



U.S. DIMENSIONAL SURFACE

MARKET: CHANGES

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STONE UPDATE



DEFINITIONS



NATURAL STONE

Quarried materials cut and processed as a whole object, be it block, slab, tile, statue or architectural unit.

QUARTZ SURFACE

Processed natural materials mixed with a processed binder and formed into slabs and tiles by compaction and heat.

PORCELAIN

Processed natural materials fused into slabs and tiles by compaction and variable heat with water absorption coefficient by weight $\leq 0.5\%$.

NATURAL STONE

Stone, granite, marble, travertine, limestone, sandstone, slate, soapstone, quartzite, etc.

QUARTZ SURFACE

Quartz surface, quartz, engineered stone, agglomerate stone, brand-name-as-generic-term (*proprietary eponym*), mineral surface.

PORCELAIN

Porcelain slab, porcelain, gauged porcelain tile/slab, sintered stone, ultra-compact surface, mineral surface.

CURRENCY VALUE

U.S. dollars at declared date (not adjusted for inflation)

CUSTOMS VALUE

(U.S.) Total direct/indirect goods payment, excluding freight, insurance (CIF).

CONDITION

Worked (at least sawn, polished/finished on one side)



U.S. HARD-SURFACES MARKET





U.S. HARD-SURFACES MARKET (RETAIL) (2021)

**\$25,503,183,
620**





U.S. HARD-SURFACES MARKET (RETAIL) (2021)

Natural Stone:

\$9,935,924,296 Quartz

Surface: \$8,963,536,224

Revealing



**U.S. Dimensional Hard Surface Use:
Volume Imported (2021)**

Natural Stone **93.3%**

U.S. International Trade Commission, U.S. Geological Survey, Hard-Surface Report Analysis

Quartz Surface **76.7%**

Hard-Surface Report Analysis

Ceramic **71.1%**

The Council of North America





U.S. HARD-SURFACES IMPORTS (CUSTOMS VALUE) (2017) (MILLIONS, USD)

- Granite: \$1,281.4
- Quartz Slab: \$985.2
- Porcelain: \$870.2
- Marble: \$485.6
- Other Stone: \$409.6
- Travertine: \$165.6
- Other Calcareous: \$145.6
- Slate: \$145.6
- Non-Roofing Slate: \$145.6



Source: U.S. International Trade Commission; Hard-Surface Report analysis





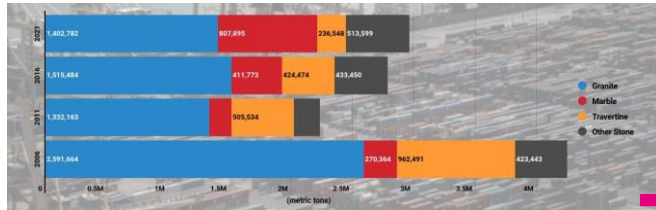
U.S. HARD-SURFACES IMPORTS
(CUSTOMS VALUE) (2021) (MILLIONS,
USD)

- Quartz Slab: \$1,718.7
- Porcelain: \$1,173.8
- Granite: \$834.5
- Marble: \$693.0
- Other Stone: \$496.3
- Travertine: \$124.4
- Other Calcareous: \$120.8
- Slate: \$120.8
- Non-Roofing Slate: \$120.8



Source: U.S. International Trade Commission; Hard-Surface Report analysis





Source: U.S. International Trade Commission; Hard-Surface Report analysis



U.S. HARD-SURFACES IMPORTS (METRIC TONS) (2006-2021)

Granite: **-45.9%**

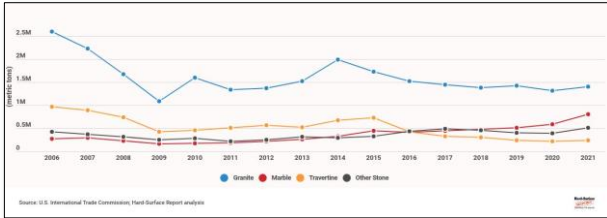
Marble: **+198.8%**

Travertine: **-75.4%**

Other Stone:

+21.3%





U.S. HARD-SURFACES IMPORTS (METRIC TONS) (2006-2021)

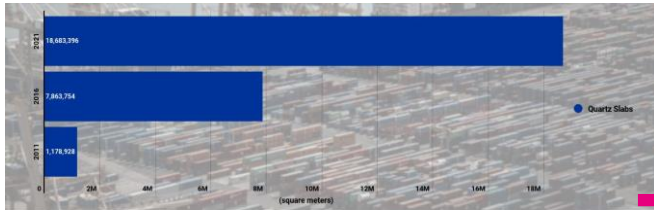
- ✓ Market maturity
- ✓ Interest in marble, other stone (quartzite)





U.S. QUARTZ SLAB IMPORTS (THOUSANDS M²) (2011-2021)

Increase:
1,485.6%



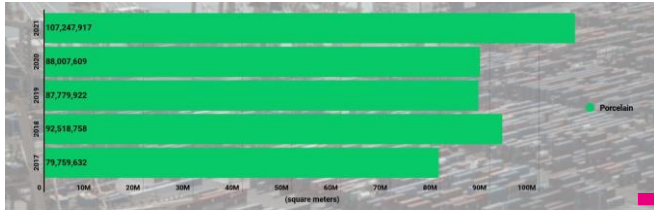
Source: U.S. International Trade Commission, Hard-Surface Report analysis





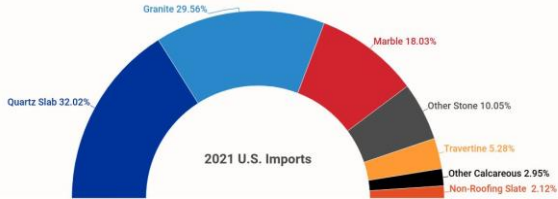
U.S. PORCELAIN IMPORTS (THOUSANDS M²) (2017-2021)

Increase:
34.5%



Source: U.S. International Trade Commission; Hard-Surface Report analysis





Source: U.S. International Trade Commission, Hard-Surface Report analysis



U.S. HARD-SURFACE IMPORTS (THOUSANDS M²) (*SIMULATION)

Quartz Slab:
18,683

Granite: 17,246*

Marble: 10,517*

Other Stone:

Travertine: 3,079*

Other Calcareous:

1,719*

Non-Roofing Slate:

1,238*





**U.S. Dimensional Hard Surface Use:
Volume Imported (2021)**

Natural Stone **93.3%**

U.S. International Trade Commission, U.S. Geological Survey, Hard-Surface Report Analysis

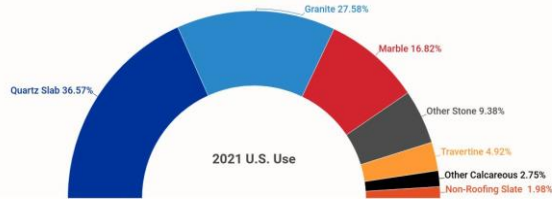
Quartz Surface **76.7%**

Hard-Surface Report Analysis

Ceramic **71.1%**

The Council of North America





Source: U.S. International Trade Commission, Hard-Surface Report analysis



U.S. HARD-SURFACE USED (THOUSANDS M²) (*SIMULATION)

Quartz Slab:

24,359

Granite: 18,367*

Marble: 11,200*

Other Stone:

Travertine: 3,279*

Other Calcareous:

1,831*

Non-Roofing Slate:

1,318*





Source: U.S. International Trade Commission, Hard-Surface Report analysis



U.S. HARD-SURFACE CUSTOMS VALUE 2017

(PER M²) (*SIMULATION)

Quartz Slab:

\$94.00

Marble: \$84.54*

Other Stone:

\$71.09*

Other Calc.: \$63.80*

Non-Roofing Slate:

\$46.99*

Travertine: \$38.43*





Source: U.S. International Trade Commission, Hard-Surface Report analysis



U.S. HARD-SURFACE CUSTOMS VALUE 2021 (PER M²) (*SIMULATION)

Quartz Slab: \$91.99
 Other Stone: \$82.90*
 Other Calc.:

Granite: \$44.63*
 Travertine: \$38.43*
 Non-Roofing Slate: \$46.99*





U.S. MARKET FACTORS





TRANSPORT

- ✓ Delay at ports-of entry
- ✓ Off-dock costs (ground shipping)





TARIFFS

- ✓ The Airbus issue
- ✓ Effect of China duties
- ✓ More quartz-surface action?



«AIRBUS» ISSUE

- ✓ De-escalation in 2021
- ✓ End of the «Laundry List»



EFFECT OF CHINA DUTIES

- ✓ Natural stone
- ✓ Special Tariffs on quartz surfaces and porcelain
- ✓ Transshipping





CHINA DUTIES: NATURAL STONE

- ✓ Section 301: 25% universal tariff
- ✓ Applies to all hard surfaces
- ✓ Separate from unfair-trade tariffs





U.S. IMPORTS FROM CHINA –
NATURAL STONE
(METRIC TONS)

2017

2021

578,811

477,259 (-

20% of U.S.

17.5%)





CHINA DUTIES: QUARTZ SLAB

- ✓ Unfair-trade complaint: Cambria, 2018
- ✓ Subsidies and below-market sales
- ✓ June 2019: 296.4%





U.S./CHINA QUARTZ-SLAB SHIPMENTS

2017

5,648,004

m²

2021

51,321 m²

0.3% of U.S.





CHINA DUTIES: PORCELAIN

- ✓ Unfair-Trade Complaint: Eight U.S.-incorporated manufacturers, 2019
- ✓ Subsidies and below-market Sales





U.S./CHINA PORCELAIN SHIPMENTS

2017

30,361,480

m²

2021

55,519 m²

0.1% of U.S.





OTHER UNFAIR-TRADE DUTIES

- ✓ Unfair-trade complaint: Cambria on India and Turkey, 2019
- ✓ Subsidies and below-market Sales
- ✓ 2020: 10%



HOW DID THAT WORK

OUT? China's anti-trade duties forced China out of the U.S. quartz-surface and porcelain markets. By 2021, however, the end result gave scant relief to U.S. Manufacturers from imports.



QUARTZ SLAB 2017-2021

**Import volume:
+78.2%**

Value per m²: -

\$2.01

PORCELAIN 2017-2021

**Import volume:
+34.4%**

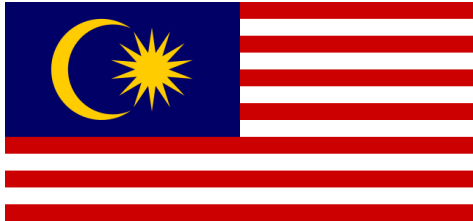
**Value per m²:
+\$0.01**



TRANSSHIPPING

Representation of goods as having different countries of origin, possibly to evade tariffs or other restrictions.





U.S./MALAYSIA QUARTZ-SLAB SHIPMENTS (m²) (2022)

January-March monthly average:

117,641

(U.S. Commerce Department investigation announced)
April-June monthly average:

WILL MORE TARIFFS APPEAR?

Import duty complaints are allowed if a country ships a «negligible» volume of goods to the United States. «Negligible» is 3% of the overall volume of imports of those goods in the past 12 months. Three countries meet that import level with quartz slabs as of June 2022.



Vietnam

12 mo. avg.: 16.2%



Thailand

12 mo. avg.: 4.3%



Malaysia

12 mo. Avg. : 5.9%



PRODUCTION JUMP

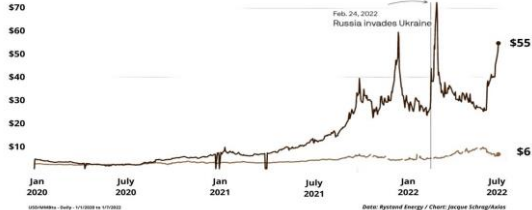
- ✓ Quartz surfaces & porcelain
- ✓ New/expanding factories
- ✓ An Unlikely Safe Haven?



Photo by Carson Hughes / St. Peter Herald

PRODUCTION JUMP

- ✓ Quartz-line explosion
- ✓ Differing technologies
- ✓ More porcelain?



THE NEW SAFE HAVEN?

- ✓ Eliminate transoceanic
- ✓ Direct service largest market
- ✓ Stable materials/energy?

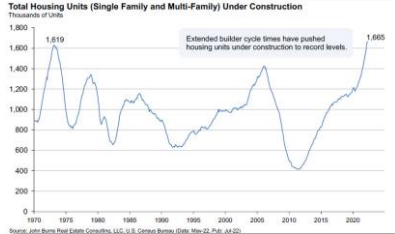




CHANGING MARKET

- ✓ Construction market swing
- ✓ Slow, not dead
- ✓ Renovate, not replace





CHANGING MARKET

- ✓ «Big Statistics» are deceiving
- ✓ Working down the backlog
- ✓ Mouth of the New...

Leading Indicator of Remodeling Activity – Second Quarter 2022

Homeowner Improvements & Repairs
Four-Quarter Moving Totals
Billions



Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2019 are produced using the LIRA model until American Housing Survey benchmark data become available.

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Joint Center for Housing Studies of Harvard University JCHS

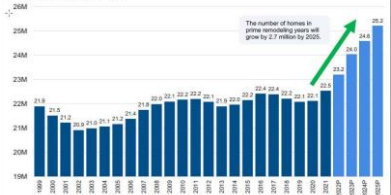
CHANGING MARKET

- ✓ Slowdown, not reversal
- ✓ Less growth, but *growth*
- ✓ Inflation-driven more than organic



Single Family Homes in Prime Remodeling Years

Millions of Homes Between 20-39 Years Old



Source: John Burns Real Estate Consulting, LLC (Feb. 14, 2020)

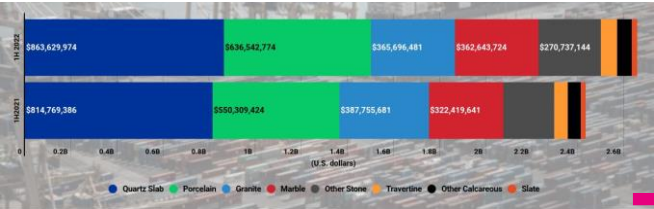
CHANGING MARKET

- ✓ Renovation will remain strong
- ✓ More opportunities
- ✓ Industry leader: 70% of use



U.S. HARD-SURFACES IMPORTS (CUSTOMS VALUE) (1H 2021-2022) (USD)

- Quartz Slab: +6.0%
- Porcelain: +15.7%
- Granite: -5.7%
- Marble: +12.5%
- Other Stone: +22.7%
- Travertine: +20.1%
- Other Calcareous: +12.7%
- Non-Roofing Slate: +12.7%



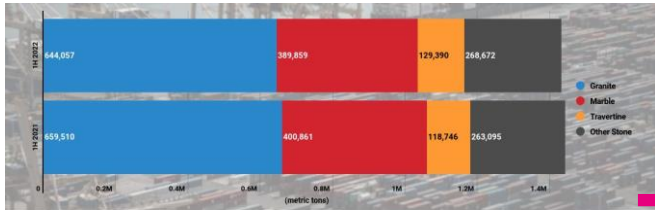
Source: U.S. International Trade Commission; Hard-Surface Report analysis





U.S. NATURAL STONE IMPORTS (METRIC TONS) (1H 2021-2022)

Granite: **-2.3%**
Marble: **-2.7%**
Travertine: **+9.0%**
Other Stone: **+2.1%**



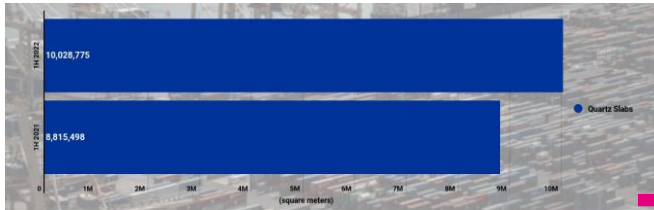
Source: U.S. International Trade Commission; Hard-Surface Report analysis





U.S. QUARTZ SLAB IMPORTS (THOUSANDS M²) (1H 2021-2022)

+13.8
%



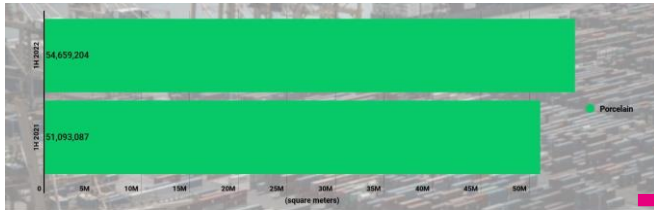
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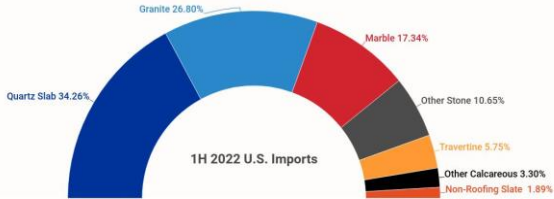
U.S. PORCELAIN IMPORTS (THOUSANDS M²) (1H 2021-2022)

+7.0%



Source: U.S. International Trade Commission; Hard-Surface Report analysis





Source: U.S. International Trade Commission; Hard-Surface Report analysis



U.S. HARD-SURFACE IMPORTS (THOUSANDS M²) (*SIMULATION)

Quartz Slab:

10,028

Granite: 7,845*

Marble: 5,075*

Other Stone:

Travertine: 1,684*

Other Calcareous:

965.8*

Non-Roofing Slate:

552.0*



Interactive Charts of This

Report

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armo



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