Testimony of Mark Trexler of Master WoodCraft Cabinetry LLC
Wooden Cabinets and Vanities from China
ITC Hearing: February 20, 2020

Good morning. My name is Mark Trexler, and I am the President and CEO of Master WoodCraft Cabinetry. I also speak to you today as the Executive Vice President and Chief Operating Officer of ACPi, another Petitioner in these investigations. I testified here at the Staff Conference last March, and I am glad to be back to tell the Commission how vital these trade cases are to our companies and the entire domestic industry.

As I explained at the Conference last year, Master WoodCraft Cabinetry was founded in 2008. Today, Master WoodCraft employs more than 500 workers in its state-of-the-art facilities in Marshall and Jefferson, Texas. We are vertically integrated. We use American-sourced wood materials that are rough milled in-house to produce our cabinet components. Much of the labor and capital equipment involved in producing cabinets is in manufacturing the components.

In June 2018, Master Woodcraft joined the ACProducts, Inc. family. ACPi offers a large variety of different brands of cabinets and vanities. Most of the cabinets and vanities ACPi sells are in the traditional "stock" portion of the market. Within the stock segment, we have products at a range of price points and specific brands geared toward each channel of distribution. We are facing unfair competition from Chinese imports in all of them.

This Chinese import competition has severely worsened in recent years. During the housing boom prior to the Great Recession, ACPi, Master Woodcraft, and other U.S. manufacturers successfully served the multifamily sector of the U.S. market, largely without unfairly priced Chinese import competition. In fact, we have brands specific to the multifamily market. In recent years, however, Chinese imports surged and took much of that business.

Like other U.S. producers, Master WoodCraft's and ACPi's operations have been significantly harmed by this surge of dumped and subsidized imports of Chinese cabinets. American manufacturers have lost substantial sales and revenue to Chinese imports. Some cabinet manufacturers have been driven out of business completely, while others have had to shutter production facilities. Master WoodCraft and ACPi are struggling to compete with imports offered at prices well below what we can reasonably offer, even if we were to take out all labor costs. This defies economic sense when Chinese producers are buying lumber from the United States, shipping it to China, producing cabinets, and then shipping them back here. Chinese producers simply should not be able to offer these products at the prices that we are seeing.

The revenue we have lost to Chinese imports is appalling. For example, from 2014 to date, for just Master Woodcraft, the total amount of revenue that we lost to Chinese imports is over 40 million dollars. In 2018 alone, we lost over 10 million

dollars in revenue. With the loss in revenue over the years, we have had to decrease our workers' hours, and have even had to let some employees go. ACPi had an unusually high number of down days in 2018 and 2019 as a result of sales lost to Chinese imports. This pattern of harm is not sustainable.

We have one of the most productive cabinet and vanity industries in the world. However, U.S. producers like Master Woodcraft and ACPi have seen their profitability drop drastically because of unfair competition from subject imports. The return on investments has been severely negatively impacted by unfairly priced Chinese imports. For example, Master Woodcraft expanded its production facilities in 2017, and these facilities have been severely underutilized.

However, as a direct result of these investigations and the imposition of preliminary duties, we are finally starting to see some improvement in the market. Master WoodCraft saw a modest growth in shipments in January of this year, particularly from the multifamily sector. The improvement we have seen is limited, but has given us hope. If trade relief disappears, however, there is no doubt that the limited benefit we have seen will disappear as well, and our operations will continue to be devastated by unfair Chinese competition.

In particular, this would jeopardize a new ACPi investment – ACPi has just acquired Masco, which makes it one of the largest U.S. cabinet companies. These pending trade cases gave us the confidence to do this deal, and they are critically

important to ensuring that the acquisition and the future of the combined companies are successful.

From our beginning, Master WoodCraft has been employee and customer focused, and family and community oriented. Trade relief is critical not only for our company, but for our employees and their families and the communities that we are in. I would note that many American cabinet manufacturers are located in rural towns and provide critical jobs for local communities.

I worked in the furniture industry for 22 years before moving to the cabinet industry. If dumped and subsidized Chinese imports are allowed to continue to surge into the U.S. market, I am certain that the U.S. cabinet and vanity industry will collapse and disappear, like the furniture and textile industries. I urge the Commission, on behalf of Master WoodCraft and its 500 workers, as well as ACPi and its 8000 employees, to make an affirmative finding of injury to ensure the viability of this industry. Thank you.