



## TRANSITION REVIEW No. TD0027

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

#### Submission of Evidence

#### Original Style Limited

#### Note to Public File

05 December 2023

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

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

We received a confidential written submission from OS on the 29 June 2023. We conducted a facilitation visit with OS on 18 July 2023. Additionally, we conducted a follow up interview via Microsoft Teams on the 10 October 2023. We received an updated and non-confidential version of the OS submission of 18 July on 20 October 2023.

During our visit we visually verified production of like goods falling under commodity code 69072300. During our interview we obtained further evidence from OS 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. However, it should be noted that we did not undertake verification activities on the evidence obtained from OS.

The following details a non-confidential summary of evidence submitted by OS during the course of this transition review. This has been agreed with OS. The TRA accept this non-confidential summary of evidence, together with its subsequently submitted non-confidential version of its letter 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**

OS is a manufacturer and supplier of decorative wall and floor tiles. It was founded in 1986 in Exeter, Devon, and employs about 230 people in the area. It reports a turnover of approximately 23 million per year.

### **Manufacture**

OS noted that as well as wholly manufacturing goods, it purchases like goods and adds value to them before selling. This can include buying unfinished biscuit ware, which cannot be used as a tile, and glazing and decorating it. We have acknowledged there is a great deal of nuance in this area. We have taken OS's wholly manufactured, partially manufactured and factored goods into account as part of this review.

OS indicated that approximately [REDACTED] of its turnover is associated with goods it wholly or partially manufactures. About [REDACTED] members of staff are directly involved with manufacturing.

OS confirmed that it manufactures by press moulding, slip casting and finishing partially finished input goods.

OS advised that it wholly manufacture goods up to 400mm by 400mm.

OS stated that the majority of its wholly produced goods would conform to categories codes 6907220000 and 6907230000, but could also be categorised as 690740000.

### **Goods**

OS advised that it sells a wide range of decorative wall and floor tiles. It confirmed that it is known both for its heritage and restoration goods but also a range of contemporary, designer, and bespoke goods.

OS indicated that it sells goods ranging from 20mm x 20mm up to 1000mm x 320mm.

OS sell goods conforming to each of the five commodity codes of this transition review.

### **Sales**

OS advised that it would not be able to operate at its existing scale if it relied exclusively on the sales of domestically produced goods.

OS indicated that many of its domestic sales are smaller 'baskets' to consumers, installers and independent retail.

OS indicated about [REDACTED] of its sales are destined for export. The majority of its export sales are domestically produced goods.

OS indicated that its main export markets are [REDACTED].

### **Inventory**

OS indicated the value of its inventory is just under [REDACTED]. It indicated this is higher than preferred, but was necessary to manage imports of raw materials, the nature of batch production, and the demands of a variety-focused consumer base.

### **Purchasing**

OS stated that it buys most of its raw materials from abroad and that it has tried unsuccessfully to source more domestically.

OS advised its production primarily utilises electricity and it fixed its energy prices in [REDACTED] for [REDACTED].

### **Substitutability**

OS indicated that tiles remain popular but are under increased pressure from goods outside the scope of this transition review. It notes that consumers have access to good alternative wall and floor coverings at competitive prices.

OS noted that it imported biscuit ware under commodity code 6907400000 (finishing ceramics). We asked why this was imported under a functional code (6907300000, 6907400000) rather than a descriptive code (6907210000, 6907220000, 6907230000) when one from either group could be appropriate. OS noted that there is no pattern as to whether goods are imported under functional or descriptive codes.

### **Overseas industry**

OS notes that it has worked with a number of PRC producers of goods beyond the scope of this transition review, most notably manufacturers of glass tiles. OS assess that these industries have been competitive, dynamic and reactive. OS are of the opinion that were the measure to be revoked, the PRC tile industry would adapt to the needs of large importers very quickly and become an extremely competitive exporter for certain goods falling under the scope of this measure.

### **Downstream/Consumer**

OS have indicated that the UK tile market is diverse and mature. It noted that as well as a national and independent retail sector there is also a well-established bespoke and contracting market. OS assess that variety and choice is of central importance to this market and these are supported by healthy competition at the retail level.

OS noted that the UK consumer currently has a good offering at price-point and quality level and these factors exist in a delicate balance.

OS advised that independent tile retailers would not likely be able to access many of the advantages of increased imports from the PRC, as distance, logistics and the nature of high volume production would support large consignments of homogenous goods. OS noted that PRC tile producers would likely adapt quickly to the needs of the largest importers and commodify the industry, pushing the overall price of volume goods down and putting price pressure on variety goods. This would put independent retailers at a disadvantage compared to large importers.

OS notes that UK producers are extremely reliant on the independent tile retail to buy much of their output and if that market were to lose share or disappear, producers would be significantly negatively affected.

### **Upstream industry**

OS indicated that as the broader industry contracts, it puts increasing pressure on the remaining suppliers, support industries and technical skill base around ceramic production.

### **The measure**

OS noted that when the measure was imposed exports from the PRC were largely replaced by imports from other countries, mostly from the EU. The measure protected the EU industry from PRC industry imports but did not protect the UK industry from the other EU member industries.

OS advised that two of the UK's volume ceramic tile manufacturers went out of business during the life of the measure.

OS observe that the industry is in a vulnerable state, and that were the measure to be revoked, the PRC industry would likely export large volumes of lower priced commodity goods to the largest UK importers, push down the sector price of ceramic tiles, make the independent retail sector uncompetitive, and ultimately injure the domestic ceramic tile manufacturing industry.

OS have indicated that it is in support of the measure being varied by extension, and would additionally wish the measure to be varied in the terms detailed in its letter of evidence of October 2023.