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Date: April 2, 2014

Testimony of Eric Astrachan, Executive Director of the Tile Council of North America

Docket No. OSHA-2010-0034

Occupational Exposure to Respirable Crystalline Silica; Proposed Rule

I am Eric Astrachan, Executive Director of the Tile Council of North America. The Tile Council is a trade association representing manufacturers of ceramic tile products, tile installation materials, tile making equipment, other tile-related products, and raw materials for the tile industry. Our membership includes all major US tile manufacturers, all major US grout and mortar manufacturers, and most US manufacturers of related tile products. Additionally, through our staff we are the Secretary or Chairperson of the ANSI, ASTM, and ISO Committees responsible for ceramic tile industry standards, and through such we have a broad awareness of industry stakeholder interests and concerns.

In the twelve months ending December 2013, our tile-producing member companies' domestic shipments totaled \$1.077 billion, and our tile-producing member companies employed approximately 10,000 American workers. Additionally, our grout and mortar manufacturing members manufactured approximately \$800 million in mortar products over the same period and other member manufacturers produced a similar volume of related materials (backerboards, trims, etc.) for tile installations.<sup>1</sup> This is however a highly import sensitive industrial sector with \$1.725 billion of tile imports coming into this country over the same period<sup>2</sup>, representing 62% of domestic tile consumption on a dollar basis and 70% of consumption on a square foot basis<sup>3</sup>.

My testimony today will focus principally on the economic issues facing the ceramic tile industry and then I will speak briefly to amplify and include the position of Mr. Bettiga and Dr. Rangineni.

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<sup>1</sup> As reported by TCNA members

<sup>2</sup> As reported by the U.S. Commerce Dept.

<sup>3</sup> Respectively, 754 million sq. ft. in domestic shipments and 1.723 billion sq. ft. in imports

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In the proposed rule's preamble, OSHA asserts that *"most or all costs arising from this proposed silica rule would be passed on in higher prices rather than absorbed in lost profits and that any price increases would result in minimum loss of business to foreign competition."*<sup>4</sup> I will explain why that is false. Rather, these costs cannot be passed on to the consumer.

According to the latest data collected by TCNA, the average price per square foot of U.S. tile shipments is \$1.43. The average price per square foot of Chinese imports is \$0.86. With Chinese imports 60% less expensive than U.S. tile in what is an extremely price-competitive market, OSHA's claim that "any price increases would result in minimum loss of business to foreign competition" is unrealistic.

The average price per square foot of U.S. tile shipments was last at \$1.43 in 2007. Since 2007 the CPI has risen 13% while tile prices have not. Raw material costs have gone up. Labor has gone up but tile prices have not.

Let us look at market share. Over the last ten years (2003-13), Chinese ceramic tile imports have risen (in sq. ft.) from 2.0% of U.S. consumption to 20.9%. Over that same time period, Mexican ceramic tile imports have risen from 10.4% of U.S. consumption to 20.7%. In the meantime, the percentage of the market retained by US manufacturers has declined three years in a row putting even more pressure on U.S. manufacturers to compete against countries that likely do not adhere to the same labor and environmental laws.

This is not due to a lack of product innovation or research. The Tile Council and our member companies are on the cutting edge of tile technology, developing tile, for example, that is actively antimicrobial for hospital and food service settings, as well as developing building exterior tile that will help clean the air of smog and other volatile organic compounds. Despite these developments, U.S. consumption of ceramic tile is more than 25% below its peak in 2006 and the market is flooded with lower quality, lower priced imports. As already noted, the low cost of imported tile places an enormous burden on U.S. tile manufacturers to at best maintain current pricing to remain competitive.

Given the above, I believe we can conclude unambiguously that any increases in costs from the proposed regulation will be borne by American manufacturers already challenged to survive and at the cost of good American jobs in an industry with a track record of voluntary accelerated environmental compliance.

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<sup>4</sup> 78 Fed. Reg. 56,338 (Sept. 12, 2013).

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I'd like to turn now to the testimony of Mr. Bettiga. Having personally also worked in the installation of tile, I draw your attention to his comments that the use of respirators (PPE) is not without consequence. The use of a respirator and protective suit will negatively impact the retention of workers and lead to jobsite frustrations in a craft that requires meticulous attention to detail. A tile installer puts in place a finish every bit as precise as a finish carpenter, but with heavy materials and often while working on his knees. Those are difficult conditions under the best of circumstances and made doubly so if PPE is required. On the behalf of all tile tradespeople, let's be doubly certain there is a health benefit before establishing criteria that will require use of PPE.

Considering the testimony of Dr. Rangineni and the well-established reduced cytotoxicity of silica in the presence of aluminum, as well as the anecdotal but compelling statements from multi-generational tile installation companies denying any incidences of silicosis, we believe OSHA should maintain the current PEL for the manufacture and installation of ceramic tile.

I draw your attention also to our written comments submitted on February 11, 2014 where we provided further information and additional issues for OSHA's consideration.

TCNA applauds efforts to improve safety, but cautions that safety is not improved by making America less competitive. As discussed herein, OSHA's proposal will negatively affect the majority of our members operating in an import-saturated market. We believe it will significantly increase costs, eliminate jobs, and undermine our industry's ability to compete in the global marketplace without improving worker safety in the manufacture or installation of ceramic tile.

I thank you for this opportunity to speak with you today. Please do not hesitate to contact us or our counsel David Spooner of Squire Sanders ([David.Spooner@squiresanders.com](mailto:David.Spooner@squiresanders.com), 202-626-6612) should you have any questions.



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