

# DISTRIBUTION SUPPLIES LTD

17th of November 2023

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REF: TD0027 – TRANSITION REVIEW – CERAMIC TILES FROM PRC.

Non confidential & publishable on the public site

Good morning

I write to you regarding the TRA review of anti-dumping of Chinese tiles into the UK.

We are one of the largest UK based importers and wholesale distributors of wall and floor tiles from around the world. We employ approx. 90 people and have a group turnover of approximately £24m.

We considered that at the time of the original investigation, whilst we perceived there to be no dumping of Chinese goods into our market, the main criteria for the imposition of the duty was for reasons specifically relating to the preservation of the Spanish and Italian manufacturing industry.

It should be also noted that at the time, European manufacturers contracted significant levels of their own manufacturing (OEM) out to China due to their inability to produce these non-self-made products. With this process now having simply switched predominantly to Indian manufacturers on an OEM basis, there is still little availability from European manufacturers of the products made unduly inaccessible from China, and to our knowledge no availability from UK based manufacturers. It is with certainty that I can say there is not a domestic manufacturing source for the vast majority of the kind of products produced in China made prohibitively and entirely inaccessibly expensive by the unjust and clumsily applied anti-dumping duty. These products would include 60x60, 80x80 and 60x120 rectified porcelains with different glazed finishes that have zero history of and no potential for UK based manufacturing. Examples of these glazes and finishes are 'glass diamond glazing', 'gold/silver carving', 'wax finish', and 'semi-polished lappato' to name a few. The tile industry is taste based with very nuanced products suited to particular palettes and these varied finishes produced in China are being withheld from the UK market.

We therefore feel there is no reason to continue with the ADD in its current form based upon a request from any UK based manufacturer, as their argument for the retention of the duty would be to try to protect the manufacturing of a niche subsection of the broad spectrum of product that is entirely different to that of the one it essentially prohibits by way of what can only be described as collateral damage due to the nature of the application of the duty. This leads on to questioning the effectiveness of the duty as being supposedly in the interest of defending UK industry from unfair and destructive practice. UK based manufacturers do not and cannot have the capacity to produce the product the duty excludes in any comparable bulk to the demands of the UK market. They don't have the variety of size formats or available materials, only producing generally top end or market specific niche products, and do not manufacture the products that appeal to the mass consumer market in the general meaning of the term. Therefore, the duty clearly causes disproportionate damage to the larger importation based industry in comparison to the protection it offers to domestic manufacturing.

Above all this, the price prior to the application of the duty on Chinese tiles is not cheap in comparison to Vietnam, Indonesia, Malaysia and specifically India who is now dominating the UK market. Currently UK distributors have an unhealthily limited supply source when importing this kind of material, sourcing heavily from an uncomfortably small pot of overseas producers due to the current inaccessibility to the Chinese factories who not only produce product unavailable elsewhere in sufficient quantity but also offer it at a price that reflects its premium quality and added value. This limits the spectrum and vitality of the product offered to UK consumers as well as restricting open market competitiveness and leaves us as importers and distributors vulnerable due to all eggs being in one small basket.

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It also suspends the dynamism of UK business to embrace global markets rendering Britain '*closed for business*' with no justification due to the points set out previously which seems to be in complete contravention of the spirit of what Brexit was supposed to have achieved. Therefore, the continuation of this ADD as it stands, the conception of which was entirely an EU producer driven policy, continues to reflect a clipped-wing disability for UK commercial opportunity due to the legacy of an essentially irrelevant EU trade policy.

According to the official EU website the purpose of an anti-dumping duty is as a 'tax imposed on imported goods in order to compensate for the difference between their export price and their normal value, if dumping causes injury to producers of competing products in the importing country.' It is a matter of fact that we in the UK do not manufacture the products the bulk of which this duty restricts, therefore it would go against the very definition of the duty itself to continue to impose it in its current form. By continuing with this duty we are not stimulating any domestic production, we are only restricting the development of our own trade and industry.

It is fair to say that the very few stakeholders who are objecting to the removal of the duty are not representative of the larger UK tile industry which is injured by the imposition of the duty. Their contribution to this review distorts the reality of those that are affected by it, which is further evidenced by the TTA, the representative body of the UK Tile industry, supporting the claim that ADD should be removed or adjusted.

[TTA LOBBIES FOR REMOVAL OF ANTI-DUMPING DUTIES ON PORCELAIN TILES - Tilezine](#)

Whilst we set our case in the content herein, we understand that you have an intention to protect the UK based manufacturing industry that essentially exclusively specialises in producing product unlike and dissimilar to the product that we are arguing should not be subject to any duty. Vivaly, we consider the statement in your note to the public file dated 20th July 2023 that you 'have no evidence of domestic production of like goods, which are single piece large format tiles exceeding 600mm by 600mm in dimensions or exceeding 0.36m<sup>2</sup> in total area' and your suggestion to 'remove these single piece large format tiles from the scope of the measure in commodity codes 6907210000, 6907220000 and 6907230000' to be extremely problematic due to a slight technicality. Our concern is that due to the sole use of the word 'exceeding' in your recommendation, this would result in products of exactly 60x60 being excluded from the removal of the duty, which is not a format either manufactured in the UK or dumped by Chinese producers.

As a just and fair solution we faithfully suggest an amendment to be made to your statement which we believe should read that you 'have no evidence of domestic production of like goods, which are single piece large format tiles including and exceeding 585mm by 585mm in dimensions or including and exceeding 0.34m<sup>2</sup> in total area' and that you would recommend the removal of 'single piece large format tiles including and exceeding 585mm by 585mm in dimensions or including and exceeding 0.34m<sup>2</sup> from the scope of the measure in commodity codes 6907210000, 6907220000 and [6907230000](#)'.

To continue to have the duty on products that are the size of 60x60 nominally continues to be overwhelmingly prohibitive and restrictive, negatively impacting the UK trade as it prohibits that very size which is not available from UK manufacturing sources and forms the bulk of UK consumer demand. Therefore we suggest the amendment to allow the 60x60 format and larger to come into the market untaxed, with a buffer zone to allow for the rectification process which can and may reduce the size from being exactly 600x600 to being 590x590 in some cases.

It would be a travesty to have any other outcome due to the reason stated herein. We would implore the TRI to adopt our suggestions in order to act in the best interests of all participants and the market in general.

Yours sincerely

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