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2007 CERAMIC TILE INDUSTRY

The U.S. ceramic tile market had a major downturn last year, following the trend of the declining housing market. Total tile consumption was at 2.67 billion sq. ft. This is down 19.5% from 2006 and the lowest consumption has been since 2002. It is also the first time since 1994-95 that total consumption decreased from one year to the next.

The main decrease in consumption came from imports, which were down 20.3% from 2.73 billion sq. ft. in 2006 to 2.18 billion sq. ft. in 2007. Domestic shipments were not down as much (14.4%), and exports increased 5.3% over 2006 figures (see table 1).

Table 1 (in thousands sq. ft.)

<u>Year</u>	<u>U.S. Shipments</u>	<u>Imports</u>	<u>Exports</u>	<u>Total Consumption</u>	<u>% Change in Consumption from Previous Year</u>
2007	539,156	2,178,258	47,478	2,669,936	-19.5
2006	629,672	2,732,199	45,107	3,316,764	1.8
2005	658,198	2,638,359	37,022	3,259,535	3.5
2004	695,386	2,488,181	34,727	3,148,840	11.8
2003	614,955	2,231,188	28,938	2,817,205	6.6
2002	649,488	2,034,634	41,705	2,642,417	16.2
2001	591,080	1,716,371	33,306	2,274,145	0.5
2000	620,064	1,685,716	42,685	2,263,094	8.4

This decrease comes on the heels of record growth in the industry. In the last nine years, consumption increased 46%!

Imports:

Imports continue to make up a large segment of the market. In 2007, 81.6% of tiles consumed in the U.S. were imported, compared to 64.2% ten years ago and 51.9% twenty years ago. However, imports' percent share of the U.S. market (in sq. ft.) did fall slightly from 2006, in which import penetration was 82.4%.

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Ten years ago, three countries – Italy, Spain, and Mexico, dominated U.S. tile imports, making up 78.3% of total tile imports (in sq. ft.). Today, Brazil and China have joined them as the top exporters of tile to the U.S. In fact, tile from these five countries now constitute 84% of U.S. tile imports.

In recent years, consumption has shifted away from the more expensive European imports towards tile from countries such as China, Brazil, and Mexico. Mexico benefits from lower tariffs, shipping costs, and lead time in getting their products to the U.S. market.

In 2007, 2,178,258,074 sq. ft. (202,366,797 sq. m) of ceramic tile arrived in the U.S. This is a decrease of 20.3% from 2006, in which 2,732,199,108 sq. ft. (253,829,603 sq. m) of ceramic tile were imported into the U.S. This is also a 17.4% decrease from 2005 (2,638,336,636 sq. ft. vs. 2007 total of 2,178,258,074).

The top five countries from which tile was imported in 2007 based on sq. ft. were:

COUNTRY	SQ FT 2007	SQ FT 2006	2007/2006 % Change	2006/2005 % Change
Italy	523,623,382	660,815,836	-20.8%	-4.1%
Mexico	439,945,248	452,002,163	-2.7%	10.6%
China	351,285,136	346,463,033	1.4%	53.9%
Brazil	297,835,862	430,279,074	-30.8%	-4.8%
Spain	215,157,211	346,178,952	-37.8%	-5.0%

The top five countries from which tile was imported in 2007 based on total U.S. \$ value (including duty, freight, and insurance) were:

COUNTRY	TOT \$ VAL 2007	TOT \$ VAL 2006	TOT \$ VAL 2005	2007/2006 % Change	2006/2005 % Change
Italy	889,642,881	1,040,504,857	1,033,038,229	-14.5%	0.7%
Mexico	262,877,966	275,234,007	250,987,708	-4.5%	9.7%
Spain	256,022,948	368,532,372	356,599,093	-30.5%	3.3%
China	225,580,029	215,627,028	134,326,030	4.6%	60.5%
Brazil	185,887,442	268,145,063	276,227,319	-30.7%	-2.9%

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