



TRANSITION REVIEW No. TD0027

Anti-dumping duties on certain Ceramic Tiles products originating in the People's Republic of China

Submission of Evidence

Matclad Limited

Note to Public File

January 2024

Following the publication of its [Notice of Initiation \(NOI\)](#) on 22 September 2022, the Trade Remedies Authority (TRA) has commenced a review of the anti-dumping measure in respect of Ceramic Tiles originating in the People's Republic of China (PRC). This measure was transitioned under the [Notice of Determination](#) issued by the Department of International Trade (now Department of Business and Trade) on 31 December 2020.

As set out in the NOI, the goods subject to review and scope of the transitioned measure are:

- Glazed and unglazed ceramic flags and paving, hearth or wall tiles
- Glazed and unglazed ceramic mosaic cubes and the like, whether or not on a backing.

Commodity codes:

6907 2100 00

6907 2300 00

6907 4000 00

6907 2200 00

6907 3000 00

Antecedents

Matclad Limited (Matclad) is a UK producer of like goods and an interested party in this transition review. Matclad has not been able to fully participate in this transition review. Notwithstanding Matclad's inability to participate, the TRA assessed it important to obtain evidence from this interested party for consideration during this transition review.

We conducted a facilitation visit with Matclad on 31 August 2023. During this visit we obtained evidence from Matclad as to its position in respect of this transition review. This was obtained in the form of an extended recorded interview with senior company stakeholders. Whilst on site, we visually verified production of like goods falling under commodity code 6907220000, which additionally could be legitimately categorised under commodity code 6907400000. However, it should be noted, that we did not undertake verification activities on the evidence obtained from Matclad.

The following details a non-confidential summary of evidence submitted by Matclad during the course of this transition review. This has been agreed with Matclad. The TRA accept this non-confidential summary of evidence as the company's written submission of evidence to this transition review. Where appropriate, we have stated where we have visually verified specific detail of submitted information.

Company

Matclad started in 2011 as a family business. The company developed slowly, acquiring assets and patents and moving into larger premises in 2014. The owners still run the business and take an active role in production. The firm operates one site in Wrexham, North Wales, and employs less than twenty people.

Manufacture

Matclad indicated that manufacture is job based, so there are no seasonal fluctuations. The company carries some stock but most of its production is to order.

Matclad advised us that it primarily manufactures purpose made non-structural brick slips by both extrusion and moulding. We visually verified both processes of manufacture on our visit.

Matclad also cuts brick slips from existing bricks, primarily reclaimed bricks, but this represents only [REDACTED] of its business.

The company has recently acquired the ability to produce quarry or floor tiles which it indicates is a similar process to that of creating brick slips.

Matclad is developing clay roofing tiles, but these are not yet ready for launch. These products are outside the scope of this transition review.

Matclad stated that it can manufacture slips to almost any specification through moulding or extrusion. It noted that this flexibility was not possible with cutting, and that the cutting process made for an inherently more expensive product. It indicated that the cost of manufactured (extruded or moulded) slips are probably half that of cut slips.

Goods

Matclad indicated that one of its main selling points was the variety of goods it is able to produce. It demonstrated that it can produce both moulded and extruded slips in a wide variety of colours styles and to almost any size. It advised that one of its unique selling points is that it is able to produce to exacting specifications, with a short lead time, and accept smaller orders than larger, overseas firms.

Matclad detailed its work on mechanical fix systems and demonstrated one that it had developed with [REDACTED], which they [REDACTED] sell, but for which Matclad produce the slips.

Matclad stated most of its goods will have a moisture absorbency coefficient by weight of between 0.5% and 10% and so would sit under commodity code 6907220000. It noted that goods could also be reasonably categorised under commodity code 6907400000. All Matclad's brick slips are non-structural.

Factored goods

Matclad advised that it buys and sells backing boards, adhesives and lime mortars for grouting / pointing, but that it currently produces all of its own tile stock.

Turnover

Matclad advised that its turnover before COVID-19 was [REDACTED].

Matclad kept trading throughout the pandemic. Since the pandemic, they have also navigated distorted energy markets and high inflation. This made the business environment for the last three years extremely challenging. During this time turnover dipped to between [REDACTED]

The firm is recovering and anticipates a return to pre-pandemic levels of turnover this year.

Profit

Matclad indicated that it made trading losses for the past three years but believe it will make profit of [REDACTED] this year. From that it expects to make about [REDACTED] worth of repair work before considering further investment in production efficiencies.

Market share

Matclad stated that brick slips are a growth industry because of changes in the building industry and the broader acceptance of the material.

Matclad estimate that the UK produces between 500,000 and 1,000,000 m² of non-structural clay brick slips a year, of which it produces about [REDACTED]. This would result in Matclad's market share being between [REDACTED].

Matclad assesses that its market share is declining, but only because the market is growing faster than its output.

Capacity

Matclad indicate that its capacity is about [REDACTED] a year, although it could probably increase this to [REDACTED] if needed. It has advised that its current output is about [REDACTED] per year.

Price

Matclad indicated that its main cost drivers were rent, payroll, energy and inflation.

Staff

Matclad currently employ between three to five FTE office staff (including the owners) and around ten factory operatives. It notes that most of its operatives are low skilled and might struggle to work in other kinds of work due to [REDACTED]. Matclad noted that the hands-on nature of the work and the scale of the business has allowed it to integrate these individuals, allowing Matclad to provide a social good as well as employment.

Matclad indicated that it pays factory staff [REDACTED]. This is slightly higher than the local average and it hopes to be able to offer more in an attempt to widen its selection of candidates.

[REDACTED].

Growth

Matclad indicated that it is growing and hopes to reach an output capacity of [REDACTED] over the next two years.

Exports

Matclad exports to Europe and has shipped to the Middle East and Japan.

Matclad indicates that between 5 and 10% of its trade is export but that this is largely project dependent.

Plant

Matclad has three gas-fired kilns and one electric testing kiln. It has various other equipment, mostly purchased used, which it renovates and maintains itself.

Matclad assesses that starting a similar operation from scratch would cost between £1 million and £1.5 million for used equipment and probably between £5 million and £6 million for new equipment.

Upstream industry

Matclad indicated that it relies on a broad network of specialists for operation. This includes utilising specialist freelancers and sourced technical expertise from industry competitors.

Matclad has noted that it buys its clay and some other materials directly from domestic competitors. It advises that its sand comes from a number of suppliers from across the UK.

Downstream industry

Matclad advised us that its customer base was originally the public and small builders, but it is increasingly taking on large government, social housing re-furnishment and energy efficiency improvement projects.

International competition

Matclad indicated that it is displacing imports from [REDACTED]. These companies tend to focus on a more European / Germanic aesthetic which does not necessarily suit the UK market. It indicated that as well as producing a more UK focused aesthetic, Matclad are able to compete on quality and are more flexible, able to take on smaller orders and utilise cheaper logistics than companies shipping from overseas. Matclad noted that this allows UK retailers to hold less stock than they would if they had to order larger volumes from exporters.

Matclad indicated that other countries already produce goods that are cheaper than those produced in the UK, but that they have struggled to meet the variety and quality standards required by consumers.

Matclad indicated that importers have to anticipate market demands and will need to ship large consignments to make trade worthwhile.

Matclad noted that whilst imports could supply some of the bigger contracts that required a large volume of a simple product, it assessed the complexities of the UK construction planning system would favour a smaller, more flexible, more innovative producer.

Domestic competition

Matclad indicated that number of domestic competitors are already producing similar goods. It assessed that the output of those businesses was sufficiently different to Matclad's offering, that those businesses are not a threat to Matclad.

Matclad indicated it was aware of the investment [REDACTED] are making into the mass production of brick slips, and commented that it believed they may find the technical challenge of creating slips at scale a challenge. Matclad is concerned that these developments could lower the price of goods produced in the UK.

The UK market

Matclad advised that it viewed itself as an innovation leader.

Matclad assessed that the skill gap was a major issue in the UK economy generally, both for manufacturing but also in construction. It noted that the brick slip systems allow construction to be deskilled, making it faster, less dependent on skilled tradespeople and less weather dependent.

Matclad stated that the ceramic tile industry has shrunk for many reasons, but that it remains important to maintain manufacturing in the UK. Matclad have noted that the more the industry shrinks, the less shared expertise there is for the remaining industry, which makes it increasingly vulnerable.

The measure

Matclad stated that it supports the idea of a free and fair market. Matclad's position on the measure is that, If the measure helps to maintain free and fair trade, it would generally be in favour of the measure being varied by extension.