

CBI MARKET SURVEY

The Natural Stone and Stone Products Market in Portugal

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the natural stone market in Portugal. The information is complementary to the information provided in the CBI market survey 'The Natural Stone and Stone Products Market in the EU', which covers the EU 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 the chapters about consumption and production, we refer to 3 product groups:

- Blocks and Slabs
- Landscape Design
- Monumental and Funeral

The last group (Monumental and Funeral) is an aggregate of 2 sub products groups that will be addressed separately in the Import/ Export section: Flooring and Cladding and Funeral and other arts. For more explanation about the product group segmentation, please refer to the Appendix A of the CBI survey 'The Natural Stone and Stone Products Market in the EU'.

1 Market description: consumption and production**Consumption and industrial demand**

- In 2004, Portugal consumed approximately 630 thousand tonnes of Monumental and Funeral products with a total of € 224 million. After a slight drop in 2003, consumption improved by 3% in 2004.
- The average value of consumed Monumental and Funeral products increased more significantly than its quantity over the years. Whether this is due to higher margins, improved quality or more added value is unclear.
- Portugal is a middle-sized consumer of Monumental and Funeral accounting for 3% of total consumption value of the EU 25 countries. Italy (28%) and Spain (19%) are the biggest EU consumers. The United Kingdom and France are both good for 11% and Germany for 9%. Belgium is closest to Portugal with also 3% of EU consumption.
- Portugal has had a few years of weak economical growth, However prospects for coming years are looking slightly better. In 2007 a 1.8% growth of the Gross Domestic Product (GDP) is expected, which will accelerate to 2.1% in 2008.¹ The construction sector, the largest consumer of stone in Portugal, has been declining for several years. Since there is a lack of new markets for the construction sector this development is forecasted to continue for the time being.² The slow economic growth and a declining construction sector will most likely have a negative impact on the consumption of natural stone.

Production

- In 2004, the Portuguese production of natural stone represented 1,104 thousand tonnes of finished products natural stone products with a total of € 326 million (note: production data available for Blocks and Slabs).
- The value of finished stone products increased by 3% between 2002 and 2004. However over the same period the volume increased by 12%. This difference can be explained by the fact that the global decrease of prices of natural stone has also affected the Portuguese market.

¹ Source: Banco de Portugal

² Source: Stonereport

- Portugal is a middle sized natural stone producer in the EU accounting for 4% of the total produced value of the EU 25 countries. In comparison, Italy, Spain, France and the United Kingdom account for respectively 44%, 23%, 7%, and 6% of the total value.
- The value of finished products produced in Portugal consisted for 5% out of Landscape Design and for 95% out of Monumental and Funeral.
- Because of declining exports and reduced openings in domestic market, Portuguese producers are increasingly focussing on niches in the market.

Opportunities and threats

- Consumption of stone is not forecasted to increase in coming years. This will also negatively affect the import of natural stone.
- Because of its limited market size, Portugal represents only limited market openings for importers.

Please refer to chapter 7 of the CBI survey 'The Natural Stone and Stone Products Market in the EU' for more opportunities and threats.

2 Trade channels for market entry

The most important trade channels in Portugal are:

- Wholesaler/importers: buy their natural stone directly from supplying countries. The market is dominated by a few large companies:
 - Tons de Pedra Importer:
<http://tonsdepedra.com/en/index.php>
- Retailers: mainly buy from wholesaler/importers; however large retailers are also known to buy from supplying countries directly.
 - Leroy Merlin Portugal:
<http://www.leroymerlin.com/frontoffice/home?lang=en&todo=home>
- Natural stone processing industry: processors that buy from wholesalers/importers, quarry their own stone or depending on the size of the company buy directly from supplying countries. After processing these companies mainly supply to retailers and consumers
 - Brechal (quarry owner and processor):
<http://www.brechal.pt/>
- Other: major companies (e.g. building) or governmental organisations buying directly from supplying countries for large building projects.
 - Ministry for Environment, Spatial Planning and Regional Development:
<http://www.maotdr.gov.pt/MAOTDR/>

3 Trade: imports and exports

Imports

- In 2005, Portugal imported a total of € 52 million worth of intermediate and finished natural stone products which represented 157 thousand tonnes of natural stone.
- Between 2002 and 2005 the volume of imported natural stone decreased by 31% and the value by 22%. This comes down to an annual growth rate of 7%.
- Over the same period the average price of imported stone has gone up.

Table 3.1 Portuguese imports in 2005 split into different product categories

Product group	Share %
Blocks and Slabs	28
Landscape design	1
Flooring and Cladding	20
Funeral and Other Art	52

Source: Eurostat (2006)

- Only the imports of the product group Flooring and Cladding (16%) went up between 2002 and 2005. Imports of all other product groups decreased significantly: Funeral and Other Art (-20%), Landscape Design (-76%) and Blocks and Slabs (-35%).
- The increase of consumption (2%) of Monumental and Funeral products between 2002 and 2004 did not have a positive effect on the imports (-7%) in this product group. It did however benefit the production of Monumental and Funeral products (2%).
- Portugal is one of the smaller EU importers accounting for 2% of the total value of EU imports. The European top 5 importers in value are Italy (17%) of total EU imports of natural stones), Germany (16%), the UK (15%), France (13%) and Spain (9%).
- In 2005 Portugal, per quantity, imported 17% of all its stone products from developing countries (DC). DC accounted for 14% of the value of Portuguese imports. Although the market share of DC has gone down by 2%, the price of imported stone from these countries has gone up.
- The most important DC exporting to Portugal are China (4%), Brazil (4%), Turkey (2%) and Egypt (1%).

Exports

- In 2005, Portugal exported a total 1,210 thousand tonnes of natural stone that represented of € 208 million.
- Between 2002 and 2005, the total value of Portuguese exports fell by 2%. However volume decreased with 3%. In other words, the average price of exported natural stone has dropped.
- In 2005, exports consisted of Blocks and Slabs (28%), Landscape Design (15%), Flooring and Cladding (15%) and Funeral and Other Art (42%).

Opportunities and threats

- + The price of stone products from DC has gone up this year. This provides opportunities for suppliers of high quality and high added value stone and stone products.
- Portuguese imports of stone are not expected to expand in coming years. Moreover, the role of DC is getting smaller.

Please refer to chapter 7 of the CBI survey 'The Natural Stone and Stone Products Market in the EU' for more opportunities and threats.

Useful sources

- EU Expanding Exports Helpdesk:
<http://export-help.cec.eu.int/> → go to: trade statistics
- Eurostat – official statistical office of the EU:
<http://epp.eurostat.cec.eu.int> → go to 'themes' on the left side of the home page → go to 'external trade' → go to 'data – full view' → go to 'external trade - detailed data'

4 Price developments

- The price of natural stone has been dropping globally because of more efficient extraction technologies and more suppliers being active on the global market. In Portugal however, prices have gone up in the product category Intermediate Products as well as Finished Products. Whether this is due to higher margins, more added value or better quality stone is unclear. Nor it is clear whether this development will continue in years to come.
- Listed below are three general websites that include price data for the EU market:
 - <http://www.findstone.com>
 - <http://www.stonesource.com>
 - <http://www.stone-network.com>

5 Market access requirements

As a manufacturer in a developing country preparing to access Portugal, you should be aware of the market access requirements of your trading partners and the Portuguese government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select natural stone products and Portugal in the category search, click on the search button and click on market access requirements.

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

Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

6 Doing business

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) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Portugal, visit the following websites:

Useful sources

- Natural Stone trade fair Pedra 2008:
http://www.eventseye.com/fairs/trade_fair_event_7530.html
- Trade show International exhibition of natural stone:
http://www.eventseye.com/fairs/trade_fair_event_4564.html
- Assimagra (Industrials of Marbles, Granites and Similar Branches Association):
<http://www.assimagra.pt/>
- APCMC (Portuguese Trade association of Building Materials):
<http://www.apcmc.pt/>

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