.6	-4.6	2.8
Construction	-15.4	-10.1	-8.1	-9.2	-3.2
Housing	-22.0	-9.8	-4.9	-6.6	-1.6

Source. Economic Outlook (BBVA Researh. Second quarter 2012)

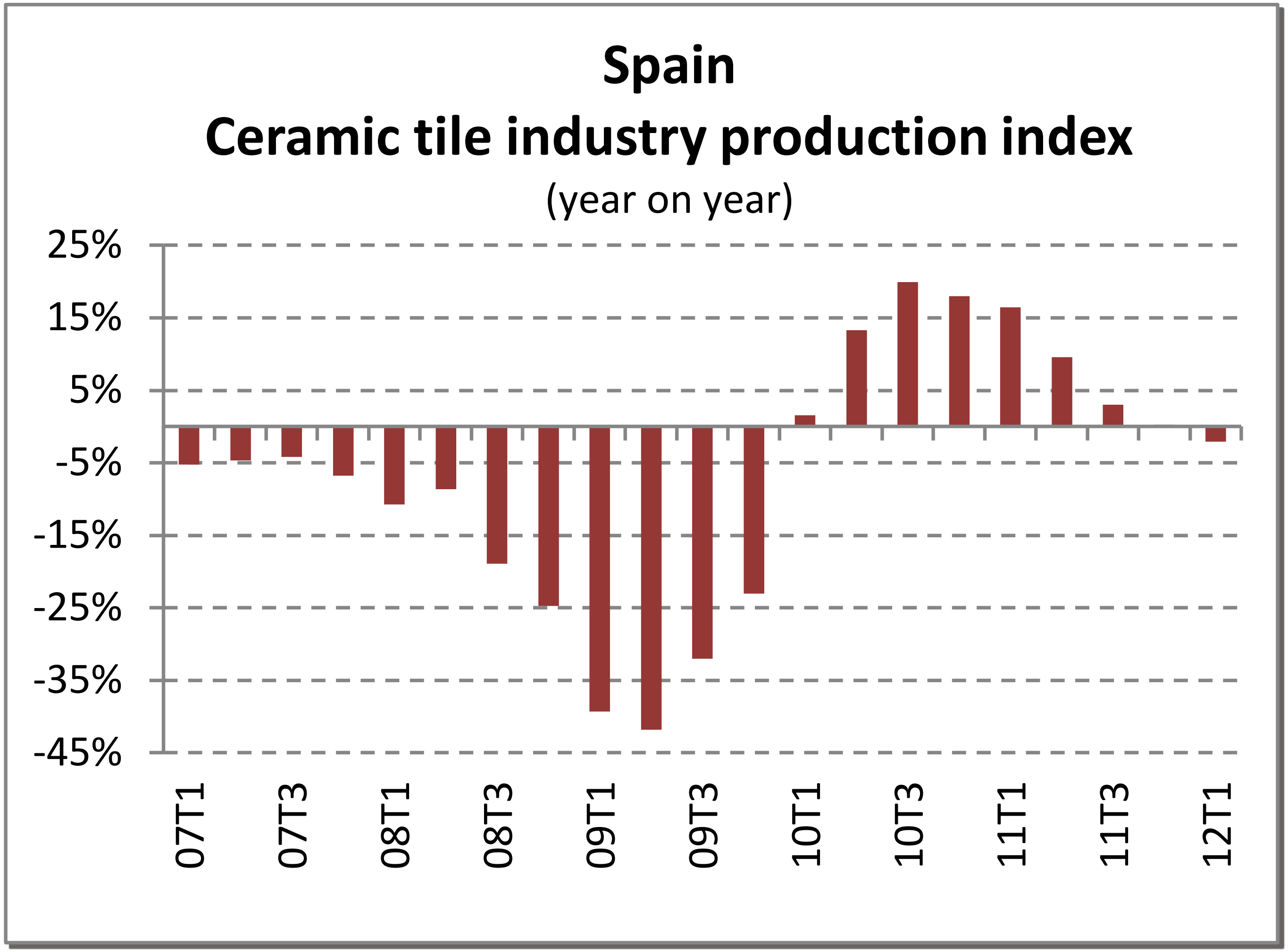
II. Spain. Trend in production, consumption and trade in ceramic tiles

Production fell **40% in 2007-10**. and has **recovered slightly in 2011 (+7%)** due to exports. In **2012 growth will be weak** due to the continued fall in domestic sales and the uncertain evolution of the international markets.

	Manufacturers	Production (Million sq.m.)	Employment
2011	175	392	15,500
11/10	-	+7.1%	-4.1%
The crisis	-45 since 2007	-40% in 2007-10	-42% since Jan-08
12/11 Q1	-	-2.1%	-6.8%

Source. ASCER

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



Source. National Institute of Statistics

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

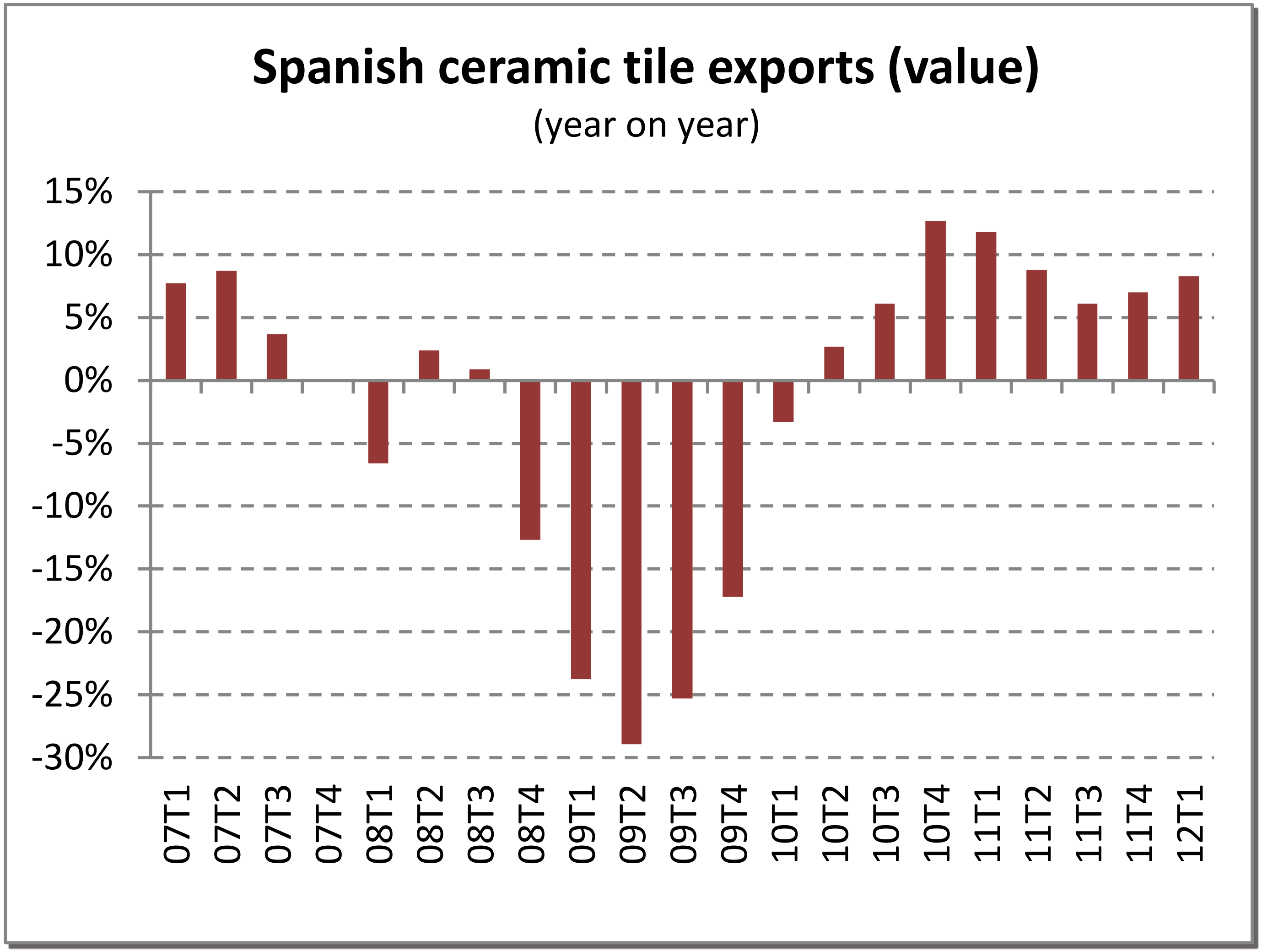
Exports are **growing steadily** since 2010. The trend is expected to be maintained in 2012. Exports represent over 70% of production. The **domestic sales** does not recover and is likely to **continue decreasing**.

	Total sales	**Domestic sales**	**Exports**	**Imports**
2011	2,597	705	1,892	80
11/10	+1.9%	-12.0%	+8.3%	-13.0%
The crisis	-39% in 2007-10	-60% en 2007-10	-25% en 2007-10	-41% en 2007-10
12/11 Q1	-	-12%	+13.6%	-32.7%

Million euros

Source. ASCER

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



Source. National Department of Customs

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

Exports in 2011 are at the same level that 2000 and 17.6% lower than the best year (2007). It is expected that exports in 2013 exceeded the 2007 peak.

Source. National Department of Customs

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

GAS ORGANISED MARKET (HUB)

INFRAESTRUCTURES

- Cross-border gas pipelines to facilitate exchanges (Spain-France)

ENERGY PRICES

- Increasing energy prices
- Important increase of electricity mandatory transport costs (>150% in 3 years)

COGENARATION

- Renewal of combined heat-power plants (+15 years old). In stand-by
- In line with EU strategy in order to increase energy efficiency

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

STANDARDISATION

- No new developments at national level
- Spanish standards on ceramic tiles are equivalent to EU standards

REGULATION

- Revision of Spanish Building Code
  - modification of slip requirements (same test method as before but new conditions)