

Wooden Cabinets and Vanities from China

Inv. No. 701-TA 620 and 731-TA-1445 (Final)

February 20, 2020

On Behalf of

The American Kitchen Cabinet Alliance



Dr. Seth T. Kaplan
skaplan@ier-llc.com
(202) 403-9439

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Conditions of Competition

Injury

Threat

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Overview

Conditions of Competition

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Threat

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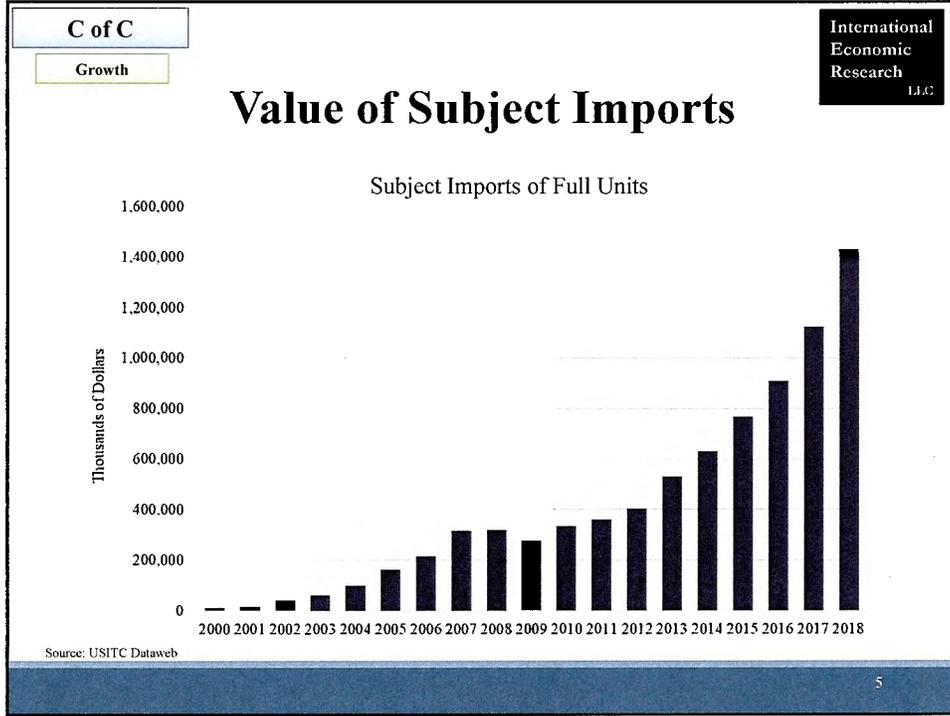
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Conditions of Competition

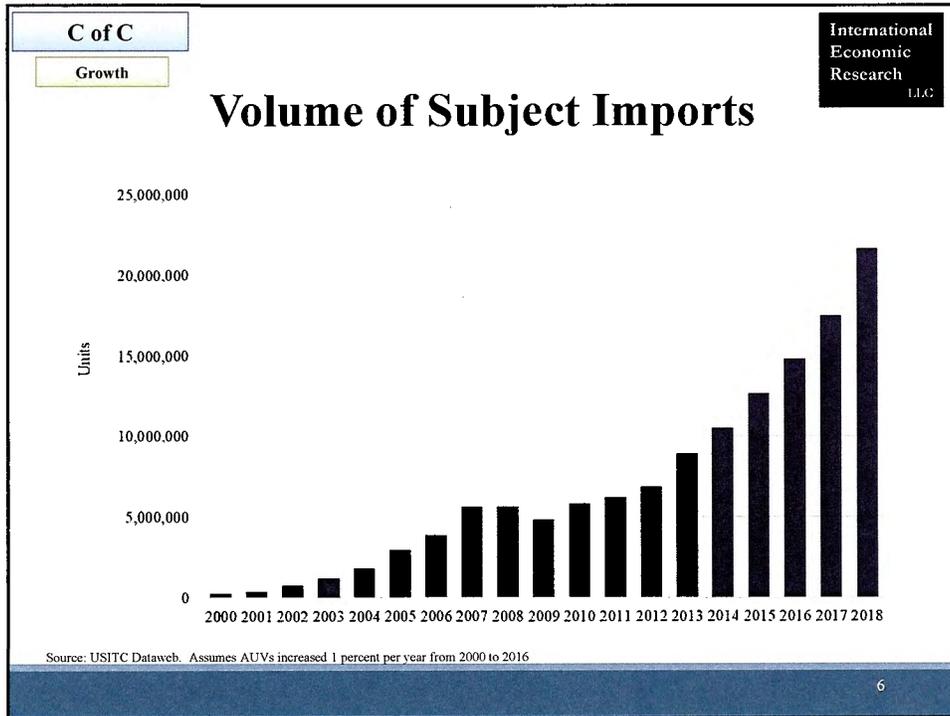
- Growth of subject imports
- Head-to-head competition
- Price-based competition
- Cyclical demand
- Subject imports moved up the value chain

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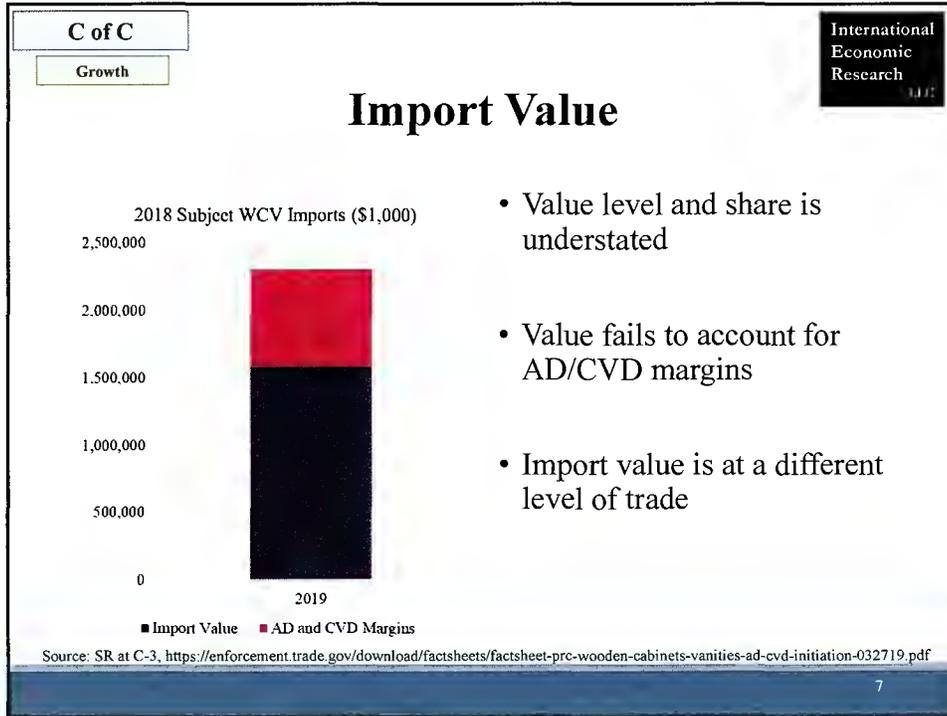
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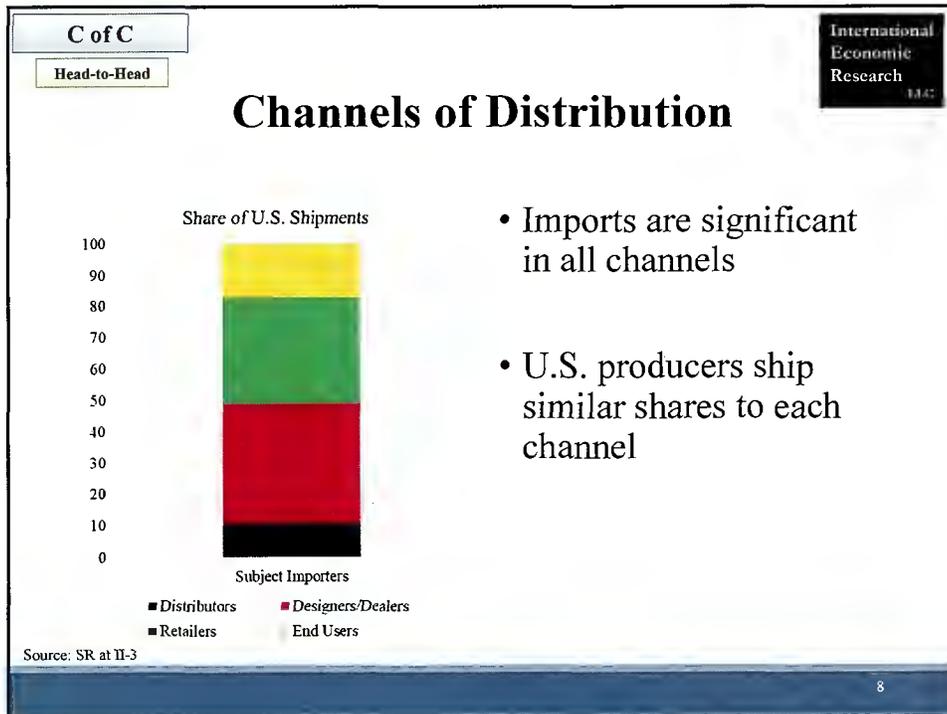
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Head-to-Head

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Subject Imports Compete in All Channels of Distribution



Menu
Login **DEALER SIGN UP**

“Our major clients are distributors, independent dealers, retailers, builders, contractors, designers, and home centers.”

Homeowners:
Even though our major clients are distributors, independent dealers, retailers, builders, contractors, designers, and home centers, we encourage homeowners to visit our dealer in their area. If you are unable to find a dealer near you, you may want to locate a kitchen dealer you trust and ask that they apply for an account with J&K Cabinetry.

Sources: J&K Homeowner Q&A, <https://jandkcabinetry.com/support/>, Accessed on 3/21/2019

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Head-to-Head

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Specifications

FEATURES	Head-to-Head Competition Across Product Specifications					
	IMPORTED FABUWOOD	IMPORTED JSI	IMPORTED J&K	DOMESTIC acpi	DOMESTIC American Woodmark	DOMESTIC Aristokraft
Doors	solid wood	solid wood, full overlay	3/4" solid, full overlay	full overlay, standard overlay	3/4" to 1-5/8", solid wood	3/4" to 1-1/2" solid wood
End panel: Plywood?	3/4"	1/2"	1/2" to 5/8"	1/2"	1/2" engineered wood	3/8" furniture board
Tops & bottoms: Plywood?	3/4"	1/2"	1/2" to 5/8"	1/2"	1/2" engineered wood	1/2" furniture board
Drawer box: Soft close?	✓	✓	✓	✓	hardwood, dovetail	1/2" furniture board
Shelving: Plywood?	3/4"	3/4"	5/8"	5/8"	3/4" engineered wood	3/4" furniture board
Drawer slide: Full extension soft close?	✓	✓	✓	✓	✓	✓
Hinges: 6-way soft close?	✓	✓	✓	✓	✓	✓

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Head-to-Head

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Styles

 Lily Ann Colorado White Shaker	 Fabuwood Allure Galaxy Frost	 Anaheim White Shaker	 MasterBrand Aristokraft Korbett	 KountryWood Jamestown
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Subject Imported Domestic

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Head-to-Head

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Premium Features

- Soft-close drawers and doors
- Dovetail drawer construction
- Plywood construction
- Finished interiors

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Head-to-Head

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Premium Features

Premium Features Standard on Website?			
Adomus Cabinetry, LLC	✓	Greencastle Cabinetry Inc	✓
Aline International LLC	✓	Harbor Distributors, Inc., dba HDI Cabinetry	✓
Anaheim Kitchen & Bath Inc.	✓	Highland Cabinetry, Inc.	✓
APRO Construction Group, LLC	✓	Innovation Cabinetry LLC	✓
Asia Cabinetry Inc	✓	J&K	✓
Bob Peters DBA Kitchen Cabinet Depot	✓	JSI	✓
Brokering Solutions	✓	Kaixin Wood Products, Inc	✓
Builder Supply Source	✓	Kitchen Cabinet Designers, LLC	✓
Cabinets Direct Plus LLC	✓	KZ Kitchen Cabinet & Stone Inc.	✓
Cabinets To Go, LLC	✓	Milzen Cabinetry Inc	✓
CASA Cabinets, Inc	✓	National Kitchen & Bath Cabinetry Inc.	✓
Choice Cabinet	✓	NGY GROUP	✓
Clark and Son Auction & Liquidation	✓	Northrimber Cabinetry Inc	✓
CNC Cabinetry	✓	PCTC Cabinetry Inc.	✓
Direct Kitchen and Bath Inc.	✓	PF Sales, LLC dba Makellos	✓
DL Space Inc.	✓	Pius Kitchen and Bath	✓
EastFront Cabinet Company	✓	Sandi Global Group	✓
Eucucina Cabinet Distributor	✓	Skyline Cabinetry Inc	✓
Fabuwood Cabinetry Corp.	✓	Sollid Cabinetry LLC	✓
Foremost Groups, Inc.	✓	Stone International of Denver, Inc.	✓
FX Cabinets Warehouse	✓	Sunco, Inc.	✓
Green Forest Wood Products LLC	✓	United Lily Ann Cabinets, LLC	✓

Source: Petitioner Pre-hearing Economic Submission Attachment C

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Price

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Price is the Most Important Purchasing Factor

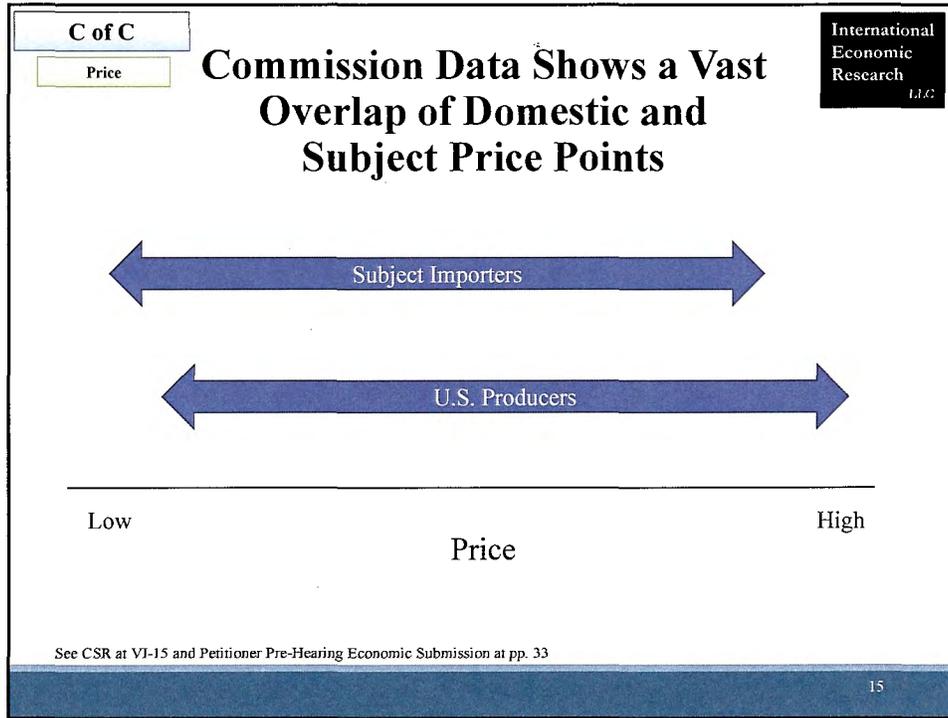
Table II-7
WCVs: Ranking of factors used in purchasing decisions, as reported by purchasers, by factor

Item	Number of firms			
	1st	2nd	3rd	Total
Price / Cost	18	7	9	34
Quality	7	15	4	26
Lead time / Delivery	6	8	9	23
Availability / Supply				
Product features/range				
Value				
Service				
All other factors ¹				

Table II-13
WCVs: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. Nonsubject			China vs. Nonsubject		
	S	C	I	S	C	I	S	C	I
Availability	9	24	7	5	12	2	4	12	2
Reliability of supply	9	26	4	3	14	1	4	12	2
Product consistency	6	26	6	4	14	1	5	13	---
Quality of finish	7	25	8	3	11	4	4	13	1
Quality meets industry standards	7	32	1	4	13	1	3	15	---
Price	1	6	33	2	6	11	10	6	2
Lead time - assembled	12	14	12	10	6	2	4	8	4
Technical support/service	17	20	1	7	10	1	3	14	---
Packaging	8	28	4	4	13	2	3	14	1
Delivery terms	7	26	7	4	11	3	4	11	2
Form (assembled or RTA flat pack)	3	18	14	1	10	5	7	10	---
Lead time - RTA flat pack	4	10	19	5	6	3	7	8	2
Quality exceeds industry standards	9	28	2	2	14	2	3	15	---
Discounts offered	3	18	17	3	10	5	6	11	1
Wood type or material	9	26	4	3	13	2	2	16	---
U.S. transportation costs	6	26	6	5	10	3	4	12	2
Product range	17	21	2	6	11	2	3	13	2
Payment terms	5	29	4	4	14	1	4	14	---
Minimum quality requirements	10	24	5	6	10	1	5	9	4
Provision of other products and services	10	21	---	3	14	1	3	14	---
Customization	20	16	3	8	10	1	3	14	1

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- Head-to-Head
- Subject Imports Go to Market on Price in Every Channel of Distribution**
- International Economic Research LLC
- Distributors
 - Designers/Dealers
 - Retailers
 - End Users
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Price

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Distributors

YOU PROVIDE THE **SPACE** WE'LL PROVIDE THE **CABINETS**

Kitchen Cabinet Distributors partners with professionals to deliver beautiful, full-featured kitchen solutions at an affordable price.

OUR CABINETS ▶

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Price

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Designers/Dealers



We believe that your kitchen cabinets should help develop a sanctuary that offers a perfect balance of functionality and ambiance. With a range of styles, materials and finishes available, Fabuwood offers a multitude of options catering to your specific taste and needs. We make building a luxury kitchen affordable, without compromising on comfort, quality and efficiency. There truly is no better blend of style, selection, and price than a Fabuwood cabinet. Our unique collections transform modern and traditional homes, large and small, inside and out, adorning kitchen walls throughout the nation.

"We make building a luxury kitchen affordable"

FABUWOOD DEALERS

With a presence on a national scale, it's safe to say that Fabuwood is a powerful and leading corporation in the cabinetry world.

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Price

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Retailers

“Half the Price of Big Box Stores”

Discount Kitchen Cabinets at Half the Price of the Big Box Stores

We are known for having the highest quality RTA kitchen cabinets at the best price. When you buy your new ready-to-assemble kitchen cabinets from us, you get cabinets crafted by skilled workers with years of manufacturing experience for long-lasting durability. No matter the color or style of cabinets you choose for your kitchen, the colors and stains are made to last.

You don't need to pay an arm and a leg to get the kitchen cabinets of your dreams, you just need to know where to look. Get in touch with us today to buy your new kitchen cabinets or get started by designing your dream kitchen with our Free 3D Kitchen Cabinet Designer!

“40% less than the big box stores”

RTA Kitchen Cabinets at 40% less than the big box stores

Muses Cabinets is a direct manufacturing company. Our factory has three production lines for kitchen cabinets. The strong position of our factory gives us the advantage of having a direct relationship and a better ability to serve our clients. Muses Cabinets specializes in kitchen cabinets and bathroom vanities at affordable prices that are designed to be 40% less than the big box stores, with a 100% customer satisfaction guarantee on all purchases. With Muses Cabinets, anyone can own their new kitchen or bath remodel with the confidence that the project will stay within budget without sacrificing quality or style. We pride ourselves on the diversity of our offerings, offering a variety of possible styles as a factor of the price. From contemporary and modern to white and traditional, Muses Cabinets offers collections that complete an extensive range of design schemes.

“Save 30% - 50% when comparing to the big box stores”

Ready-to-Assemble and Pre-Assembled Kitchen Cabinets

Save between 30% - 50% when comparing to the big box stores without compromising on quality!

“20-40% less than the big box stores”

RTA Kitchen Cabinets at 20-40% less than the big box stores

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Price

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End Users

About Price

Since National Kitchen & Bath Cabinetry Inc comes directly from our own factory, we can eliminate any middle man costs. By doing so, we can provide our customers with consistent high quality products at economical and affordable prices.

“high quality products at economical and affordable prices”

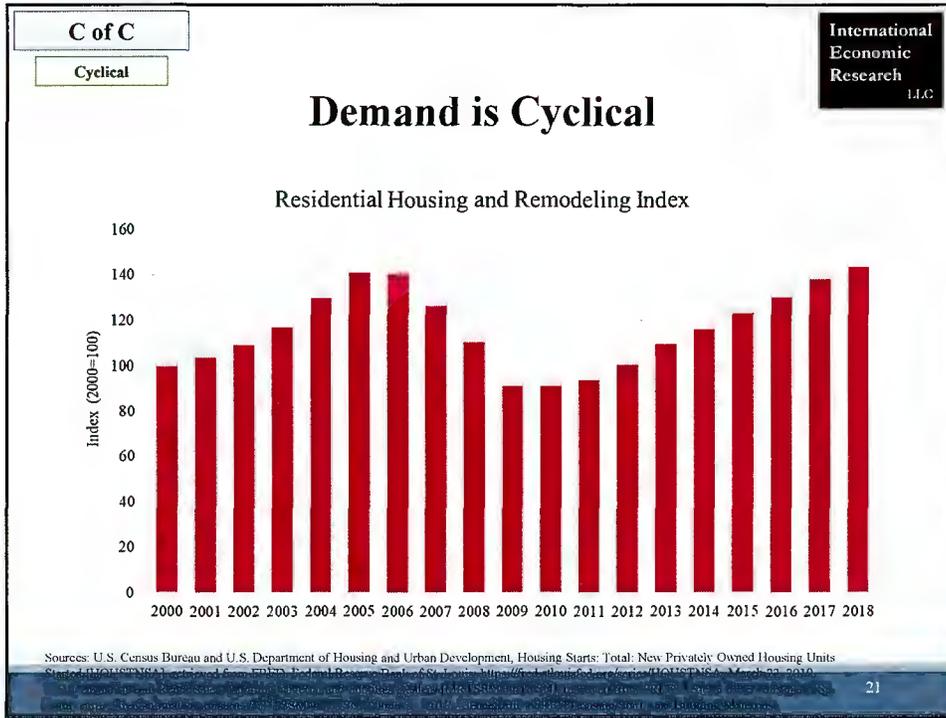
“Our target clients are...contractors, builders...”



About Clients

Our target clients are anyone who is related to the cabinet/construction industry (contractors, builders, retailers, designers, etc.) in the Wilmington, Charlotte, Winston-Salem, Greensboro, Raleigh, and Asheville, NC areas. National Kitchen & Bath Cabinetry Inc is open to the public. However, we do not sell to homeowners. If you are a homeowner, and are interested in what we have to offer, you can bring your contractor or we will help you contact the nearest retailer in your area that carries our products.

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Value Chain

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Subject Imports Moved Up the Value Chain

Table II-11
WCVs: Availability of custom, semi-custom, and stock WCVs, by source

Cabinet/vanity type	United States		China		Nonsubject	
	No	Yes	No	Yes	No	Yes
Custom	0	39	19	16	5	12
Semi-custom	0	40	11	26	4	14
Stock	5	35	0	38	4	16

Source: Compiled from data submitted in response to Commission questionnaires.

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Overview

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Injury

Trends

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Trends Analysis

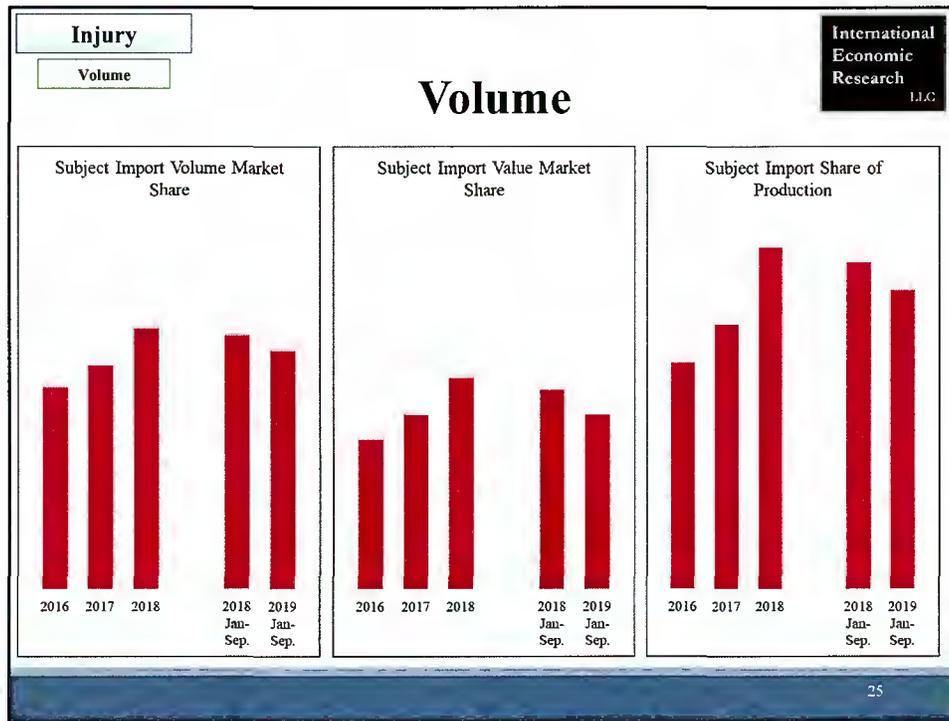
Volume

Price

Effects

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Injury

Trends

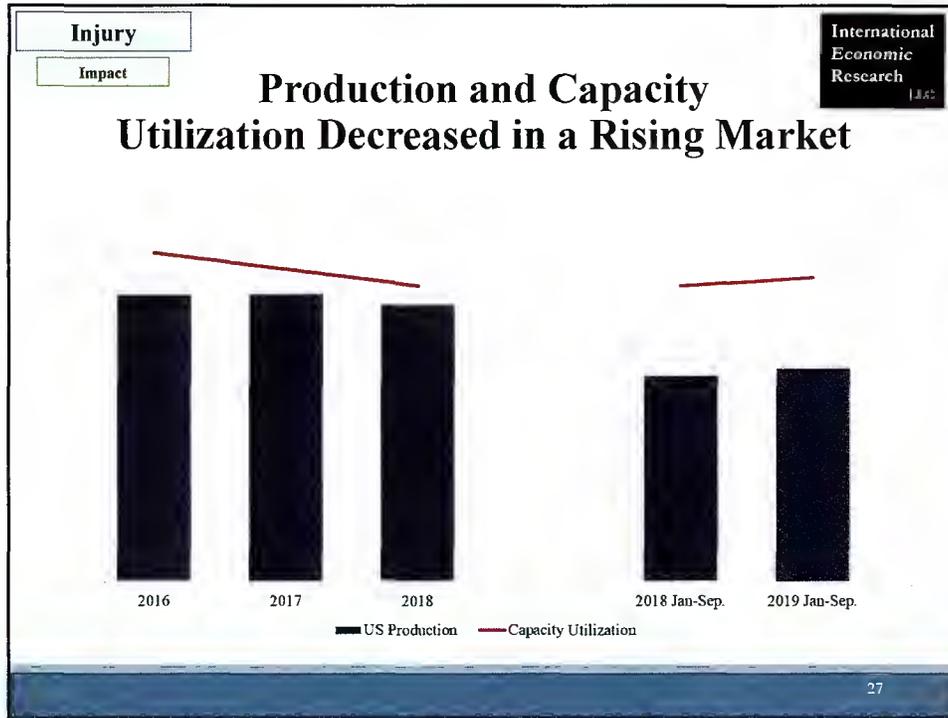
International
Economic
Research
I.E.R.

Price

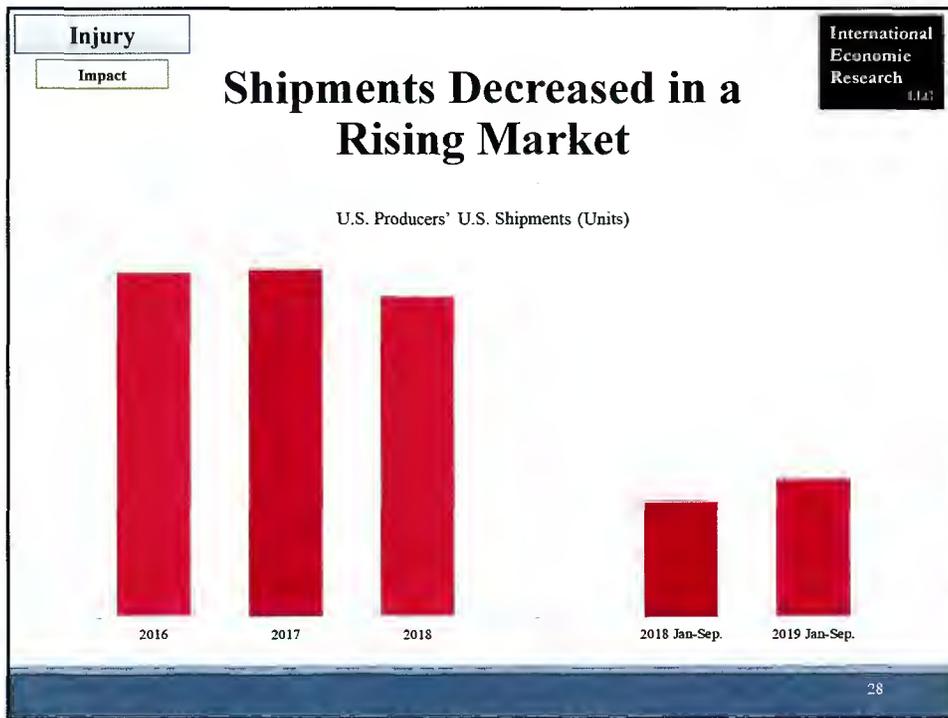
- Imports undersell and suppress prices
 - Underselling in 115/120 instances
 - Kitchen-to-kitchen comparisons confirm underselling
 - Imports are “superior” on price
 - AUVs show underselling
 - There is a cost-price squeeze

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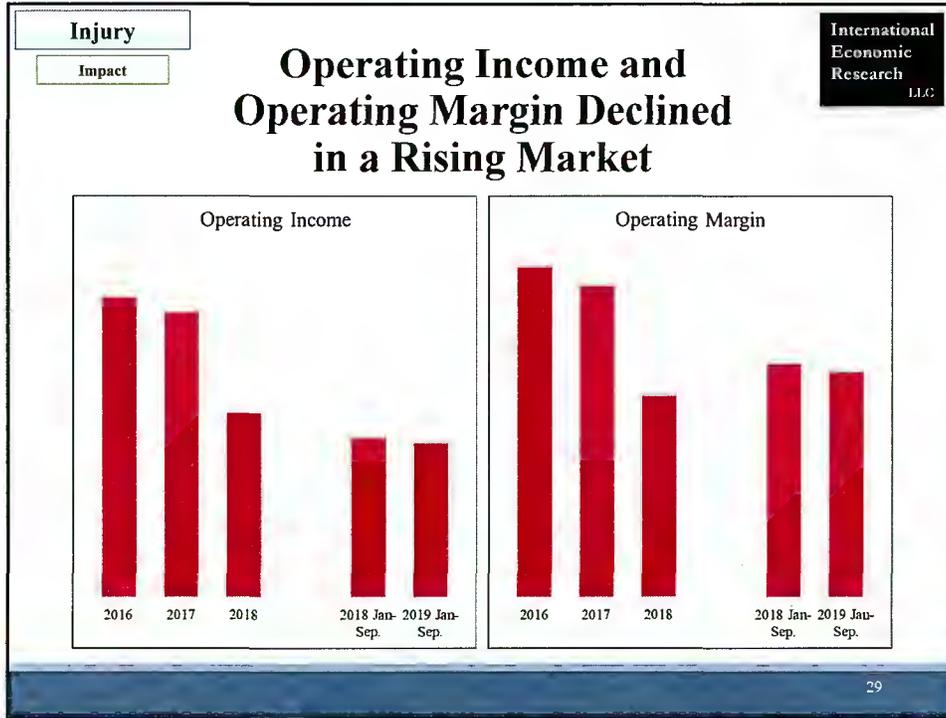
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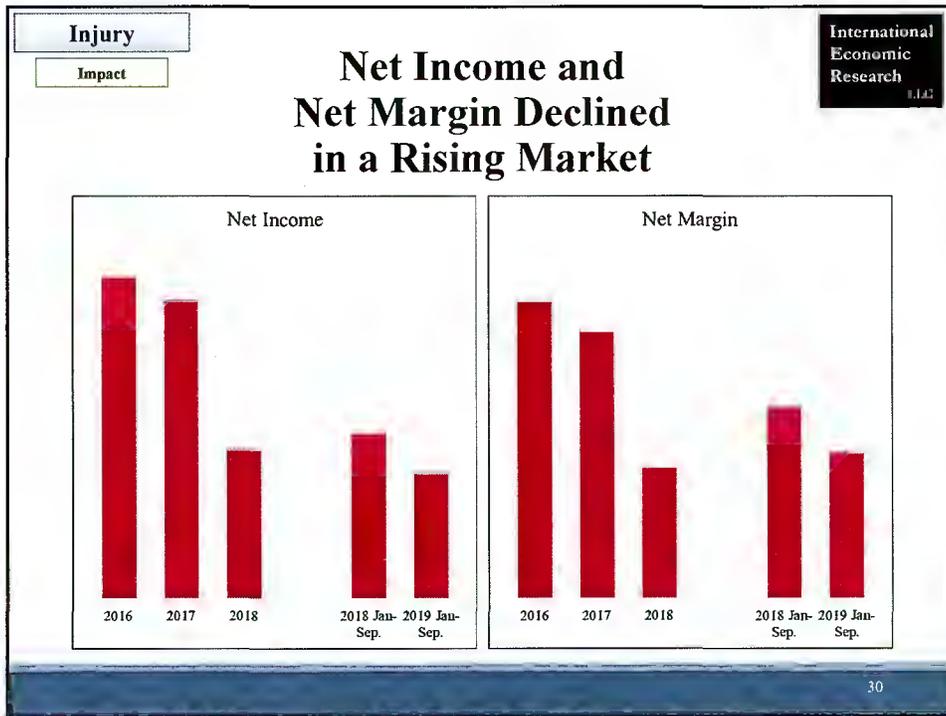
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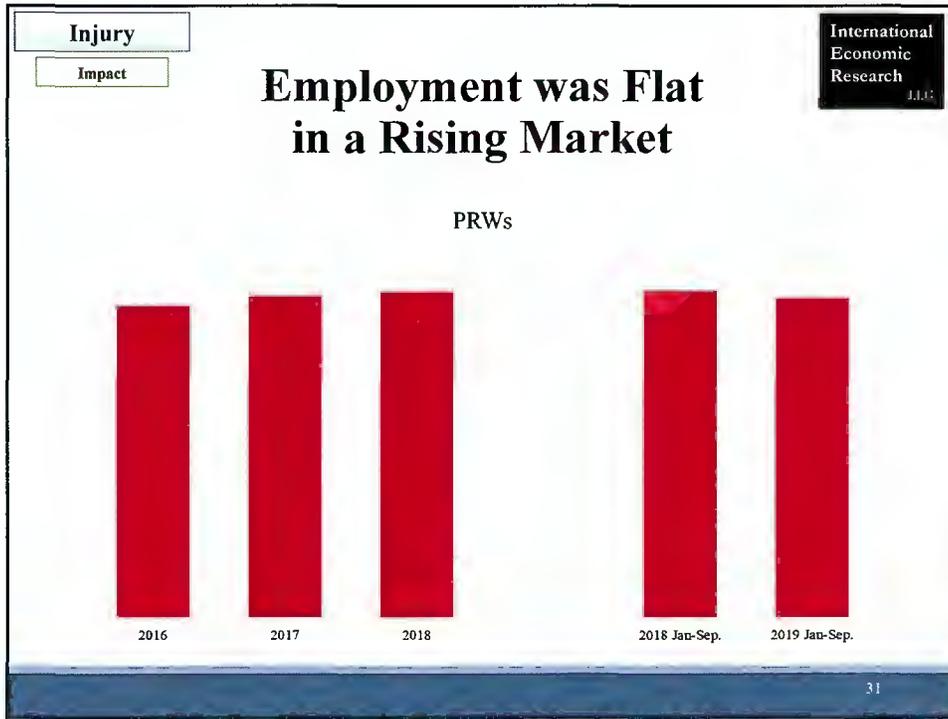
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Injury

Impact

Changes in Operation and Effects on Investment

International Economic Research J.I.E.

- Production curtailments and facility closures
- Low returns on investment in new and existing facilities
- Postponement and cancellation of planned investments

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Injury

Cycle

Financial Markets Reflect Injury to Domestic Producers

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- Publicly traded firms identify imports as a risk factor in SEC filings
- Wall Street analysts...
 - stated that Chinese imports harmed the industry
 - downgraded industry stocks due to imports
 - upgraded stocks due to the affirmative preliminary determination
 - praised Masco's sale of its cabinets division due to future import risk

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Injury

Cycle

The Industry is Injured in the Context of the Business Cycle

International Economic Research

Operating Margin of Public Cabinet Companies and Housing and Remodeling Index

Year	Operating Margin (%)	Housing and Remodeling Index
2016	~7.5%	~45
2017	~9.5%	~42
2018	~10.5%	~38

Source: MASCO, American Woodmark and Fortunebrands 10-K Filings, FRED Housing Starts and Building Materials.

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Injury
Interim

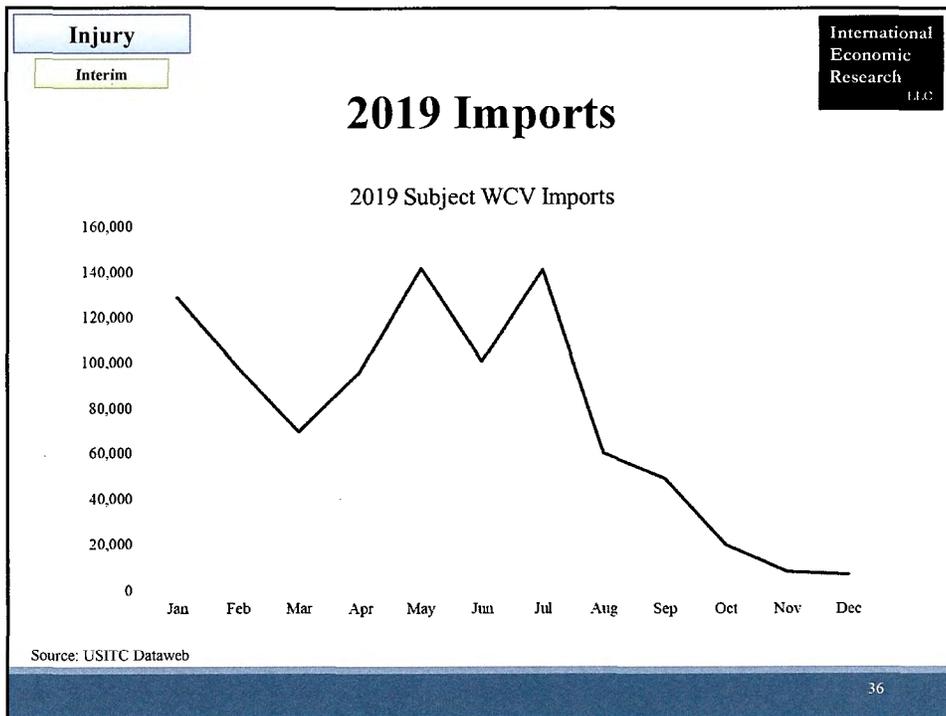
International Economic Research LLC

“Natural Experiment”

- Pre-AD/CVD duty import AUVs actually fell in the interim period from \$63 to \$60
- Import volumes did not decline until August 2020 at the end of the interim period
- Massive subject interim inventory overhang at pre-AD/CVD duty import prices

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Overview

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Threat

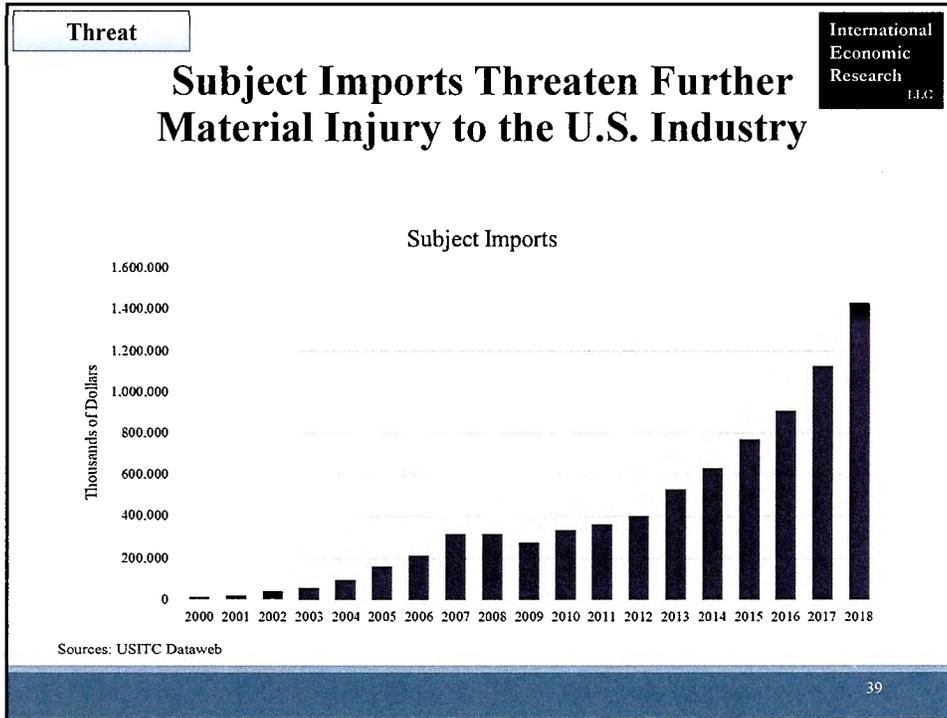
Subject Imports Threaten Further Material Injury to the U.S. Industry

Threat Factors	
Countervailing Subsidies	✓
Unused Production Capacity	✓
Import Volumes and Market Penetration	✓
Price Suppression and Depression	✓
Inventories	✓
Negative effects on domestic industry	✓
Other adverse trends	✓

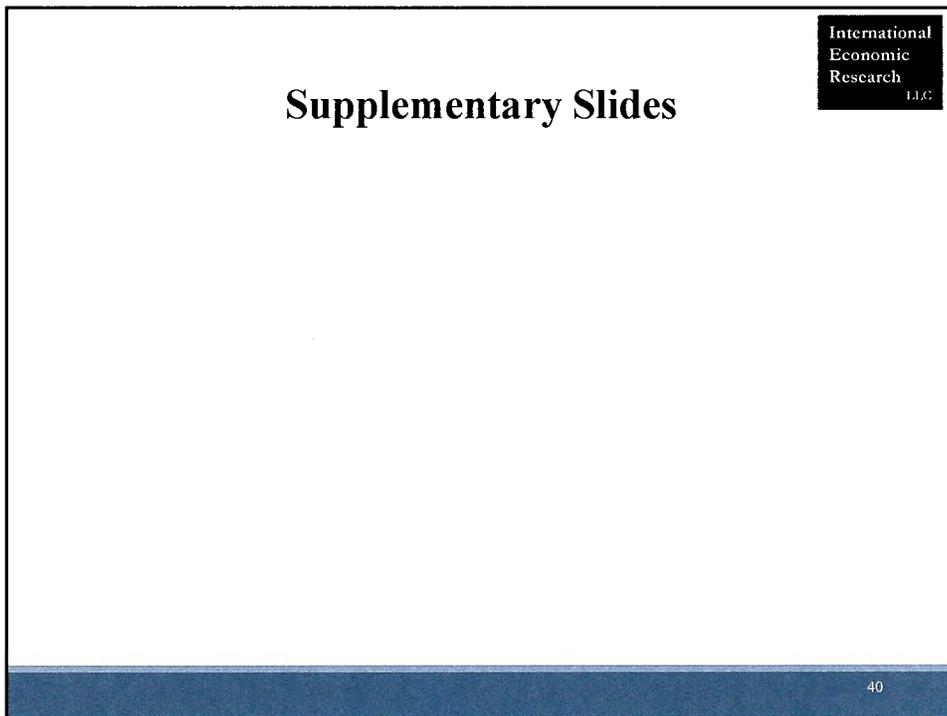
Source: Section 771(7)(B) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(B))

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**But For Unfairly Traded
Subject Imports the Domestic Industry
Would be Materially Better off**



- Subject imports have a large market share
- Commerce found high dumping and subsidy margins
- Demand for WCVs is inelastic
- There is a high substitution elasticity between domestically produced and subject imported WCVs
- The market is competitive based on price