



## TRANSITION REVIEW No. TD0027

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

#### Submission of Evidence

#### Craven Dunnill & Co 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

Craven Dunnill & Co Limited (CD) is a UK producer of like goods and an interested party in this transition review. CD has not been able to fully participate in this transition review. Notwithstanding CD'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 CD on 01 September 2023. During this visit we obtained evidence from CD 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 codes 6907210000, 6907220000, 6907230000, 6907300000 and 6907400000. However, it should be noted, that we did not undertake verification activities on the evidence obtained from CD.

The following details a non-confidential summary of evidence submitted by CD during the course of this transition review. This has been agreed with CD. 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**

CD is a producer and supplier of decorative floor and wall tiles. It is one of the oldest functioning tilemakers in the UK and one of the few handmade encaustic tile manufacturers in the world. CD operate from five sites across the UK and employ circa. seventy-five staff. Two of these sites are engaged in the production of like goods, through its Craven Dunnill Jackfield (CDJ) manufacturing division. Eighteen staff are directly involved in the production of like goods, all of whom are remunerated at or above the national minimum wage. The turnover of the firm is approximately [REDACTED] per annum. CDJ produce like goods conforming to all five of the commodity codes forming the scope of the measure.

### **Skills**

Many of CDJ manufacturing staff are mature. They have developed specific skills over extended careers in ceramic manufacturing.

CDJ has struggled to engage younger people to take up the craft element of its production. Several factors affect the ability of the company to recruit younger staff. These include:

- the geographical location of facilities (rural with poor transport links),
- low level of remuneration available for journeyman positions, and
- the lower number of children being exposed to ceramic production at school as art budgets are focused elsewhere.

Encaustic tile manufacture is listed on the 'red' list for endangered UK craft skills. The list of endangered crafts can be accessed at <https://heritage-crafts.org.uk/redlist/categories-of-risk/>.

### **Manufacture**

UK production accounts for approximately [REDACTED] of CD turnover, whilst [REDACTED] relates to factored sales. CD assess that most UK tile manufacturing businesses have a factored sales element.

Approximately [REDACTED] of CDJ production is related to the heritage sector. The remaining [REDACTED] is related to contemporary craft design. The latter is a growing portion of business.

CDJ stated that its manufactured tile goods are usually pressed or slip cast, with the latter usually being porcelain. The TRA witnessed and visually verified both processes whilst on site.

### **Technology**

CDJ demonstrated several new techniques it developed for documenting and replicating heritage tiles. Additionally, we were shown techniques CDJ has developed to meet the material requirements of the contemporary building industry.

### **Goods**

CDJ stated that it produces goods falling within all the commodity codes within this transition review.

CDJ occasionally make very large ceramic pieces with an edge longer than 600mm, but in all cases these will have an element that stands above or below the surface (a relief), usually more than 3mm, which would distinguish them from mass-produced, large format tiles being considered in this transition review.

The majority of CDJ manufactured output is made to order. Some output is therefore bespoke and difficult to compare to goods produced overseas. As such, it is difficult to assess how production of this type is directly threatened by dumped imports.

### **Substitutability**

CD state that generally, end-consumers do not distinguish between the different categories of tile on the basis of quality, and so note that even though the UK does not mass produce porcelain wall tiles, imports of those could displace domestically produced partially vitrified (6907220000) and / or porous body (6907230000) wall tiles.

CD assess that the import of mass produced imitations of its hand-made goods could have an impact on its sales. CD demonstrated that surface printed replicas of encaustic floor tiles (6907210000) are widely available through high street tile retailers. Examples were referenced. We observed that such goods have the superficial appearance of craft goods, but are available at considerably lower sales prices. CD advised that the wide availability of superficially similar goods at mass-produced prices acts as an unfavourable (to producers) comparator for end users, and makes it more difficult for buyers to justify paying a premium for the hand-crafted material, notwithstanding the higher quality and durability of the craft (encaustic) product produced by CDJ.

CD advised that tile sales are under increased threat from alternative products outside of scope, including modern flooring and wall-coverings that serve many of the same purposes that tiles traditionally have served.

### **Aggravating factors for injury**

CD assess that likely dumping from the PRC would injure the independent retail sector and therefore the domestic tile industry that relies upon it.

CD state that availability and variety of product are extremely important to the UK consumer. It notes that the independent retail sector competes with the large national outlets (“the sheds”) on variety more than price. It indicates that it holds over 10,000 individual product options just to service its market. It notes that independent retailers are much more reliant on sourcing of goods from domestic and European producers because of the variety and accessibility of goods.

CD advised that the size and nature of the PRC manufacturing industry, and the distance that goods would have to travel in order to supply the UK consumer, would favour large shipments of a relatively limited range of goods.

CD advised that as a medium-sized importer with over 200 independent account holders, and as a member of the ABCD national tile-buying group, it does not believe it would be able to take advantage of cheaper imports from the PRC.

CD noted that access to cheaper imports would disproportionately advantage a handful of large UK importers who have the centralised purchasing teams, capital, warehousing and distribution networks to take advantage of large shipments of a limited range of products.

CD assess that rather than simply being recipients of cheaper goods from the PRC, the dedicated buying teams of these large UK importers would proactively seek cheaper suppliers for their popular lines. This would likely depress the ambient price of tiles and make small and independent wholesalers and retailers less competitive.

Were those independent wholesalers and retailers to go out of business, the remaining market for the domestic industry’s output would shrink significantly.

### **Domestic and international market conditions**

CD stated that many tiles are being imported from India, Turkey, Italy, Portugal, Spain and Bulgaria.

CD have noted that the European and Turkish goods generally are sold at a reasonable quality / cost level. It notes that the industry was more concerned with imports from India, because their price per unit was comparatively low, but noted that the Indian tile industry didn’t yet have the sophistication to provide the quality of goods required by UK consumers, although this is evolving quickly.

CD advised that the PRC industry is highly developed and oriented to the demands of the USA import market. It noted that disruptions to shipping following the COVID-19 pandemic and the Suez Canal blockage caused tile trade from the PRC to the USA to decrease considerably. During that time USA wholesalers and retailers found alternative suppliers and it is not currently clear whether normal trade with the PRC tile industry will recover.

CD detailed that volume tile production requires the constant operation of roller kilns, and producers will avoid shutting them down or running them below capacity if at all

possible. With the USA not buying its output, and with slowdowns within the PRC domestic building industry, CD stated that it is likely that the PRC tile industry would have continued producing stock, which they assess is currently being warehoused. As such, were the measure to be revoked, CD believes that there would be large volumes of PRC producer stock ready to be sold, and an incentive for these goods to be dumped into the UK in order to make space and maintain cash flow.

### **Upstream industry**

CD indicated that it is finding it increasingly difficult to source raw materials as the industry shrinks and these goods become less commonly used. It indicated that most of the big overseas companies that supply them will only work in large volumes well beyond their needs. It indicated that many of the smaller firms that used to buy, cut down and distribute these materials have disappeared as the industry has contracted.

CD noted that the few remaining large manufacturers have to produce much of their own clays and materials whereas more developed industries abroad still have specialist manufacturers. It used the example of ceramic clay dust, for which there is now only one sizable producer in the UK, compared to Italy where there are more than 1,000 producers.

CD noted that the ceramic tile industry is particularly vulnerable to the cost of energy and the last two years have seen considerable spikes in the wholesale prices of both gas and electricity.

CD indicated that the upstream industry also includes a large number of small companies, often sole traders, who maintain kilns, undertake specialist electrical works or provide specialist materials. These specialist companies are becoming less commonplace as the industry contracts and are reliant upon the few remaining big manufacturers for their ongoing survival. Were the large tile manufacturers to cease operation, it's possible that many of these firms would not be able to continue to operate and this could have an effect on other, related industries such as brick or ceramic tableware manufacture.

### **Industry - demand**

CD noted that there was a post COVID-19 peak in the tile industry, most likely as a result of people being locked down and commissioning expansion or improvement projects whilst at home. In this way the tile industry probably performed better than the economy as a whole.

This said, CDJ noted that there has been a considerable slowdown in the UK house building sector and an apparent correction in domestic tile sales. It suggested that this may be because of the effects of inflation, a rise in interest rates and a decline in house values that are making consumers more cautious. CD indicated that the industry expects a decline of 20-25% this year.

### **The measure**

CD indicated that the ceramic industry in the UK has declined over the past decade even within the context of the existing measure.

CD noted that the last three and a half years have been particularly challenging for manufacturing in general and for the ceramic tile industry specifically.

CD indicated that the ceramic tile industry is vulnerable to injury from substantial changes to import volumes or prices of any of the five categories of ceramic tiles. It noted that this injury would likely extend beyond the UK tile manufacturing industry as we've defined it for this transition review.

CD have advised that it would support the UK varying the measure by extension.