

# 2018 World Ceramic Tiles Forum

7 November - 11 November

Hotel Palácio Tangará

Panamby, São Paulo, Brazil



# 2018 World Ceramic Tiles Forum - National Context -

USA



# National Context – USA



- I. Trend in the construction sector/demand
- II. Trend in production, consumption and trade in ceramic tiles
- III. Latest developments at national level in energy supply regulation and taxation
- IV. Development in standardisation at national level
- V. Development in regulations at national level affecting ceramic tiles (notably environmental or health & safety regulation)
- VI. Other national developments



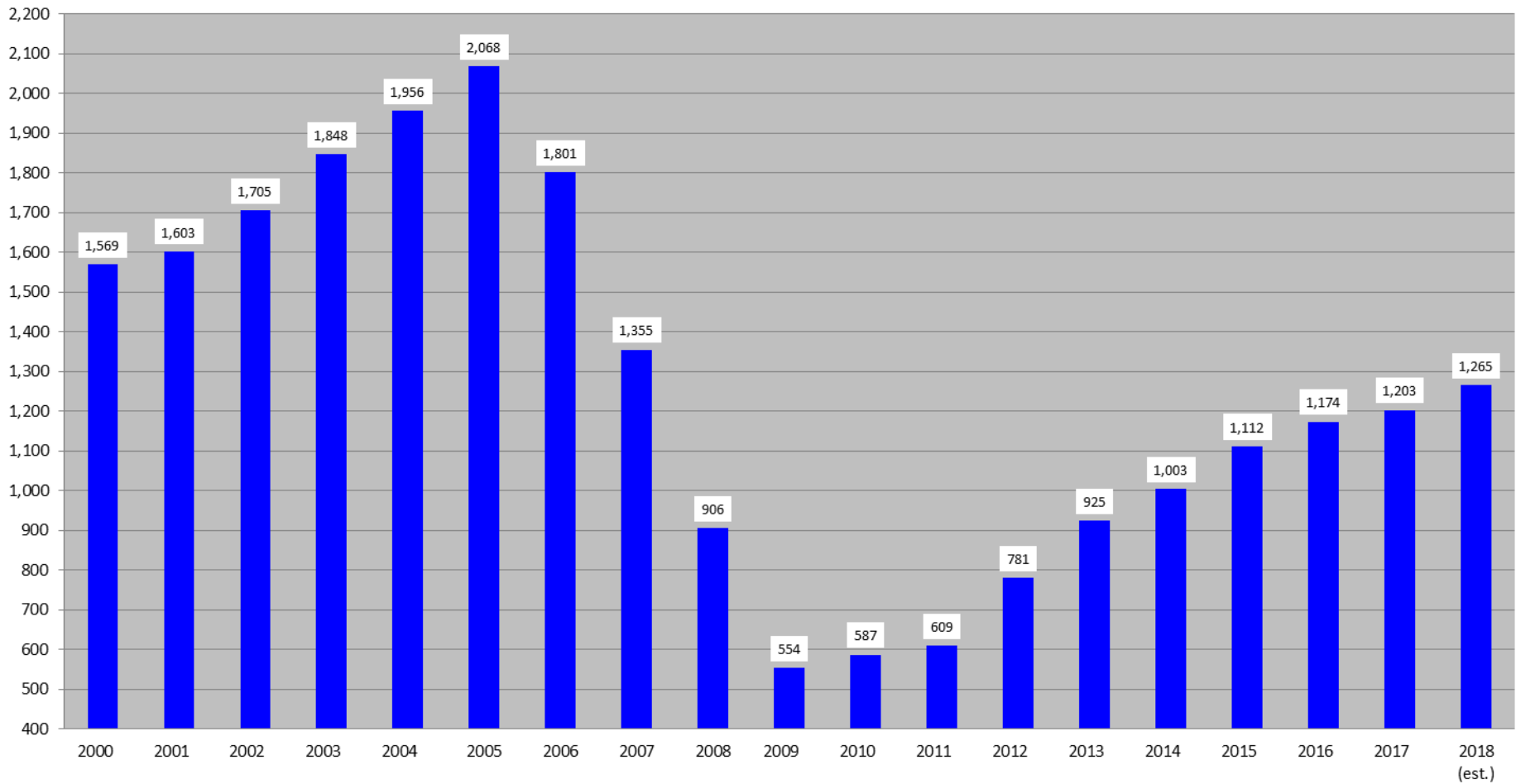
## **New Housing Starts**

- The U.S. residential market continues to expand, and new housing starts are headed towards a ninth consecutive year of growth.
- Based on year-to-date data, new home starts for 2018 would be at an estimated 1.27 million units, up 5.2% vs. 2017.
- Despite this housing starts are still down significantly from before the recession.

# I. Trend in the construction sector/demand



**New Housing Starts**  
(in Thousands of Units)

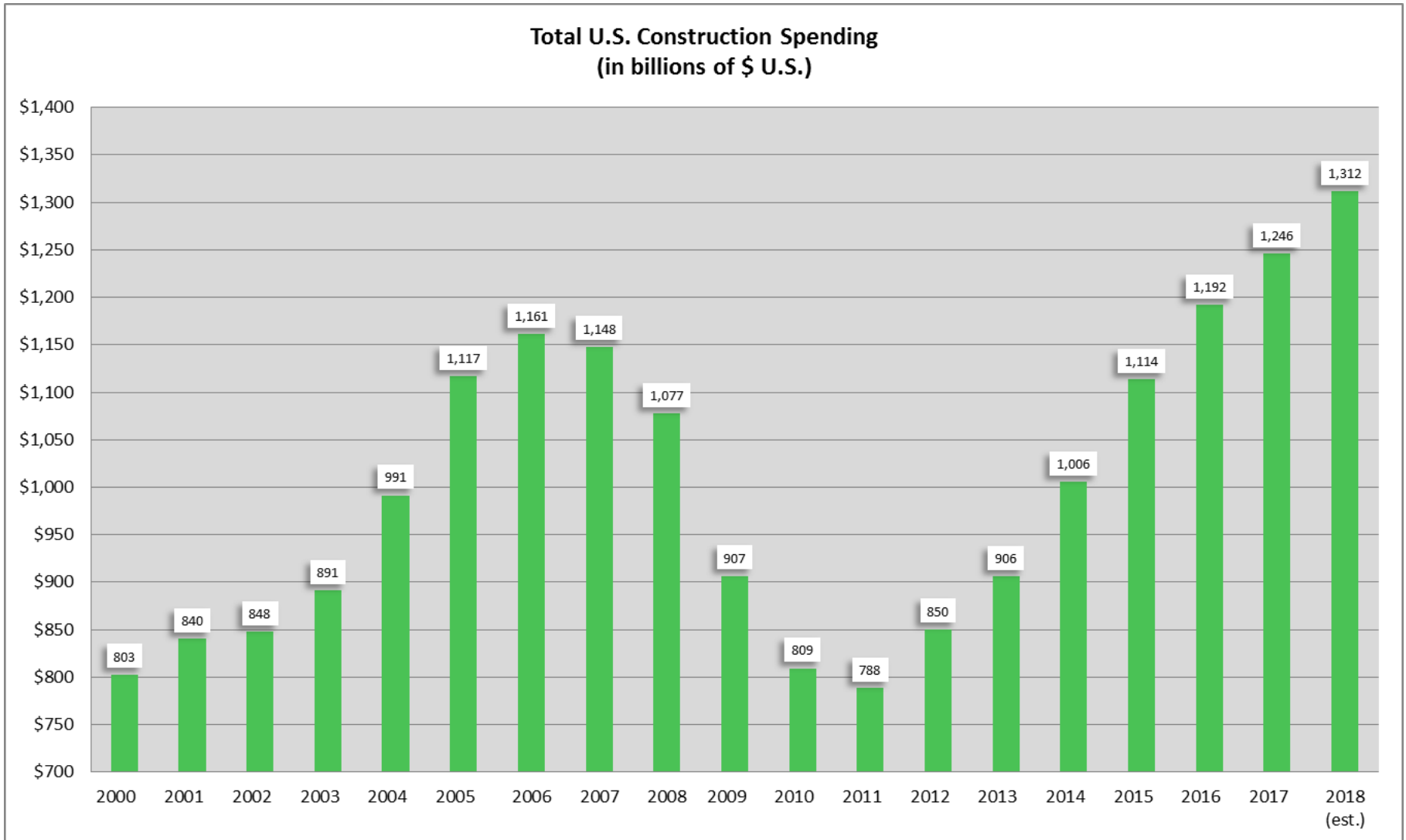




## U.S. Construction Spending

- Based on year-to-date data, 2018 total U.S. construction spending (includes both private and public residential and non-residential construction) would be at an estimated \$1.31 trillion, a 5.3% increase from 2017.

# I. Trend in the construction sector/demand



## II. Trend in production, consumption and trade in ceramic tiles

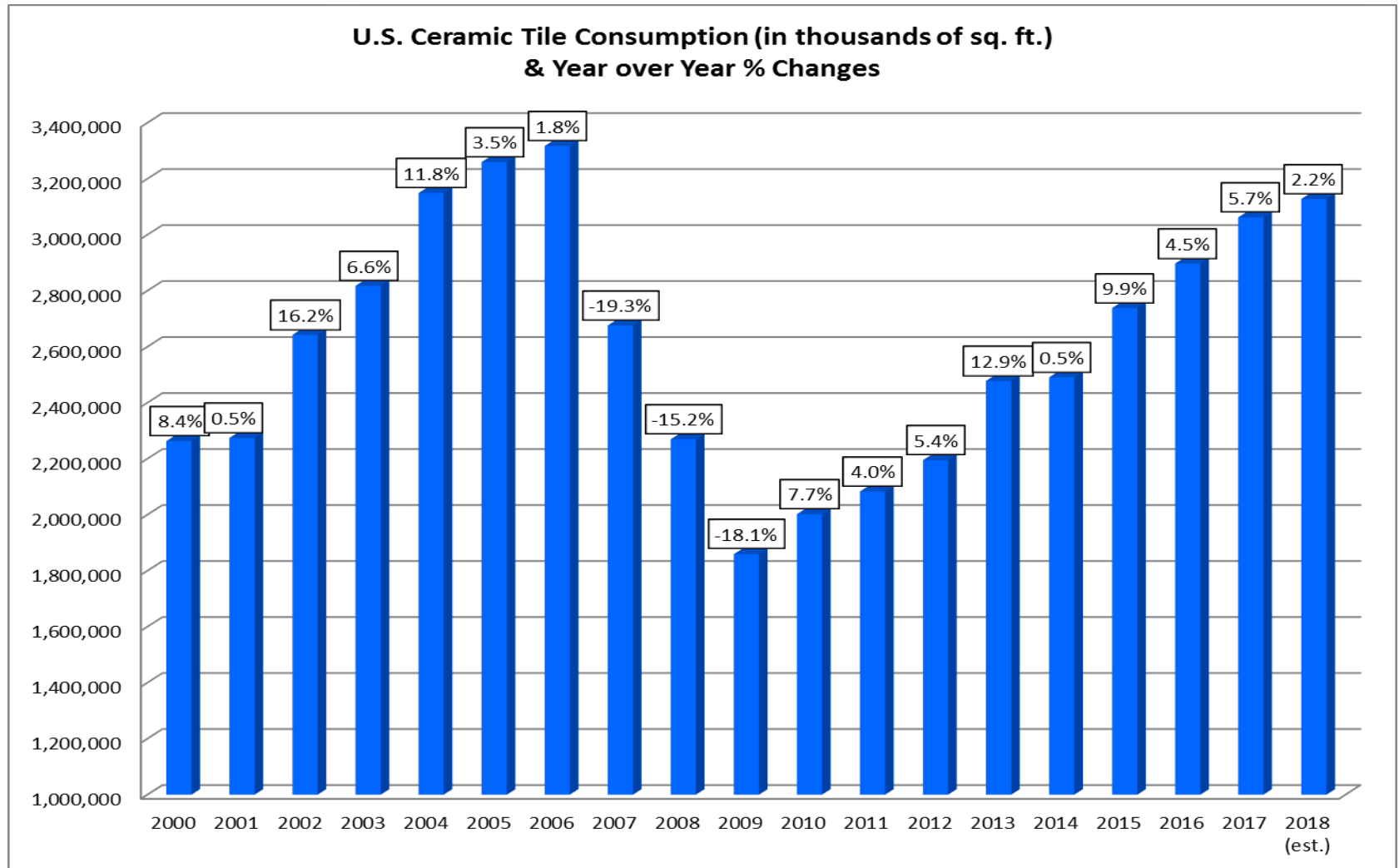


### **U.S. Ceramic Tile Consumption Overview**

- Through Aug. 2018 the U.S. ceramic tile market appears headed for its ninth consecutive year of growth.
- Extrapolating from the available year-to-date data, 2018 U.S. ceramic tile consumption would be 291 million m<sup>2</sup> (3.13 billion sq. ft.) a 2.2% increase from 2017, and the fourth highest total on record.



## II. Trend in production, consumption and trade in ceramic tiles



Sources: U.S. Census Bureau & TCNA

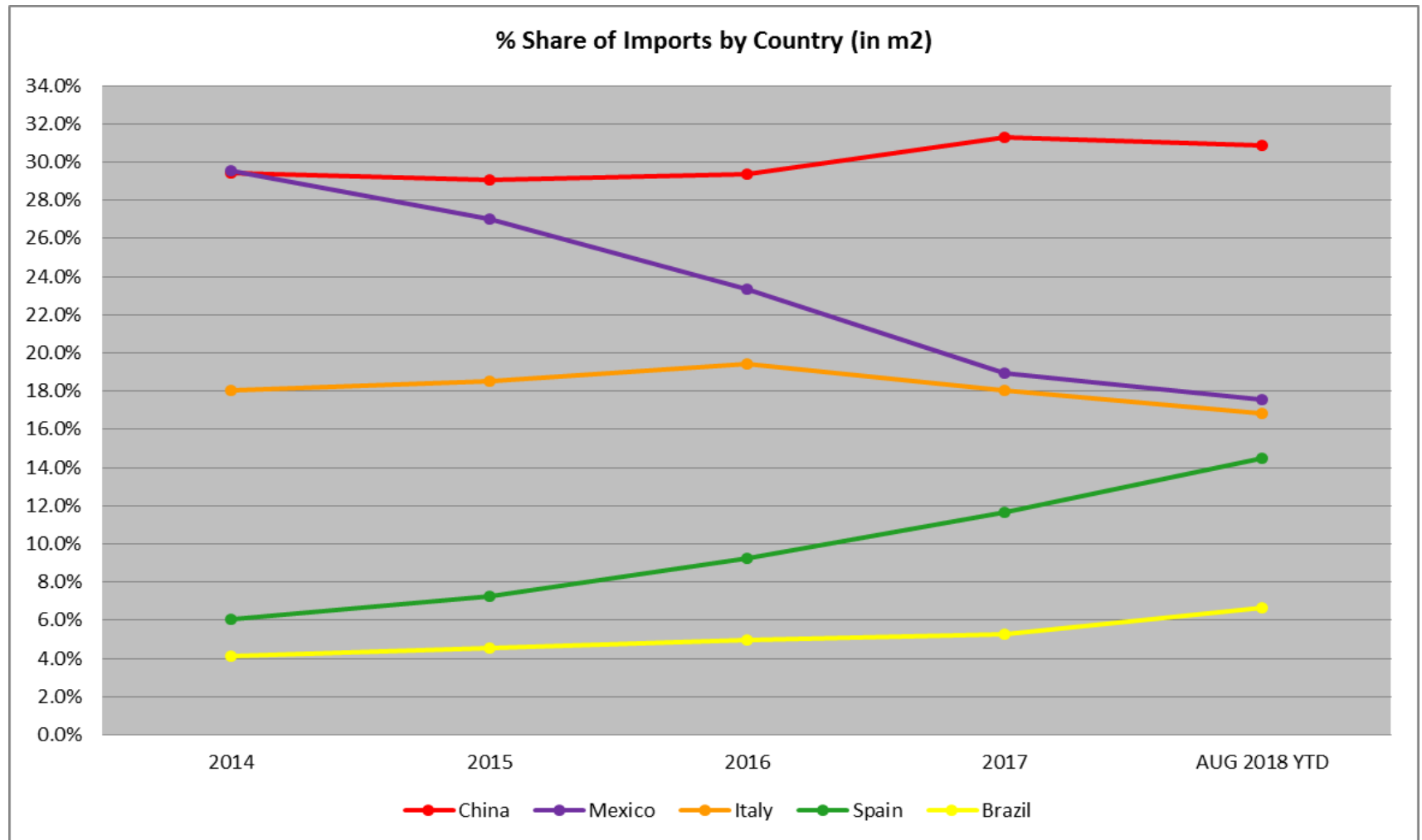
## II. Trend in production, consumption and trade in ceramic tiles



### **U.S. Imports & Domestic Shipments**

- Imports comprised 70.5% (in m<sup>2</sup>) of U.S. ceramic tile consumption through Aug. 2018 and were up 5.6% vs. Aug. 2017 YTD.
- Through Aug. 2018 China was the largest exporter to the U.S. with a 30.9% share of U.S. imports (in sq. ft.), followed by Mexico (17.6%) and Italy (16.8%).
- Aug. 2018 YTD domestic shipments totaled 58 million m<sup>2</sup> (628 million sq. ft.), down 5.2% from Aug. 2017 YTD.

## II. Trend in production, consumption and trade in ceramic tiles



Source: U.S. Census Bureau



## **U.S. Natural Gas Industrial Price**

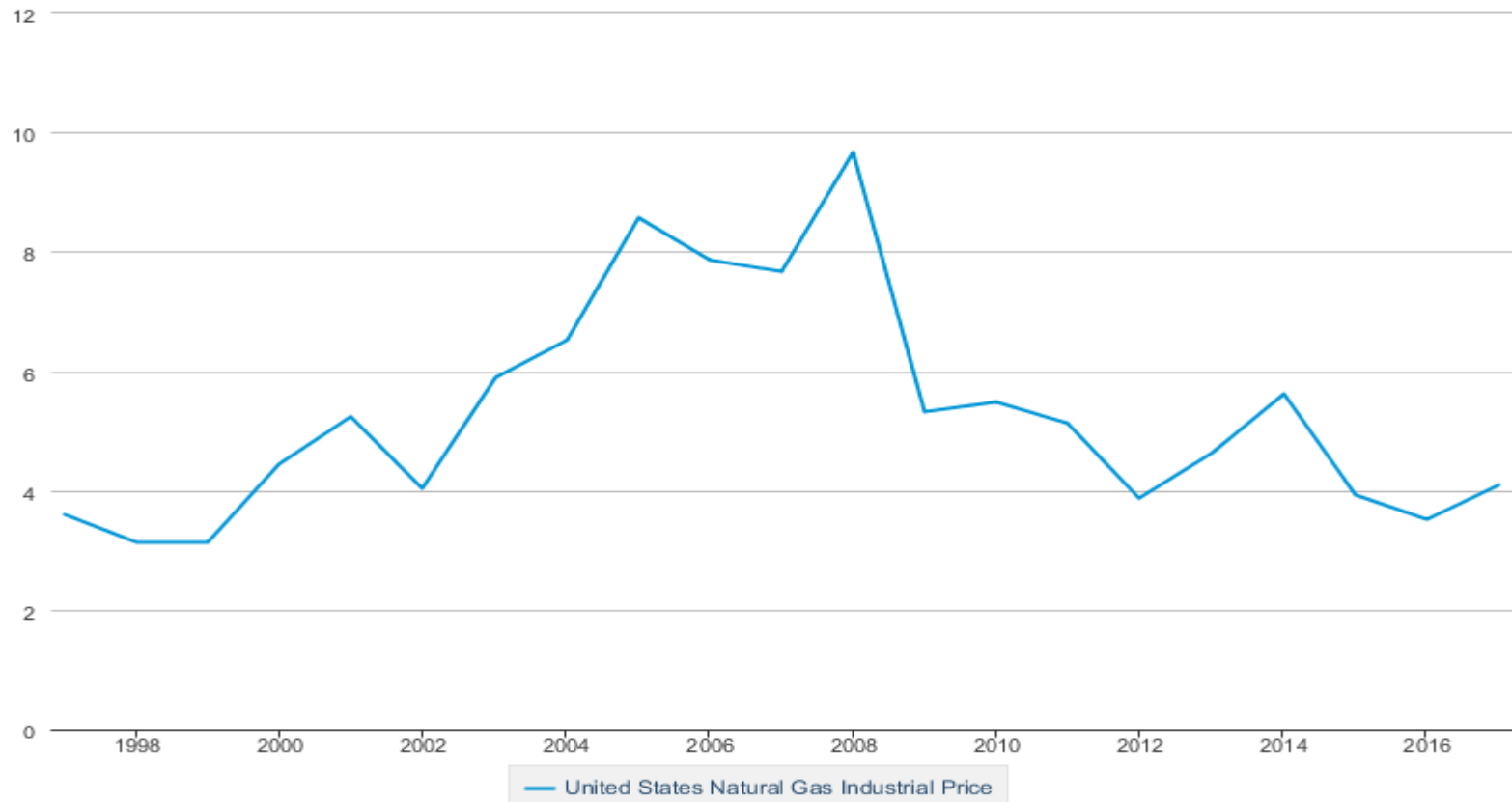
- In 2017 the U.S. natural gas industrial price (per thousand cubic feet) was \$4.10, up from \$3.51 in 2016.

# III. Latest developments at national level in energy supply regulation and taxation



## Natural Gas Prices

\$/Mcf



Source: U.S. Energy Information Administration



# Key Standards Development Activities Within Past Year

- New product specifications for “Large and Heavy Tile” mortar
  - Provisions added to existing national standards for thin-set mortars
- Wear Resistance
  - Recent passage of revision to national tile specification which allows manufacturers to self-declare O to V
  - Ongoing international collaboration to determine new testing/technical basis for O to V
- Slip Resistance
  - Stand-alone test method, ANSI A326.3 for all hard surface flooring

## V. Development in regulations at national level affecting ceramic tiles (notably environmental or health & safety regulation)

### **EHS Regulatory and Legislative Activity**

- Industry research on respirable silica and metals released from cutting
  - Formalized industry position in support of wet cutting and/or score/snap—no motorized dry cutting
  - California Prop 65 implications
  - OSHA implications
- Outside (non-industry) petition to Consumer Product Safety Commission to require slip resistance labeling on all flooring
  - Resubmission of past petition (2016) which was denied
  - DCOF labeling per B101 standards (not used by industry)
  - Strong industry opposition



# Other Ongoing Discussion and Activity in the USA

- **HS Codes—classifying large porcelain panels/slab**
  - Some importers using 6914.90.8000 (“Other Ceramic Articles,” porcelain) and 6914.10.8000 (“Other Ceramic Articles,” porcelain)
  - Past unsuccessful attempts to use 6905.90.00 (Roofing Tiles) and 6810.99.0010 (“Other Articles of Cement, Concrete or Artificial Stone”)
  - We believe large porcelain tile panels and slabs should use 6907.21 (porcelain tile)
- **Tile vs. Competitive Flooring Research Project**
- **Industry Efforts Pertaining to Sustainability**
  - Green Squared multi-attribute product certification—certified product data syndication with purchasers
  - Environmental Product Declarations (EPDs) for tile, mortar and grout
  - Efforts to address new “healthy building” trend