



Small Ellisville cabinet firm sees trade case as a threat

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Joe Knichel doesn't flinch when a builder wants kitchen cabinets for an apartment building or an entire subdivision on a tight schedule.

His usual reply is, "How fast do you need them?"

Knichel, owner of St. Louis Cabinet Warehouse in Ellisville, can call a supplier, order ready-to-assemble kits with all the doors, drawers, partitions and hardware, build the cabinets in his shop and deliver them in an average of two weeks.

That's far less than the one to four months a made-to-order cabinet firm would require, and Knichel says quick-turnaround orders are a good niche for his four-employee company. He fears, though, that a pending trade case will endanger the business model.

In April, the U.S. International Trade Commission issued a preliminary ruling that American cabinet manufacturers had been injured by Chinese imports — including imports of the kits that Knichel relies upon.

A final ruling is months away, but in a similar case involving quartz countertops the government has proposed punitive tariffs as high as 348 percent.

"Something like that could put us out of business," Knichel said. "It would definitely make it a lot more difficult to compete."

One of Knichel's suppliers, Randy Goldstein of Kitchen Cabinet Distributors in Raleigh, N.C., expects major disruption if the cabinet kits are hit with steep duties. (They're already subject to the 25% tariff that President Donald Trump imposed on many Chinese products.)

"The reality is that China is the only country that reliably produces a ready-to-assemble cabinet," Goldstein said. "They have decades of expertise and a supply chain optimized for ready-to-assemble cabinet production."

By most measures, the domestic manufacturers aren't hurting. They've sold more cabinets at higher prices in each of the past couple of years, and their employment has been stable.

The only injury they can cite is that imports are capturing much of the industry's growth. China went from 12% of U.S. cabinet sales in 2016 to 16% in 2018, while domestic makers' market share fell from 83% to 77%.

Goldstein argues that the manufacturers are misusing trade law to crush an innovative segment of the market. "This whole case is about eliminating competition, not about protecting American workers," he says.

If companies like his and Knichel's can't provide a low-cost, quick-turnaround alternative to custom cabinets, Goldstein says, "the net impact will be a reduction in consumer choice and a reduction in jobs."

The cabinet industry isn't alone in bringing a trade case against China. The ITC is investigating alleged dumping of two dozen Chinese products, from ceramic tile to crawfish tail meat.

Dan Ikenson, a trade expert at the Cato Institute, thinks the flood of complaints has more to do with politics than economics. "This case, like many cases brought against China in the past year, is taking advantage of the anti-China sentiment that seems prevalent right now," he said.

It's not unusual, he adds, for one segment of an industry to wield trade laws against a rival segment — in this case, the ready-to-assemble cabinet industry. In doing so, the domestic industry is really going after the pocketbooks of builders and rehabbers.

"Their customers have choices, and they don't want them to have choices," Ikenson said.

Knichel knows his customers value the quick-delivery option. "My contractor and real estate investor clients rely on me to get the product faster, which equates to more money in their pocket," he said.

He just hopes he can keep offering that choice.