

**Testimony of Edwin Underwood
President and Chief Operating Officer, Marsh Furniture Company**

**Wooden Cabinets and Vanities from China
ITC Hearing, February 20, 2020**

Good morning. My name is Edwin Underwood, and I am the President and Chief Operating Officer of Marsh Furniture Company.

I want to start off by thanking the Commission Staff for visiting our facility in High Point, North Carolina. We sincerely enjoyed your visit and hope the trip was informative and worthwhile. As a 25 year veteran of Marsh and a native of the North Carolina area, I am extremely proud to work with a family owned manufacturer that is a vital component of the High Point community. I am equally proud of our employee team and our facilities, and I am pleased to have had the opportunity to show them to you.

Marsh Furniture was founded in 1906 by Julius Everett Marsh, from his one-room woodworking shop in High Point. During the past century, Marsh has helped defined the modern kitchen cabinet, and we have adapted and expanded our offerings to continue providing our customers with high quality cabinets. We are a vertically integrated company, and in addition to our kitchen and bath cabinetry manufacturing operation in North Carolina, we have a dimension lumber facility in South Carolina. Together, our manufacturing operations employ 650 workers. As the Commission Staff saw during their visit, we produce kitchen cabinets and

bathroom vanities in the same facilities, on the exact same production lines, and with the same employees.

After more than a century as an American manufacturer, Marsh knows how to weather storms – economic, competitive, and otherwise. But what we are facing now is different. Marsh’s continued viability is being harmed by the severe unfair competition that we are facing from dumped and subsidized Chinese imports. Since the surge of unfairly traded cabinets and vanities from China began, we have lost countless sales. Even from our top customers who have been with us for years, we are seeing a downward trend in sales. When we speak with these partners, they do not describe the reason for this decline to be service or product quality or relationship. These customers describe it exclusively as a function of price.

We have lost sales to Chinese imports in multiple channels – to distributors, dealers, and builders – in the multi-family and kitchen-at-a-time markets, to small, single-family home builders and to remodeling consumers. Across all the channels, we lose sales to customers for the same reason: again, price. While Marsh produces a large variety of options and styles of cabinets and vanities, like most cabinetry companies, most of our sales are concentrated in relatively few SKUs – SKUs that every single importer offers. And we’re seeing more and more variety in the Chinese imports as well, as Chinese producers move up the value continuum.

Chinese imports throughout the product spectrum are underselling us by huge margins. As a result, while there has been increased demand for cabinets and vanities in recent years, Chinese imports filled most of that demand. This displacement of domestic product by Chinese imports, together with the substantial negative price effects of these imports, has impacted our bottom line, forcing us to reduce the size of capital investments and limiting the overall growth of our company.

Marsh Furniture has been a pioneer in the U.S. cabinet industry. Over the years, we have invested in our operations, our people, and ability to provide excellent product and service. On a level playing field, we can compete with anyone, as we've shown over nearly 120 years. But we cannot compete against dumped and subsidized imports.

Marsh Furniture and its employees are ready, willing, and able to continue to produce quality cabinets for another century. Without trade relief, however, we will continue to lose sales to dumped and subsidized Chinese cabinets and vanities, with disastrous results for our company. As you know, High Point was known as the furniture capital of the world, but the domestic furniture industry there was crushed by dumping and subsidies from China. Today, the American furniture industry is a small sliver of what it used to be. It is imperative that we not let the same thing happen to the wooden cabinet industry. I urge you to restore the fair competitive

environment that would allow us to reinvest in our company and our employees for the long term. Thank you.