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Firm Defends Coalition in Trade Row Over Chinese Cabinets

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One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

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June 25, 2019 — Hughes Hubbard is serving as legal counsel to an alliance of U.S. cabinet distributors recently formed to battle unfair trade allegations against ready-to-assemble (RTA) cabinetry imports from China.

The American Coalition of Cabinet Distributors (ACCD) launched on May 14 to fight a trade case filed by U.S. cabinet manufacturers with the U.S. International Trade Commission (ITC) and the U.S. Department of Commerce. In addition to U.S. distributors, the coalition also includes dealers, contractors, installers and importers of RTA cabinets.

The domestic manufacturers, which formed their own alliance called the American Kitchen Cabinet Coalition, filed their petition on March 6. The petition, which seeks the imposition of antidumping and countervailing duties, alleges that the Chinese government's "manipulation and unfair trade practices" have led to a more than 75 percent rise in Chinese imports of kitchen and bath cabinetry since 2015, and pose an existential threat to the \$9.5 billion U.S. cabinet industry.

According to the ACCD, imposition of the proposed duties could effectively eliminate the RTA option from the U.S. marketplace, endangering hundreds of American businesses in the industry. The ACCD also argues that the RTA sector makes up only a small portion of the U.S. cabinet market and represents a segment that does not disrupt the growth of the larger U.S. kitchen cabinet industry.

"The made-to-order cabinet manufacturers that filed this trade case are seeking to wipe out the RTA market segment by taking advantage of anti-China trade sentiment," said coalition member Randy Goldstein, CEO of Kitchen Cabinet Distributors in Raleigh, N.C., which first retained HHR for this matter in November 2018. "For weeks, we have seen these petitioners spread lies about the RTA segment of the industry, a segment that actually complements U.S. production and enhances the overall cabinet market."

On April 19, the ITC held a preliminary vote that determined there was a "reasonable indication" that U.S. cabinet manufacturers were being harmed by Chinese imports. For import penalties to be formally issued, both the ITC

and Commerce Dept. must reach affirmative final determinations in an investigatory process that likely will not conclude until the spring of 2020.

"The Coalition looks forward to presenting the facts of this case and showing the ITC that these petitioning companies have not been injured by imports of RTA cabinets from China," said Matt Nicely, who leads the HHR team.

"The source of any difficulty these companies face is right here in the United States, among their fellow U.S. competitors. We're not going to allow anti-China trade fever to stand in the way of a sober appraisal of marketplace realities. We are counting on the ITC to recognize this petition for what it is and issue a negative injury determination during the final investigation that will commence later this year."

In addition to Nicely, the HHR team also includes Dean Pinkert, Julia Eppard and Dan Witkowski.

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