CBI MARKET SURVEY

The natural stone and stone products market in Spain

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Report summary
This CBI market survey discusses the following highlights for the natural stone and stone products market in Spain:

- In 2008, Spanish consumption of natural stone and stone products was € 1.7 billion and production was € 2.3 billion. Spain is ranked 2nd in the EU based both on consumption and production of finished stone products. Between 2004 and 2008 finished stone consumption dropped at an average rate of -2.8% per year. Over the same period, Spanish production of finished stone increased at an average rate of 3.8% per year.
- In 2008, Spain imported about € 271 million worth of natural stone and stone products making it the 6th biggest importer in the EU. Total Spanish imports increased by 0.9% per year between 2004 and 2008.
- Developing countries (DC) have become important suppliers of low priced products. Between 2004 and 2008 the market share of DC increased from 59% to 72%. In 2008 China, Turkey and Brazil were the most important DC supplying to Spain with a market share of 33%, 17% and 13% respectively.
- The Spanish natural stone market is expected to decline in coming years. The main reason is the economic crisis strongly affecting the construction sector and the consumer market. However, Spain is still one of the largest markets in the EU and DC exporters with high quality products might still be able to find trading partners.

This survey provides exporters of natural stone and stone products with sector-specific market information related to gaining access to Spain. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The natural stone and stone products market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo

Note: In Chapter 1 Market description: consumption and production, the following product groups are addressed:

- blocks & slabs
- landscape design
- monumental and funeral

Monumental & funeral is an aggregate of flooring & cladding and funeral & other arts sub products groups which are disaggregated and dealt with separately in the Import/ Export section. For more information about the product groupings, refer to the Appendix A in the CBI survey 'The natural stone and stone products market in the EU'.

1 Market description: consumption and production

Consumption

Spain is inhabited by 46 million people making it the 5th most populated country in the EU. In 2008, the Spanish consumption[1] of natural stone and stone products was € 1.7 billion, of

[1] 2006 blocks and slabs consumption data could be statiscally biased and therefore not precisely reflect real figures for this specifically product group.

which € 1.2 billion consisted of finished stone products[2]. Spanish consumption of finished stone products has dropped at an average rate of -2.8% annually. Spain is ranked 2nd accounting for 18% of total EU consumption of finished stone, above France (12%) and below Italy (27%).

Table 1.1 Spanish consumption of natural stone and stone products per product group 2004 - 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	646	11'041	473	5'773	n.a.
Landscape design	106	351	130	409	94	373	-3.0%
Monumental & funeral	1'263	4'009	1'488	4'055	1'142	3'458	-2.5%
Total	**n.a.**	**4'360**	**2'264**	**15'505**	**1'709**	**9'604**	**n.a.**

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Spain's economy has grown at an average rate of 3.6% during 2004-2008, with the construction sector being the most dynamic. The good performance of the residential building and the growth of civil engineering projects positively impacted the natural stone demand. However, much of the Spanish economy growth was based on a housing bubble which burst at the beginning of 2008. Moreover, the number of unsold housing units in Spain is around one million[3]. This oversupply of stock, together with the turmoil on the international financial markets and its direct impact on the Spanish credit system substantially declined the housing segment. Neither the price adjustments nor the modifications of the tax system have significantly accelerated the absorption of this stock. Therefore, after a 2009 drop of -55% of residential activity, in addition to the 33% already lost in 2008, it can be assumed the Spanish construction sector will keep performing bad in 2010.

Table 1.1 shows that consumption of natural stone and stone products has decreased in all product groups: landscape design (-3.0% per year) and monumental & funeral (-2.5%). During 2006 and 2008 the value of blocks & slabs experienced a -14% decrease per year. This last development is not only explained by the current economic downturn but also by the fact that the processing of raw material into finished stone products is increasingly taking place in low-wage countries.

The Spanish government has spent € 8.0 billion on a stimulus package in order to create 400,000 extra jobs over 2009-2014 within the infrastructure, industrial and public construction. These segments are therefore expected to perform better than the commercial (offices, shopping malls) and residential ones. Infrastructure output has been forecasted with a growth of 12% per year for the mentioned period. Therefore it is likely to take the lead, especially until the Spanish economy recovers.

In 2009, the turnover growth in the construction sector was remarkably lower (-22%) than the GDP (-3.8%)[4] compared with 2008. Therefore, the short-term future for the natural stone market does not look good as it follows the overall construction market performance. Expectations are that construction will keep dropping until 2012, and thereafter might start recovering at a slow pace, although currently it is not yet clear to what extent [5].

Market segmentation

[2] Finished stone products are the sum of the product groups landscape design and monumental & funeral. Due to incomplete data the blocks & slabs product group, comparison in this section is only possible for finished stone products.
[3] Source: Burbuja.info
[4] Source: Eurostat
[5] Source: World Market Intelligence

The Spanish natural stone and stone products market can be divided into the following user segments:

- Building industry; by far the biggest consumer of natural stone in Spain. In 2008, the Spanish construction sector consisted of the following sub-sectors: residential (36%), non-residential (18%), restoration & maintenance (11%) and civil works (35%).
- Natural stone processing industry; still plays an important role because of the Spanish relevant role as domestic and international supplier and the appreciation of craftsmanship by the Spanish consumer.
- Funeral industry; a large retail sector that sells funerary art such as tombstones, gravestones and urns. Natural stone for funeral art is very common in Spain, especially tombstones.
- Consumer market; other retailers including Do-It-Yourself (DIY) outlets, garden centres and tiles specialists. This sub-sector, mostly popular in the centre and north of Europe, is relatively new in Spain. The advantageous costs provided by the DIY stores are attracting customers who, especially in times of economic crisis, look for offers and discounts.

The segmentation is generally similar to the trade channels discussed in this survey. Therefore for more information regarding these segments in Spain, refer to chapter 2. For more information on market segmentation in the EU, refer to chapter 1 of the CBI survey 'The natural stone and stone products market in the EU'.

Consumption trends and developments

- ***Mature market:*** Natural stone and stone products in Spain are widely used therefore they are highly integrated with other sectors of the Spanish economy such as the construction sector (interior coverings, facades, roofs, paving, decoration, refurbishment and the restoration of ancient buildings). This wide usage can be explained by a long history in the use of natural stone due to its large local availability, a highly developed and processing industry and the proper material adaptation to the warm Mediterranean climate.
- ***High house ownership:*** house ownership is traditionally high in Spain (85%). People tend to invest more in purchasing rather than renting because of the sense of property and status, very valued by the Spanish society. Attractive tax benefits for buyers and low geographical mobility tend to favour this option. This creates a demand for natural stone products, particularly for private households. However the household debt is high and access to credit is difficult at the moment, making Spanish consumers reluctant to keep investing in new houses.
- ***Renovation on the rise:*** Due to a dropping housing market, the renovation of houses is expected to pick up. Instead of buying new properties, people is now investing in their existing house. Products often used in renovations are therefore expected to be more in demand. For example, 10mm tiles that can be laid on existing floors without having to make adjustments to the doors.
- ***Neighbouring countries:*** bordering and sharing a close language with Portugal has helped the Spanish market built a relevant presence in the neighbour country through the owning of quarries and the set up of natural stone business subsidiaries. France and Italy are also close trading partners with Spain. This provides opportunities that are also interested in supplying surrounding EU markets.
- ***Ageing population*****:** almost 17% of the Spanish population is 65 years or older. It is expected that this percentage will increase to 22% by 2030. This target group is generally wealthy. This has a positive influence on the consumption of natural stone in one form or another (interior design, art, or gardens). In the long term there will be an increased demand for funerary art (i.e. tombstones and urns).
- ***Authentic colours and finish***: Spanish consumers are quite conservative with brown, white and cream tones being much demanded for flooring uses. Black is the predominant colour in the funeral and monumental product group. Dark shades are fashionable in kitchen granite (or imitations) counter tops. Moreover, an increasing trend can be perceived towards treatments that give the stone an aged look. The water-blasted finishes are in demand. Passion for detail features and individual solutions are also popular.

- ***Alternatives*:** alternative materials have been growing in popularity. Classical natural stone substitutive is the ceramic tile for walls and indoor/outdoor floors. More recent alternative materials are the composite ones like compact limestone and quartz for tiles and kitchens. Quartz is becoming a serious competitor for natural stone due to its wider colour range, durability and light weight. The quartz market is dominated by two brands: Silestone and CaesarStone. Silestone belongs to the Spanish leading stone processor Cosentino (http://www.cosentinogroup.net). The last quartz innovation is the incorporation of an antibacterial active which ensures hygiene and protection against bacteria and germs. Composite is processed by the same machines as natural stone and often has the same trade channels. Processors in DC can therefore decide to focus on both markets.
- ***Sustainability:*** The Technological Institute of Construction (AIDICO) is coordinating the Eco-Stone Project aimed at implementing a sustainable system for natural stone production and use through the efficient utilisation of natural resources and raw materials; the optimisation in energy consumption throughout the production chain and the use of new multifunctional materials based on natural stone. All this is planned to be achieved by incorporating nanotechnology and advanced materials, along with a smarter and an eco-efficient production. These new technologies and innovative materials include: quick natural stone cutting techniques, natural stone reinforcement techniques to reduce waste, and new products based on natural stone waste. DC exporters that take a pro-active approach to the issue sustainability might find market openings easier.

Sustainable supply chain
A sustainable natural stone supply chain demands large investments by multiple parties and is a long process. You can take a pro-active approach to the matter and map out the sustainability issues related to their own organisation and of possible suppliers. In this way it is possible to work towards a better situation and be able to respond to possible questions coming from importers and consumers in Spain.

Production

In 2008, the Spanish production of natural stone and stone products represented 10.8 million tonnes or € 2.3 billion, of which € 1.7 billion consisted of finished stone products. Spain is ranked 2nd based on the production of finished stone products, above France (7.1%) and below Italy (44%), accounting for 24% of total EU production.

Table 1.2 Spanish production of natural stone and stone products per product group between 2004 – 2008, € million/1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	478	11'212	607	6'198	n.a.
Landscape design	106	344	123	378	93	359	-3.2%
Monumental & funeral	1'777	4'877	2'009	4'874	1'604	4'223	-2.5%
Total	**n.a.**	**n.a.**	**2'880**	**16'464**	**2'304**	**10'780**	**n.a.**

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

In recent years, the Spanish natural stone market is facing competition from suppliers of natural stone products, mainly from developing countries (DC). The main advantages of DC suppliers are: low prices (low wages), improved quality (improved technology) and their increasing presence through growing exports and international partnerships. As a consequence, during 2008 about 150 local companies had to close, 6,423 jobs were lost and overall natural stone turnover declined by € 699 million. Furthermore, landscape design and monumental & funeral product groups[6] had negative growths for the period 2006-2008: -13% and -11%, per year respectively.

[6] No data is available for the product group blocks & slabs.

Other factors negatively impacting the production of natural stone in Spain have been the collapse of the building sector deteriorated by the strict limitations in the concession of credit and loans which has translated into an important lack of business liquidity. According to the Spanish Federation of Natural Stone (FDP), the value of the Spanish natural stone and stone products turnover declined in the first trimester of 2009 in 25% compared to the previous year. Despite a slight improvement for the second trimester (-20%), the interannual turnover variation rate was the lowest ever reached: -64%. A weak internal demand due to the construction recession is the main reason for these negative results.

However, the natural stone sector in Spain is still one of the leading and most dynamic worldwide producers. It is a large and long-established industry, basically based on family businesses usually located around the quarries. The stone sector is well integrated in other sectors of the Spanish economy, such as construction (linings, facades, roofs) that absorbs 70% of the industry production with the remainder addressed to other uses such as funerary art and decoration. More specific information has been added in the following box:

The Spanish natural stone production sector in numbers (2008):

- Number of companies: 700 quarries and 1,000 processors (98% are SMEs)
- Categories:
  - Extraction ➔ 43% (northern and central regions)
  - Processing and transformation ➔ 57% (southern and eastern regions)
- Produced materials:
  - Marble (60%)
  - Granite (25%)
  - Slate (10%)
  - Limestone (5.0%)
- Labour force per category ➔ 35,000 direct jobs (almost 100’000 indirect jobs)
  - Extraction (40%)
  - Processing and transformation (60%)

Production trends and developments

- ***New developments and market niches***: the fierce competition faced by the Spanish natural stone companies is gradually introducing new challenges in order to overcome the current situation. Technological research, innovation in processes and products, tailored-made orders, proactiveness attitude and the search of new markets have proved to be differential factors for Spanish processors. They also focus in segments less negatively impacted by the economy, such as renovation and civil works. Adaptation to new architectural and decoration trends are also providing market opportunities. DC exporters might concentrate in the semi-manufactured segment use their low prices as an important resource to access such competitive market.
- ***Quality trade mark***: buyers and manufacturers are implementing labels and management systems to protect both producers and end-users. In line with this trend, the Spanish Federation of Natural Stone (FDP) is promoting the ‘Piedra Natural’, a quality trademark currently used by around 45-50% of the total Spanish natural stone companies involved in extraction or processing activities (http://www.marcapiedranatural.com). This enables companies to distinguish their products from the growing number of foreign products in the Spanish market. Quality is important in the Spanish market, especially at the high-end of the market. DC exporters can respond by also focussing on quality management (e.g implementing a management system).
- ***Computer numerical control (CNC)***: Spanish processing companies are increasingly working with slates of natural stone that have been calibrated in such a way that they are ready to be processed by CNC machines. CNC machines can do labour-intensive work more accurate and faster and thereby open up new markets. DC exporters should therefore look into the possibilities of supplying calibrated slates and/or invest in CNC machines to compete with their EU counterparts.
- **Sustainability**: Producers in Spain are increasing sustainability measures into their company. One of these producers is Levantina

(http://www.levantina.com/en/empresa/environment). It utilizes the most advance technology in the block extraction process, mainly based on using diamond edge strands and water avoiding by this the use of explosions. It also has an ongoing research program and implements environmental actions, such as water treatment and recovery plants, reconstruction of the quarries' original landscape, recycling materials and sludge.

Find listed below some Spanish natural stone processing companies:

- Cosentino – http://www.cosentinogroup.net – leading manufacturer and importer of natural stones for kitchens and bathrooms with large international presence.
- Levantina - http://www.levantina.com – largest owner of marble quarries worldwide. It is also a processing company active on the Spanish and global markets.
- Rocas Europeanas de Construcción - http://www.recsa.com - European leader in extraction, transformation, manufacture and installation of granite.
- Bateig – http://www.bateig.com - natural stone supplier with long tradition in finished articles for both interior and exterior design
- Inmar Group Natural Stone - http://www.inmar-group.com/natural-stone.html - specialised in the extraction, elaboration and commercialisation of marble and other natural stones
- Pardo – http://www.fjpardo.com – a company that provides engravings, reliefs and inlays for the Spanish offer of funeral art in marble and granite

Opportunities and threats

+ The size and long tradition of the Spanish natural stone and stone products market, makes it an attractive target country in the EU.
+ Highly geographic concentrated market provides a number of advantages to participant companies like operational and transport costs savings.
+ The Spanish market of natural stone is consuming more finished stone products at the expense of intermediate stone products.
+ Quality standards in Spain are high. Suppliers of high quality and especially exclusive stone will therefore be able to find market openings easier.

± The economic crisis is having a negative impact on the natural stone market mainly due to the drop in construction activity and consumer spending. However, suppliers of products often used in renovations and infrastructure projects might find market openings easier.

- The Spanish market is hard to penetrate. DC suppliers are up against strong and professional Spanish producers that are increasingly working together to fend off competition.
- There is an increasing use of advanced technology and innovations in the extraction and processing of natural stone and stone products. DC exporters who do not apply these advancements, may be in disadvantage when trying to commercialize their products in the Spanish market.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for others. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- Litos Online - http://www.litosonline.com - this site publishes articles on the international stone sector. More specific articles on the Spanish market can be found in the print edition
- Federación Española de la Pizarra - http://www.agp.es - association of Spanish slate companies with production and sales information
- Catalonian Federation of the Stone – http://www.pedracat.com/cat/index0.html - Catalonian business organisation of extraction, processing and distribution of natural stone and stone products
- Marca Piedra Natural - http://www.marcapiedranatural.com - provides information on the Spanish natural stone official brand

2 Trade channels for market entry

Trade channels

The Spanish market is dominated by wholesalers and importers that use to buy their natural stone directly from supplying countries, mostly in DC. They often focus on either the building industry: residential and public projects. In order to find foreign partners and potential customers, Spanish importers traditionally participate in natural stone trade shows together with manufacturers' associations and governmental trade promoters. Concentration among Spanish companies is a common phenomenon within the global context in order to work together easier. Through this process, certain departments within companies can be developed and strengthened to the extent demanded by current market conditions. Find below some importers active on the Spanish market:

- Mármol Spain - http://www.marmolspain.es - importer and wholesaler of natural stone products for indoor and outdoor works
- Arte mármol - http://www.artemarmol.com - global importer and wholesaler of intermediate stone (marble, granite, limestone and slate)
- Eurobandas - http://www.eurobandas.com/eng/historia.html - large tile manufacturer in Spain and Portugal
- Mavipal - http://www.mavipal.com – importer and retailer of foreign landscape design tiles
- Joan Gisbert – http://www.joangisbert.com – importer of marble and other types of natural stones from 25 different countries
- Itrisa – http://www.itrisa.com – importer and wholesaler of stones for the residential sector
- Gramesa **-** http://www.gramesa.es **–** importer and wholesaler of granite for non-residential construction projects

Travelling importers

There are natural stone importers in Spain that have staff that travel the world in search of good priced quality natural stone and new materials. These importers are usually larger companies with a large network and resources. A lot of the business therefore takes place in DC and **not** in Spain. Therefore setting up warehouses and investing heavily in establishing yourself in Spain is not always the best way of working. It might be easier to find out what importers are active in your country and invite them to your facility. They might be able to drop by on their next visit to your country.

The natural stone processing industry in Spain buy from wholesalers/importers, quarry their own stones or, depending on the size of the company, buy directly from supplying countries. The processing companies process raw material and/or semi-finished products and supply the retail market. Because the processing industry is quite relevant in Spain, it is often an important link between importer and retailer. Find below some specialized processing companies:

- Natur Piedra - http://www.naturpiedra.com - owns the oldest slate quarries in Spain Processes natural stone into customised products for the construction sector
- Granimondi- http://www.granimondi.com - a processor of granite for the residential and public sector
- Caepla- http://www.caelpa.com - a processor of marble for the building sector
- Areniscas - http://www.areniscas.com - processes sandstone and limestone products for pavings, facades as well as indoor and outdoor decoration
- Cuellar - http://www.cuellarstone.com – global producer of marble applications for the funerary sector and architectural public projects

Processing partners

Spanish processors should not only be looked upon as competition. Large processors will often import directly without the use of an importer. They will seek for partners abroad that are able to offer a large and continuous supply of natural stone. These demands will be harder to meet for smaller suppliers in DC.

In recent years, Spanish natural stone companies are increasingly settling down in foreign markets, mainly in DC (especially Asia and South America). Integration and international strategic alliances are progressively taking place as a way to cope with the current construction slowdown in Spain, and the reduction or depletion of local stone sites. Expanding the natural stone business abroad through the collaboration of international partners and providers is a competitive advantage as well. For instance, J&S Stone has achieved business agreements in Asia thanks to its local presence through the purchase of a natural stone quarry in China:

- Grupo Ureche - http://www.ureche.es – owner of local quarries and processor of ornamental stone for big renovation and non-residential projects
- Gpexport - http://www.gpexport.net – owns a quality control office in Hong Kong and has considerably expanded its Asian network. Imports and re-exports marble and granite products within the EU
- Marcelino Martínez – http://www.marma.es – extracts and elaborates granite blocks for ornamental use from its Venezuelan quarries among others
- Grupo San Marino – http://www.gruposanmarino.com - owns marble and granite quarries in Turkey and Morocco and also a processing plant in Chile. Expects to further grow its international business through foreign wholesalers and agents

Retailers like DIY stores and tiles specialists buy mainly from wholesalers/importers. The larger DIY stores are also known for buying from exporters directly. These large stores are not known to be loyal to one brand but rather shop for large-scale purchases that are economical beneficial. Retailers mainly focus on the middle- and high-end of the consumer market.

In recent years, the DIY sector has become a more established trade channel at the expense of other trade channels. This is mainly due to consumer increasingly doing their own renovations. The DIY sector, offering favourable prices, is expected to become an even more important market in the future. The economic crisis is expected to further benefit the DIY sector in terms of market share. People will most likely invest in and renovate their current home than buy a new house.

Retailers mainly focus on the consumer market but installers and contractors also get their material from retailers. The top five players capture around 13% of the market. The DIY market has generally maintained its share of all retail sales in recent years. Recently, buying groups and co-operatives have emerged to protect and co-ordinate the interests of independents, but in general there is a trend towards further concentration of supply as the multiples gradually increase their share. Find below some retailers active in the Spanish market:

- Leroy Merlin - http://www.leroymerlin.es – French DIY, pioneer in the Spanish market
- BriCor – http://www.bricor.es – DIY retailer owned by the largest local department store El Corte Inglés
- Habitacle – http://www.habitacle.es – DIY chain with presence all over the country
- iZi – http://www.izi.pt – DIY chain active in Portugal and Spain
- Piedrasb2b – http://www.piedrasb2b.com/transacciones/dir_productos.cfm?indice=1 – specialised online shop of natural stone and stone products

Independent buyers in Spain are major companies (e.g. construction companies) or governmental organisations often buying directly from supplying countries for large building projects. In Spain decision makers are usually architects and engineers who deal either directly with the quarries or with agents working for the quarries. Find below some examples of large independent buyers:

- Spanish Ministry of Infrastructures and Transport - http://www.fomento.es → go to 'Contratación' (Contracting) to get an overview of infrastructure tenders
- Construction online portal - http://www.oportaldaconstrucao.com/concursoses.asp - includes construction tender processes in Spain
- Fomento de Construcciones y Contratas **-** http://www.fcc.es - largest Spanish building company, present in 54 countries

- Sólo Arquitectura – http://www.soloarquitectura.com/favoritos/arquitectosespana.html – directory of Spanish architects

Price structure
Unfortunately the Spanish companies contacted for the purpose of this survey were not willing or able to share their margins or prices. Prices however are accessible and asked for at business to business level. It is though assumed that margins are dropping at present because the market is putting pressure on current prices. Wholesaler's margins in Spain are around 30% while retailers are generally charging a 40%. However, the natural stone sector is facing a hard competitiveness and therefore margins are quickly decreasing. This trend is likely to continue in the short-mid term. In fact, during 2008, the sale price for each Spanish natural stone ton exported fell to € 372, which represents a decrease of 5.8% from the previous year. This favours DC exporters that generally offer their products for a lower price than their Western counterparts.

For more information about price structure, refer to chapter 3 of the CBI survey 'The natural stone and stone products market in the EU'.

Selecting a suitable trading partner
Selecting a suitable trading partner can be started by contacting a chamber of commerce (http://www.camaras.org) or a related business support organization. Deciding what kind of partner you want is important.

If you want be represented on the Spanish market you can appoint a distributor. A distributorship arrangement might prove hard to arrange but the German associate will purchase the product which is to be sold, thus sharing the marketing risk. Please note however that under Spanish law it can be difficult and costly to terminate the arrangement.

Regional differences
Please be advised that there are different regions in Spain each with their own culture and in some cases language. Be sure to appoint a representative that knows the region you want to focus on well.

Larger importing parties might be interested in investing in a long-term relationship but will demand exclusive rights to sell the stone. The focus will be on more efficient extraction methods and quality improvement by investing in technology and know-how.

There are various ways to come into contact with importers and other possible trading partners in the Spanish market. Attending trade fairs is one of the most important ways to get exposure. Visiting trade fairs in related markets is also a way to get into contact with Spanish companies. You can either choose between specific trade fairs for the natural stone products or more general fairs (e.g. construction, home decoration).

In a market where competition is fierce and margins are small, it is becoming increasingly important to be a reliable partner. Delivery time is an important issue for Spanish buyers. Delivering according to agreements and effective communication are crucial for your trading partner. Moreover, investing in relationships by regularly visits and a professional attitude are necessary for developing a long-term business relationship.

DC exporters, especially newcomers, are often constrained by long delivery times (often 12 weeks) which might cause problems (i.e. liquidity) for their Spanish buyers, especially in these times of economic turmoil. In order to avoid problems later, it might be useful to know as much about the company as possible before sending off products. The local Spanish Economic & Commercial Office (http://www.oficinascomerciales.es) is able to provide general information about the company as well as annual reports. There are also commercial companies specialised in company information on their credit and debtor management.

Listed below are websites where you can find possible trading partners:
- Litos Online - http://www.litosonline.com - directory of Spanish and international wholesalers and producers per nature of stone can be consulted on this site - search per category under 'Companies of the industry'
- Spanish Federation of Natural Stone - http://www.fdp.es - directory of the more than 1,000 affiliated members of the Spanish Federation of Natural Stone ➔ go to 'Partners/ Companies'
- Pinacal - association of quarries and natural stone processing centres in the region of Castilla y León - http://www.pinacal.es - it is possible to offer and demand natural stone products ➔ go to 'Servicios' ➔ go to 'Tablón de Anuncios'
- Europages - http://www.europages.com – international directory that includes natural stone companies in Spain ➔ fill in 'natural stone' and select Spain
- Marble in The World - http://www.marbleintheworld.com ➔ go to 'Stone companies' and fill in your search criteria

3 Trade: imports and exports

Imports

Total imports

Spain imported € 271 million worth of natural stone and stone products in 2008 or approximately 1.3 million tonnes of natural stone. Spanish imports of stone have increased steadily over the years: 0.9% of annual average between 2004 and 2008. In comparison, EU imports increased at a slower pace (+4.7% per year). Spain is the 6th largest importer in the EU, above The Netherlands (6.0%) and below Belgium (8.5%), accounting for 7.2% of total EU imports.

Table 3.1 Spanish imports of natural stone and stone products between 2004 – 2008, € million/1'000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
262	1'438	342	1'444	271	1'255	0.9%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Despite the decrease in the consumption of finished products[7] during 2004-2008, figures show a significant higher annual growth in imports (+14%) than its increase in production (+3.8%). This supports the assumption that Spain is becoming more reliant on imported natural stone at the expense of Spanish producers.

26% of the total value of Spanish imports comes from intra-EU countries. This comes down to € 70 million with a volume of nearly 479 thousand tonnes. The most important intra-EU suppliers in value are: Portugal (11%), Italy (10%) and France (1.4%). The market share of intra-EU countries has gone down by 24% in total between 2004 and 2008. Of the large suppliers, Italy has lost the most market share (-45%).

Imports by product group

Please find below a table with imports of natural stone and stone products divided into different product groups:

[7] Because production and consumption figures of other product groups are partly missing, conclusions can only be drawn for landscape design and monumental & funeral products.

Table 3.2 Imports by leading suppliers to Spain, 2004 - 2008, share in % of value

	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total natural stone and stone products	92	98	70	Intra EU: Portugal (11%); Italy (10%); France (1.4%); Greece (1.1%); Germany (0.7%)	26%
	14	12	6.4	Extra EU ex. DC*: Norway (1.8%); USA (0.3%); Andorra (0.1%); U.A. Emirates (0.05%); Canada (0.04%)	2.4%
	155	232	195	DC*: China (24%); Turkey (12%); Brazil (9.4%); India (9.1%); South Africa (4.9%); Angola (2.8%); Egypt (2.3%); Mozambique (1.9%); Venezuela (1.0%); Zimbabwe (0.9%)	72%
Blocks & slabs	52	53	33	Intra EU: Portugal (13%); Italy (8.6%); Finland (1.3%); Greece (1.1%); Germany (0.4%)	24%
	14	11	5.7	Extra EU ex. DC*: Norway (3.7%); USA (0.3%); U.A. Emirates (0.09%); Canada (0.07%); Andorra (0.01%)	5.0%
	106	130	97	DC*: Turkey (12%); India (12); Brazil (11%); South Africa (9.8%); China (8.8%); Angola (5.6%); Mozambique (3.8%); Egypt (2.6%); Venezuela (2.1%); Zimbabwe (1.8%)	71%
Funeral & other art	23	26	22	Intra EU: Portugal (13%); Italy (12%); France (1.6%); Greece (1.2%); Germany (0.5%)	28%
	0.5	0.7	0.4	Extra EU ex. DC*: USA (0.3%); Andorra (0.1%); Israel (0.03%); Hong Kong (0.03); Taiwan (0.02%)	1.0%
	29	52	55	DC*: China (42%); Turkey (12%); India (6.7%); Brazil (4.1%); Vietnam (2.0%); Egypt (1.9%); Indonesia (1.2%); Iran (0.2%); Oman (0.1%); Sri Lanka (0.1%)	71%
Flooring & cladding	17	15	13	Intra EU: Italy (8.8%); Portugal (6.6%); Germany (2.1%); France (1.1%); Greece (1.0%)	20%
	0.1	0.2	0.3	Extra EU ex. DC*: Andorra (0.2%); USA (0.2%); Canada (0.1%); Taiwan (0.03%); Switzerland (0.03%)	1.0%
	10	30	55	DC*: China (35%); Brazil (16%); Turkey (14%); India (6.4%); Egypt (2.6%); Argentina (1.5%); Indonesia (0.9%); Morocco (0.9%); Iran (0.5%); Peru (0.3%)	79%
Landscape design	2.3	4.0	4.9	Intra EU: Italy (22%); France (19%); Portugal (8.4%); The Netherlands (1.2%); Germany (0.7%)	52%
	0.01	0	0	Extra EU ex. DC*: n.a.	0.0%
	2.5	7.3	4.6	DC*: China (37%); India (3.8%); Argentina (3.2%); Brazil (1.8%); Turkey (0.6%); Indonesia (0.6%); Vietnam (0.3%); Mexico (0.3%); Dominican Republic (0.2%); Tunisia (0.2%)	48%

Source: Eurostat (2009)
*Developing Countries

The most imported intermediate stone products in 2008 were siliceous blocks & slabs (33%) and calcareous blocks & slabs (13%). Imports of finished stone products mostly consisted of siliceous funeral art (14%), calcareous funeral art (13%) and calcareous monumental building stones (6.5%).

The total imported value increased by +0.9% per year between 2004 and 2008. Imports of product groups within the finished stone category grew significantly: landscape design (+18% per year), funeral and other art (+10%) and flooring & cladding (+10%). However, the annual import growth of blocks & slabs was negative (-5.7%). The reason behind this is that DC are supplying the EU market with finished stone products at the expense of Spanish producers and processors.

Import from DC
In 2008, around € 195 million (72%) of stone imports originated in DC with a volume exceeding 757 thousand tonnes (60%). The overall market share of DC has grown from 59% to 72% over the period from 2004 to 2008. Moreover, the market share of DC in Spain is considerably higher than the DC share in the EU (53%). China, Turkey and Brazil are the most important DC suppliers to Spain with a market share of 24%, 12% and 9.4% respectively. Between 2004 and 2008 China has increased its exports to Spain by an impressive 202% per year. Table 3.2 shows the growth of DC imports per product group between 2004 and 2008. Identified is the average growth per year between 2004 and 2008:
- Flooring & cladding (+21% per year)
- Funeral and other art (+18%)
- Landscape design (+16%)
- Blocks & slabs (-2.2%)

The future for imports from DC is not clear so far. On one hand, there has been a good performance of DC imports in the last years. However, there is existing concern about how the current dropping demand will influence the level of imports. The strong international character of the Spanish natural stone sector also makes it particularly vulnerable to international fluctuations. In short, DC imports are expected to keep growing but probably not as pronounced as in previous years.

Exports
In 2008, Spain exported a total of 2.4 billion tonnes of intermediate and finished stone products or almost € 0.9 billion. This makes Spain the 2nd largest exporter in the EU with a market share of 22%, below Italy (45%) and above Portugal (7.0%).

Table 3.3 Spanish export of natural stone and stone products between 2004 – 2008, € million / 1'000 tonnes

2004		2006		2008		CAGR*
Value	Volume	Value	Volume	Value	Volume	
865	2'501	958	2'404	868	2'431	0.1%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Spanish exports increased at a relatively low rate from 2004 to 2008: +0.1% per year. However, this rate is larger than the negative development of the local consumption. Increased re-exporting by Spain might be one of the reasons for this development. Moreover, Spanish producers are more and more forced to look for opportunities on the international market which is likely to be translated into increased exports. Eastern Europe, South Africa and the Middle East are countries where the investment on real estate has grown steadily for the last years and therefore are considered attractive markets for Spanish exporters.

Since currently 55% of Spanish exports go to other EU countries, expectations are that exports will go down in the most important EU markets due to the negative economic situation.

However the search for new markets, and at the same time the strong competition from DC make the final balance not clear enough in order to get conclusions for the short-medium term.

Opportunities and threats

+ Spain is the 6th largest EU importer of natural stone, indicating a significant market potential for exporters from DC.
+ Imports from DC have increased at a faster pace in Spain than they have in most other EU countries. Moreover, market share of DC in Spain is also higher than the EU average.
+ The market share of DC has increased in most natural stone product groups (especially finished stone product categories). This development is expected to extend into the future.
+ The best prospect for DC exporters can be found at the product groups: flooring & cladding, funeral & other art and landscape design.
± The market share of DC has heavily increased in most natural stone product groups. However, the current economic situation and the slowdown in the construction sector are main factors to consider when entering the Spanish market.
- The increased pressure on price will heavily affect the Spanish stone market in coming years.
- The market share of DC is so substantial that the market for newcomers might be saturated.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- Exports Helpdesk for Developing Countries - http://exporthelp.europa.eu ➔ go to 'Trade statistics'
- Eurostat - http://epp.eurostat.ec.europa.eu - official statistical office of the EU ➔ go to 'Statistics Database' on the left side of the home page ➔ go to 'Statistics A-Z' and select 'External trade' ➔ go to 'Data - Database' on the left column ➔ go to 'External trade - External trade detailed data'
- Understanding Eurostat - Quick guide to easy Comext http://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf

4 Price developments

Import figures show that the Spanish average price of natural stone and stone products increased by 4.4% per year between 2004 and 2008. In comparison, prices in extra-EU countries have shown a considerable growth: 55% per year. On the other hand, prices of natural stone originating in the EU countries (intra-EU) underwent a decrease of -6.0% per year. Spanish prices increased in the following product groups: landscape design (+7.2% per year) and blocks & slabs (+2.2%). Prices dropped however in the product group funeral & other art (-1.4% per year) and flooring & cladding (-0.8%). Prices of natural stone imported from DC have shown a positive growth: +4.0% per year.

Despite an increase of the prices of stone imported from DC prices are under pressure from by increased competition at a global level. In recent years technology and know-how have slowly been transferred to low-wage countries. Some manufacturers of raw material in important supplying countries like China and India are now able to produce according to the quality demands of the Spanish market. These countries are also in the comfortable position of having the first pick of raw material giving them an important competitor advantage. As a result Spain will increasingly import cheap but quality stone.

The current economic slowdown, especially in the EU and US, is also affecting the natural stone market. It has lead to a large surplus of natural stone that now is being dumped on the EU market. This is true for low as well as for high quality stone.

Find listed below some websites for price information:

- Itrisa - http://www.itrisa.com – prices are available throughout the website
- Stone contact - http://www.stonecontact.com ➔ go to 'Pricelist' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Spain for an overview of several Spanish natural stone companies that display their prices online
- Stone source - http://www.stonesource.com ➔ go to 'Search Stone' ➔ make a selection per material, price range or other criteria
- Find Stone - http://www.findstone.com/pricelists.htm ➔ make a selection per material ➔ choose Spain for an overview of some Spanish natural stone companies displaying their price lists online

5 Market access requirements

As a manufacturer in a developing country preparing to access Spain, you should be aware of the market access requirements of your trading partners and the Spanish government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and Spain in the category search, click on the search button and click on market access requirements.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm

Tariffs and quota

In general, products entering the EU are subject to import duties. For beneficiary countries under the Generalised System of Preferences (GSP), however, reduced tariffs, or no tariffs, are applied. The list of beneficiary countries is regularly updated. For natural stone and stone products, a zero-tariff applies for exports from beneficiary countries of the GSP. Information on the required value added tax (VAT), please consult the following website: http://ec.europa.eu/taxation_customs/common/about/welcome/index_en.htm.

Information on tariffs and quota can be found at http://exporthelp.europa.eu

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Trade promotion

Agents, importers and wholesalers promote the products of their clientele at trade shows. Producers can also participate in these trade shows, however often indirectly through a Spanish player. The most important trade shows in Spain are the Mármol and the Piedra trade fairs. They are world-renowned and receive professionals from all over the world. Other ways to get your product/company noticed is advertising in magazines. Spain has several important magazines which can be of special interest for DC Spanish speaking countries, but most of them are also published in English or other languages.

Surrounding markets
The Spanish market is related to several surrounding markets. Therefore, displaying products at Italian, French or Portuguese trade shows might also help to establish a relationship with players in the Spanish market.

Other ways to promote your company is to build and invest in relationships. Companies are often approached with offers and this can be a successful approach when done professionally. Very important is to take a personal approach and select the partners that are suitable for you. Some large companies (e.g. importers and wholesalers) have opened offices and branches abroad aiming to enhance and strength their international businesses. Therefore approaching strategic buyers locally is a good way to get in contact with potential buyers. DC exporters can also team up with suppliers of complementary products and combine their marketing activities.

Trade associations
- Spanish Federation of Natural Stone (FDP) - http://www.fdp.es
- Spanish Association of Ceramic Tile Manufacturers (ASCER) - http://www.spaintiles.info
- Spanish Slate Federation (AGP) - http://www.agp.es
- Galician Granite Association (AGG)- http://www.granitodegalicia.com
- Spanish Marble Association for Funerary Art (ANMAFA) – http://www.anmafa.org

Trade fairs
- Cevisama (until 2009 called Mármol fair) - http://cevisama.feriavalencia.com – the largest Spanish international fair for stone and ceramic products and machinery held every year in Valencia: next fair: February 2011
- Piedra - http://www.ifema.es/ferias/piedra/default.html - the second largest Spanish international natural stone fair held biannually in Madrid: next meeting: 5-8 may 2010
- Construmat – http://www.construmat.com – international construction exhibition held in Barcelona every two years; next fair: 16-21 May 2011
- Construtec - http://www.ifema.es/web/ferias/construtec/default.html - building exhibition held in Madrid every two years; next fair: 28 September to 1 October 2010

Trade Press
- Litos Online - http://www.litosonline.com – natural stone magazine with quarterly periodicity
- Correo de la Construcción - http://www.edicionesroda.es/principal1024.htm - online construction newspaper and newsletter (➔ go to 'Revistas Publicadas')
- Construarea – http://www.construarea.com/inicio – construction sector web portal which also includes a natural stone section
- FDP publications - http://www.fdp.es – provides a periodical industry magazine and also a natural stone newsletter (➔ go to 'Press')

This survey was compiled for CBI by CREM BV