Testimony of Ken Fritz
Kitchen and Bath Sales Manager, Schillings

Wooden Cabinets and Vanities ITC Hearing
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Good morning. My name is Ken Fritz, and I am the kitchen and bath sales manager for Schillings, a building materials supplier with locations in northern Illinois and Indiana.

I have been in the cabinet industry for 30 years and in my current position at Schillings for 25 years. I have experienced firsthand the impact that unfairly traded Chinese cabinets and vanities have had on the U.S. market in recent years.

We have been providing Northwest Indiana and the greater Chicago area with high quality products, including cabinets and vanities, since 1945. Schillings distinguishes itself from other dealers through our expertise and the high level of service we provide.

Schillings delivers domestic cabinets on demand. We keep at least five stock styles of domestic cabinets in inventory, which allows us to sell U.S. cabinets directly to our customers, same-day. We also offer semi-custom cabinets, which provide additional styles and customization options.

We typically sell about 35 to 40 kitchens a week, to builders and at retail. An average kitchen requires about ten cabinets. Approximately 60% to 70% of our sales are made to single family or small multifamily homebuilders. The remaining

is sold at retail. Demand throughout the market is strong right now. Yet, in the entire market, we have seen a major increase in the availability of unfairly priced Chinese imports. We've been seeing large volumes of Chinese cabinets for the last five or six years, but this has recently intensified.

Competition between domestic and Chinese cabinets is head-to-head and fierce across all segments of the market. The quality and construction of Chinese products are very good, and they offer the same features as domestic products. Chinese imports are fully competitive in stock and semi-custom cabinets and vanities. Because Chinese and U.S. products are so comparable, competition between them is entirely based on price.

Since imported Chinese cabinets and vanities are offered at extremely low, dumped and subsidized prices, Chinese imports are increasingly gaining market share in the United States. This affects even dealers like us, who purchase primarily U.S.-made cabinets and vanities. We are forced to compete with the many, many dealers who do purchase and sell Chinese imports. The typical buyer visits multiple dealer showrooms and receives multiple quotes before making a buying decision. The buyers do not get any documentation regarding the origin of the cabinets, so they often have no idea whether it is domestic or Chinese. So, our customers view all products equally. Through this process, Chinese imports place significant downward pressure on cabinet and vanity prices in the United States.

These Chinese cabinets and vanities are initially shipped into the United States in RTA form. But they are almost always assembled before going to the customer or the job site. Even after assembly costs, these Chinese RTA cabinets often cost 40% less than comparable domestic cabinets. This means we are getting destroyed on pricing. It is simply not possible for us to compete with Chinese cabinets and vanities that when fully assembled and delivered still cost 40% less than the domestic cabinets we can offer. We are approached frequently by Chinese companies with aggressive marketing campaigns and prices.

As a purchaser and dealer of domestic cabinets, I appreciate the work and attention the Commission has put into this investigation. Without adequate trade relief, it will be difficult for Schillings and many other dealers to continue to be competitive offering domestic cabinets, which causes me to fear for the future of the U.S. cabinet industry.

Thank you for your time.