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## 2008 CERAMIC TILE INDUSTRY UPDATE

After reaching a record level of 3.32 billion sq. ft. in 2006, U.S. tile consumption declined in consecutive years (2007-08) for the first time since 1990-91. This downturn in the tile market comes on the heels of more than a decade of growth.

Total U.S. tile consumption for 2008 decreased 21.5% (vs. 2007) to 2.10 billion sq. ft. - approximately the same consumption level as 1999.

**(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>
2008	465,990	1,685,532	50,512	2,101,010	-21.5
2007	545,007	2,178,258	47,478	2,675,787	-19.3
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

### **Imports:**

The majority of the consumption decrease came from imports, which fell 22.6% from 2.18 billion sq. ft. in 2007 to 1.69 billion sq. ft. in 2008.

Although imports continue to make up a significant portion of U.S. consumption, import penetration decreased each of the last two years - from an all-time high of 82.4% in 2006 to 80.2% in 2008 - the lowest import penetration has been since 2004.

In 2008, Mexico surpassed Italy to become the top tile exporter to the U.S. (in sq. ft.), constituting almost a quarter (24.9%) of U.S. imports. This was the first time a country other than Italy has held the top exporter position (in sq. ft.). In \$ value, Italy retained the top exporter position.

-MORE-

**TILE COUNCIL OF NORTH AMERICA, INC.**

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Approximately two-thirds (66.1%) of U.S. imports in 2008 (in sq. ft.) came from three countries: Mexico, Italy and China.

The top five countries from which tile was imported in 2008 based on sq. ft. were:

COUNTRY	SQ FT 2008	SQ FT 2007	2008/2007 % Change	2007/2006 % Change
Mexico	419,437,556	439,945,248	-4.7%	-2.7%
Italy	385,829,947	523,623,382	-26.3%	-20.8%
China	309,388,713	351,285,136	-11.9%	1.4%
Brazil	163,690,919	297,835,862	-45.0%	-30.8%
Spain	122,820,007	215,157,211	-42.9%	-37.8%

The top five countries from which tile was imported in 2008 based on total U.S. \$ value (including duty, freight, and insurance) were:

COUNTRY	TOT \$ VAL 2008	TOT \$ VAL 2007	2008/2007 % Change	2007/2006 % Change
Italy	712,177,454	889,642,881	-19.9%	-14.5%
Mexico	271,111,707	262,877,966	3.1%	-4.5%
China	233,701,821	225,580,029	3.6%	4.6%
Spain	166,538,897	256,022,948	-35.0%	-30.5%
Brazil	115,877,348	185,887,442	-37.7%	-30.7%

### **U.S. Shipments:**

U.S. shipments were at 466 million sq. ft. in 2008, their lowest level since 1986. Although this total represented a 14.5% decrease from 2007, it was not nearly as large as the 22.6% decline imports experienced.

### **Exports:**

On a positive note for the industry, exports rose 6.4% in 2008 to their highest level ever (50.5 million sq. ft.). Most of these exports (in sq. ft.) were to Canada (53.6%) and Mexico (17.6%).

(Source: U.S. Commerce Dept.)

### **Outlook:**

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“Though our industry has been greatly affected by the economic and housing market crises of the past two years, we are hopeful falling interest rates and tax credits for potential homebuyers will be positive steps towards an economic recovery,” said Andrew Whitmire, trade data analyst for Tile Council of North America. “In spite of the many challenges, ceramic tile, with its great value, beauty, and durability, remains an excellent choice for consumers. Not to mention, tile’s inherent green aspects will boost interest in tile in the future, as consumer demand for environmentally-sustainable products continues to grow.”

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