

CHAPTER 15
MARBLE AND GRANITE

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INTRODUCTION

The integrated, competitive business environment created by NAFTA should stimulate both trade and investment in the construction materials industry. The reduction or elimination of tariffs between the three NAFTA countries will allow for their easier access to each others' market. All three countries are relatively competitive and technologically advanced in the construction materials sector. Market share may be affected by factors such as input costs, transportation costs and marketing efforts.

In Canada, the demand for construction products should remain strong. During the next five years, lower interest rates and depressed real estate prices are expected to stimulate growth in the housing sector, especially non-residential construction. There is a modern, efficient and low-cost building stone industry in Canada, concentrated in Quebec. There is a positive outlook for building stone products, based on industry demand trends.

The Mexican market for construction products has grown rapidly in recent years. The open market policies adopted by the Mexican government should result in continued strong growth by establishing conditions that encourage national and foreign investment. The restrictive trade policies of the Mexican government over the last four decades offered little incentive for Mexican construction products manufacturers to broaden their product lines. Consequently, Mexican producers will not be able to meet the rapidly growing demand. Imports will continue to be required to complement the local production. Expanded commercial and industrial construction as well as increased expenditures on badly needed improvements in the Mexican infrastructure should generate increased demand for construction materials. The infrastructure improvements include the construction of affordable housing and the construction of highways and roads and support services (rest stops, hotels, and so forth) to modernise Mexico's highway system.

In the United States, demand for construction materials should increase after having bottomed out in 1993. Products used predominantly in new single-family housing and residential alterations, repairs, and additions continue to benefit the most, while products used mainly in private non-residential buildings will continue to experience weak demand. Construction work on existing structures is an excellent market for construction materials. Longer-term demand for construction materials will continue to reflect the pace of the US' economic recovery. Leading domestic producers of dimension stone are located in Georgia, Indiana, and Massachusetts, accounting for almost 40% of US output. Import values continue to exceed that of domestic production. Imports of marble exceed those of granite, probably due to the fact that domestic production of granite far exceeds that of marble.

CANADA

Tariffs (%)

<u>Items:</u>	<u>MFN</u>	<u>GPT</u>	<u>US/Mexico</u>
Granite	0-9.5	0-6.5	0-3.9
Marble	0-5.3	0-3.5	0

Standards

There are no mandatory standards for marble and granite at present. However, architects and professionals in the construction industry tend to voluntarily follow the norms set by the American Society of Testing and Materials (ASTM). ASTM defines tests and procedures for measuring the performance of building construction elements, connections and assemblies, including durability, serviceability, structural performance, and infiltration performance. ASTM provides guides to absorption, density, flexural strength, and resistance to compression for these materials. The manufacturer should be aware that purchaser may require that the product meet ASTM's specifications. For further information, please contact the ASTM, located under Section III of this guide.

Labelling

Instructions accompanying **pre-packaged** products sold in Canada must comply with Canadian packaging and labelling requirements as prescribed by Industry Canada, under the Consumer Packaging and Labelling Act and Regulations for pre-packaged non-food consumer products.

There are three mandatory statements which must appear on the label:

- product identity
 - the product's name;
- product net quantity
 - expressed in metric units in volume, weight or numerical count, according to the type of product;
- dealer's name and principal place of business
 - identity and principal place of business of the person for whom the pre-packaged product was manufactured or produced for resale

- when imported, substitutes to the requirement include (a) name and address of a Canadian dealer preceded by the words “imported by”; (b) the statement of origin located immediately adjacent to the name and address of a Canadian dealer; or (c) the name and address of the dealer outside Canada.

All mandatory label information must be shown in English and French, except the manufacturer’s name and address which can appear in either language. Other supplemental, non-mandatory label information does not have to be bilingual, but manufacturers are encouraged to include this in a bilingual format, if possible. However, the province of Quebec has additional requirements concerning the use of the French language on all products marketed within its jurisdiction. Information on French requirements may be obtained from the Office de la Langue Française, found in Section III of this guide.

All non-mandatory label information on a pre-packaged product must not be false or misleading to the consumer; it must conform with any label claims made which may relate to type, quality, performance, function, origin, or method of manufacture, for example.

Packaging

For pre-packaged products, according to the Consumer Packaging and Labelling Act and Regulations, all packages must be manufactured, constructed, or displayed in such a manner that a consumer may not reasonably be misled with respect to the quality or quantity of the product it contains. Packages must be filled in such a manner that a consumer may not be reasonably be misled with regard to the quantity of product it contains.

Labels on pre-packaged products must show:

- the identity and principal place of business of the person by or for whom the pre-packaged product was manufactured or produced for resale;
- the identity of the pre-packaged product in terms of its common or generic name or in terms of its function;
- such information respecting the nature, quality, age, size, material content, composition, geographic origin, performance, use or method of manufacture or production of the pre-packaged product as may be prescribed.

Questions on the Act may be directed to the Merchandise Standards Division, Industry Canada, found under Section III of this guide.

Marketing and Distribution

The latest available data suggests that the import market for crude or roughly trimmed marble and granite into Canada is US \$8 million.

These products face competition from substitutes such as ceramics, glass, concrete, aluminium, and steel. However, architects and developers are becoming more interested in these products, which suggests good future demand for these products. Marketing and distribution is similar to that of the United States, below.

Documentation

Goods imported into Canada have mandatory documentation requirements. These are:

- Form B3, Canada Customs Coding (two copies required for an automated Customs office, three if not). It is important to fill in this form properly, especially since it is here where the importer shows the tariff treatment for his goods;
- cargo control document - manifest, waybill or other approved document that must be obtained from carrier or forwarder (two copies);
- commercial invoice, indicating the buyer and seller of the goods, price paid or payable, adequate description, including quantity, of goods contained in the shipment, together with a Canada Custom invoice containing the remaining required data (two copies), or a fully completed Canada Customs invoice, or an invoice containing all data listed by Customs.

Revenue Canada requires that certain goods imported into Canada be clearly labelled as to their country of origin, in English or French; this must be clearly located on the product. If the consumer will ultimately buy the good in a container, then it is acceptable that the container only be marked. Canadian importers are responsible for ensuring that the goods they are importing comply with the marking requirements at the time they import the goods. Please verify with a Canada Customs office concerning your product's marking requirements.

Trade Associations

Association of Consulting Engineers of Canada
Ottawa, Ontario Tel. (613) 236-0569
Fax (613) 236-6193

Canadian Construction Association
Ottawa, Ontario Tel. (613) 236-9455
Fax (613) 239-9526

Royal Architectural Institute of Canada
Ottawa, Ontario Tel. (613) 232-7165
Fax (613) 232-7559

Trade Fairs

Buildtech
January (Ottawa); April (Toronto); October (Montreal)

IDEAS
February
Toronto

International Kitchen and Bath Show
September
Toronto

Ontario Association of Architects - Architectural Products and Services Show
April
Toronto

Salon de l'industrie de la renovation et des materiaux de construction
November
Montreal

MEXICO

Tariffs (%)

<u>Items:</u>	<u>General</u>	<u>US/Canada</u>
Granite	15/20	A/B
Marble	10/15/20	A

A - duties fully eliminated on January 1, 1994

B - duties removed in five equal stages of 20% annually to full elimination by 1998

Standards

Standards for building products in Mexico involve different federal, state and municipal laws and building codes. Mexican building codes vary from state to state, but are generally based on those established for the Federal District, since they are generally the most strict and are often modified for use in other regions. The laws are designed to guarantee liveability, functionality, sanitation, environmental compatibility, access to transportation, safety in emergencies, structural safety and integration with the image of the neighbouring buildings. The laws, called the Reglamento de Construcciones del Departamento del Distrito Federal, are updated and published in the Diario Oficial. Complete details of codes and technical standards may be obtained from the Centro Impulsor de la Construcción y la Habitación, listed in Section III of this guide.

There are also product standards applicable to this sector, as found in SECOFI's Catalogue of Official Mexican Standards, Volume I, Classification C. Standards include those applicable for tiles. Mexico observes the standards set by the American Society for Testing of Materials. The exporter is strongly urged to contact the Dirección General de Normas at SECOFI, the relevant Mexican sector association, or a knowledgeable Mexican importer, about the most current standards applicable to his product.

Labelling

Mexico's Ley de Protección al Consumidor (consumer protection law), mandates that all information contained on a consumer product or its labels, containers and packages must be in Spanish. These labelling requirements will be enforced at the border, meaning that compliance is effectively the responsibility of the exporter. Full original Spanish labelling is to be affixed at the point of origin.

Labels must contain specific information such as:

- name of the product or good (including a product description, if not described in the name of the product or good);
- name or trade name and address of the importer and exporter (this information may be displayed on a separate label and may be added after importation);
- country of origin of the product;
- net contents in accordance with Official Mexican Standard NOM 030-SCFI-1993;
- warnings or precautions in the case of dangerous products; and
- instructions for use, handling, and assembly of the product, if applicable (instructions may be on the label or in a separate booklet, and there must be a notice advising the consumer to read the instructions; instructions for use and assembly must be in Spanish).

When used, warranties have to be in accordance with the above Ley, specifying the location of service centres in Mexico. During the term of warranties, manufacturers or importers are required to replace “any damaged piece or component” free of charge. Instructions, manuals and warranties must be “incorporated to the product” before sale, but they will not be required for customs clearance.

The labels must be legible. The label will normally be affixed to each individual package offered for sale to consumers.

Bulk products are generally exempt from this Ley.

Packaging

There are no official packaging requirements for imported products to Mexico. Please check with your Mexican broker or importer for developments in this area.

Marketing and Distribution

Three major groups make up the construction and building products industry: construction companies, public works departments in the various levels of government, and the consumer market. The largest construction companies are the most important buyers of imported construction materials, as they have influence over purchasing decisions. This influence extends to public works projects, which are being increasingly given to the private sector. Price, quality and service are the most important criteria for purchases. The consumer market, a significant portion of Mexico’s construction industry, includes construction undertaken by private homeowners and small contractors. This

market is difficult to get into because of the fragmented distribution system. In most cities, there are a large number of outlets, each carrying a narrow range of stock. Recently, large chain stores specialising in construction products have begun to enter the Mexican market. The relative success depends on customer's accessibility to them in terms of transportation of these materials.

Mexico's civil engineers and architects have a strong influence over the selection of construction products. Introduction of a product might include contacts with these professionals.

Documentation

Goods imported into Mexico must be accompanied by standard documentation, as follows:

- commercial invoice (in Spanish, if prepared in English, the Spanish translation may follow original text on invoice or translation may accompany invoice, including the original and several copies;
- packing list (if more than one package shipped) with at least four copies;
- bills of lading, with one original for importer and one for customs broker

The invoice must be complete and accurate. It must include:

- place and date of issue;
- complete name and addresses of the buyer or importer in Mexico, and the exporter;
- description of merchandise, including marks, numbers, types, and quantities;
- freight and insurance charges;
- price and total value of shipment;
- signature (manual), name, and title of exporter; and
- shipper's invoice number and customer's order number.

The invoice should be sent ahead to the importer/broker/agent, in order to obtain special permits (if necessary) if shipped by sea or land, or it should accompany goods if shipped by air.

The packing list includes:

- number of packages, and detailed list of goods in each package;
- net, gross, and legal weight of each package and total shipment, in metric units, along with volume or measurements of each package and total shipment.

The bill of lading has information such as:

- types of packages in shipment and their weights and measurements;
- names and addresses of the shipper and importer, or customs broker;
- ports of origin and destination;
- description of goods;
- list of charges, including freight;
- number of bills of lading in full set; and
- carrier's official acknowledgement of receipt on board of goods for shipment.

Trade Associations

Asociacion de Comerciantes de Materiales para la Construccion de la Republica Mexicana
(National association of distributors of construction materials)

Mexico City

Tel. (5) 593-4995

Fax (5) 593-6047

Camara Nacional de Empresas de Consultoria

(Association of consulting engineers)

Mexico City

Tel. (5) 559-9888

Fax (5) 559-4914

Camara Nacional de la Industria de la Construccion-CNIC

(National chamber of the construction industry)

Mexico City Tel. (5) 665-1500

Fax: (5) 606-6720

Colegio de Arquitectos

(School of architects)

Mexico City

Tel. (5) 570-0007

Fax (5) 259-5423

Trade Fairs

Constructo
(building materials & construction industry trade show)
October
Monterrey

Construexpo
(exhibition of construction materials, equipment)
November
Guadalajara

Expo CIHAC
October
Mexico City

Muestra de la Industria de la Construccion
(construction industry exhibition)
May
Mexico City

Triexpo CBR
(tiles, kitchen & bath fixtures)
December
Monterrey

UNITED STATES

Tariffs (% except where \$/m³)

<u>Items:</u>	<u>General</u>	<u>GSP</u>	<u>CBI</u>	<u>Canada/Mexico</u>
Granite	0-4.2	0	0	0
Marble	2.1-6	\$0-3.46/m ³	0	0

Standards

As with Canada, there are no mandatory standards for marble and granite at present. However, architects and professionals in the construction industry tend to voluntarily follow the norms set by the American Society of Testing and Materials (ASTM). ASTM defines tests and procedures for measuring the performance of building construction elements, connections and assemblies, including durability, serviceability, structural performance, and infiltration performance. ASTM provides guides to absorption, density, flexible strength, and resistance to compression for these materials. The manufacturer should be aware of that purchaser may require that his product meet ASTM's specifications. For further information, please contact the ASTM, located under Section III of this guide.

Labelling

The Federal Trade Commission has general requirements for **consumer** product labels, or packages of products, which consist of:

- the identity of the product;
- the name and place of business of the manufacturer, packer or distributor;
- country of origin (US Customs requirement).

Packaging

An important function of packaging is to pack the product in a way to enable US Customs to examine, weigh, measure, and release the goods promptly. Therefore, show the exact quantity of each item of goods in each box or other package, put marks and numbers on each package, and show those marks on your invoice opposite the itemisation of goods contained in the corresponding package.

Marketing and Distribution

The size of the import market into the United States for marble and granite is US \$975 million.

US dimension stone imports are primarily in dressed marble and granite. Rough granite and marble finished in the US are consumed in far fewer proportions. Dimension stone is used in ashlar (17%), curbing (15%), rough blocks for monuments(13%), dressed monumentals (12%), and other uses (43%).

As with other products in the construction industry, marketing is affected by consumer trends and tastes in home design and decor. Architects also greatly influence trends in home construction materials consumption. Exporters should therefore look to architects and home decor supply stores as possible distribution points, as well as obtaining more information from US industry associations.

Documentation

Within five working days of the date of arrival of a shipment at a US port of entry, entry documents must be filed, which consist of:

- a commercial invoice, or pro forma invoice when the commercial invoice cannot be produced;
- packing lists, if appropriate;
- evidence of right to make entry (bill of lading, air waybill, shipping receipt, carrier's certificate); and
- Entry Manifest, Customs Form 7533; or Application and Special Permit for Immediate Delivery, Customs Form 3461; or other form of merchandise release required by the district director.

A requirement of US Customs is that a good entering the United States, or its container (if the good reaches the final purchaser in a container) must be marked with its country of origin. An exception to this rule is an article which is to be processed in the US by the importer and not intended for sale in its imported form, or an article incapable of being marked. The manufacturer should check with US Customs to verify which situation applies to his product.

Trade Associations

American Institute of Architects
Washington Tel. (202) 626-7300

American Monument Association
Worthington, Ohio Tel. (614) 885-2713
Fax (614) 885-9133

Barre Granite Association
Barre, Vermont Tel. (802) 476-4131
Fax (802) 476-4765

Building Stone Institute
New York Tel. (212) 490-2530

Elberton Granite Association
Elberton, Georgia Tel. (706) 283-2251

Marble Institute of America
Farmington, Michigan Tel. (810) 476-5558
Fax (810) 465-1630

National Stone Association
Washington Tel. (202) 342-1100

National Tile Contractors Association
Jackson, Mississippi Tel. (601) 939-2071
Fax (601) 932-6117

Trade Fairs

Buildings Show
September
Chicago

Construction Specifications Institute Convention
June
Houston

Kitchen/Bath Industry Show

May

Atlanta

National Association of Home Builders Convention

February

Las Vegas

National Building Material Distributor Association Convention

October

Orlando

National Building Products Conference

August

Chicago

National Home Centre Show

March

Chicago

SOURCES OF INFORMATION ABOUT THIS SECTOR

“Encyclopaedia of Associations: National Organisations of the US, Vols. I & II”, Gale Research Inc. (Washington), 1994.

“Market Intelligence: Marble and Granite Tiles and Slabs”, Industry Canada, 1995.

“MEXICO Business, The Portable Encyclopaedia for Doing Business with Mexico”, World Trade Press (San Rafael, California), 1994.

“NAFTA and the Construction Materials Sector”, Industry Canada, 1994

“North American Free Trade Agreement Opportunities for US Industries: NAFTA Industry Sector Reports”, US Department of Commerce, International Trade Administration, 1993.

“Opportunities in Mexico: The Construction Products Market”, Department of Foreign Affairs and International Trade, 1994.

“US Industrial Outlook. Chapter 7: Construction Materials”, US Department of Commerce, International Trade Administration, 1993.