Testimony of John Gahm
President, Kitchen Kompact

Wooden Cabinets and Vanities ITC Hearing
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Good morning. My name is John Gahm, and I am the President of Kitchen Kompact.

Kitchen Kompact is a cabinet manufacturer located in Jeffersonville, Indiana. We were founded in 1937 on the other side of the Ohio River in Louisville, Kentucky. Since then, we have grown to become one of the largest cabinet manufacturers in the United States. We are proud to be run by three generations of the Gahm family.

Kitchen Kompact operates one of the most efficient cabinet manufacturing facilities in the United States. We can compete fairly with anyone. We purchase wood components from domestic producers and complete all aspects of cabinet assembly in our Jeffersonville facility. By operating a single facility, we streamline our production and manufacture with low overhead. We can even ship from inventory within six days – or, in some cases, in as little as one to two days. In contrast to companies that merely assemble RTA cabinets from China, we perform all finishing operations, which can be complex and labor-intensive. This means we manufacture high quality and finished cabinets that mere assemblers are not capable of producing. That being said, importers and distributors of Chinese cabinets and

vanities do perform the simple process of assembling RTAs. We sell largely to distributors, so we know. While the data may show that only some subject imports are shipped assembled, many more are being assembled at the next step in the chain, by distributors. By the time they reach the end user, I believe that the vast majority of cabinets, whether imported or domestic, are fully assembled.

Kitchen Kompact's ability to produce high quality cabinets with unmatched efficiency is a testament to the skill and experience of our nearly 200 workers, with an average tenure of 15 years. On average our workers have the capacity to produce 10,000 cabinets per shift, four times the industry average. Due to unfair competition from Chinese imports, however, we are unable to benefit fully from the incredibly streamlined and efficient nature of our production process and our workers. While we can produce 10,000 cabinets per shift, we are currently producing fewer than 3,500 cabinets daily.

That number has decreased due to Chinese imports. We produce almost exclusively stock cabinets, and we are losing sales every day to China. Many of our distributor customers have taken on Chinese cabinet product lines and, in some cases, have stopped selling our product lines altogether. As a result, we have had to lay people off, reduce overtime, slow down conveyor lines to lessen production, and reduce work hours. In February 2018, we had to reduce our headcount by 30 people due to declining sales.

The pricing pressure caused by Chinese imports has prevented us from investing in new equipment. In recent years, we have only made capital investments when absolutely necessary. Without the extreme pricing pressure forced on us by Chinese imports, we would be able to re-invest in our infrastructure and our workforce much more aggressively. However, because of unfairly priced imports from China, we have had to do the exact opposite.

We are an innovative, dedicated, and streamlined company. It does not make sense how Chinese cabinets can be sold in the United States at prices so much lower than ours. We should be able to compete with any cabinet manufacturer in the world. With Chinese import prices, though, we simply cannot.

These should be great years for Kitchen Kompact. Demand in the U.S. cabinet market is strong and has been increasing in recent years. However, solely because of price, demand for domestic cabinets and vanities has slowed to a crawl, while demand for Chinese products has increased steadily. Simply put, at a time when we should have been growing our business, dumped and subsidized cabinets and vanities from China surged into the market and cost the U.S. industry what should have been some really good years.

As a final point, I would like to emphasize the stakes of this investigation. As the Commission is aware, the U.S. furniture industry has all but disappeared. Without trade relief, the same will happen to the U.S. cabinet industry.

Thank you for your time.