

SPECIAL NOTE TO MEMBERS RE CKCA ADVOCACY EFFORTS

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The following presentation was made by CKCA President Amrita Bhogal and Vice-President Luke Elias at the CKCA Spring Regional Conference in Hamilton, May 2026.

One of the most important priorities for the CKCA right now is advocacy. Our industry is facing real pressure, and your Board has been very active on two major fronts.

First, raising awareness in Ottawa about the challenges facing Canada's kitchen cabinet industry and the need for stronger support for domestic manufacturing.

Second, supporting the safeguard initiative that addresses unfair trade pressures and import issues impacting our members.

Over the past several months, CKCA has been working closely with the government relations firm Earncliffe in Ottawa. And I want to point out that this work is only possible because of the additional \$150 advocacy contribution members supported during renewal. That investment is already making a difference.

Together, we've participated in more than a dozen meetings with elected officials and government departments, with many more still to come. We've also had several CKCA members directly involved in those conversations, and we sincerely thank everyone who has contributed their time and expertise.

Our message to government has been very clear: "Canada's wood products manufacturers, including cabinet manufacturers, are under serious pressure from extraordinary levels of low priced imports, particularly from Asia."

And what we are seeing is not just a cyclical slowdown. It is a structural shift in global trade. Today, Canada's kitchen cabinet industry has the capacity to produce approximately 1.62 million cabinet units annually. But current production is only about 756,000 units. That means more than 53% of our manufacturing capacity is sitting idle. At the same time, imports have risen roughly 36% over the past two years and now account for nearly half of the Canadian market. Domestic manufacturers now represent only about 44% of market share.

The reality is simple: Canada already has the capacity to replace imported cabinets using existing domestic production capacity.

We've also been emphasizing that there are important gaps in current federal programs. The federal Buy Canadian strategy is a positive step, but it needs to go further. We are asking government to specifically include value added Canadian-made products like cabinetry within federal housing and procurement programs.

At our National Forum last fall, the CKCA Board made a clear statement that homes built under federally supported housing programs should include Canadian-made products, including Canadian-made kitchen cabinets. Because if taxpayer dollars are being used to build homes in Canada, then Canadian manufacturing jobs should benefit from those projects as well. And this is not about supply shortages or inflation risk. In fact, the industry currently has approximately 860,000 units of idle production capacity, which exceeds the total volume of imported cabinets entering Canada today. Including cabinetry in federal housing programs would immediately support Canadian jobs, Canadian factories, and Canadian investment.

The second major area of advocacy is the safeguard initiative. CKCA is supporting the work being led by the law firm McMillan LLP and the government relations firm Crestview Strategy through the Canadian Wood Products Alliance. Many CKCA members are also directly involved in that alliance effort.

As many of you know, the industry has been heavily impacted by U.S. Section 232 tariffs on timber, lumber, and derivative wood products. Last fall, exports of cabinets to the United States were hit with a 25% tariff. That has now increased to 50%. This came as a major shock to the industry because we believed we were protected under CUSMA.

Today, we estimate that roughly 20 to 30 percent of our industry depends on U.S. export business. And the impact won't stop with exporters. As companies lose U.S. business, more production from around the world is being redirected into Canada.

Global overcapacity, particularly from China, combined with weakening foreign demand, is pushing more low priced product into the Canadian market because Canada remains a relatively low barrier market.

That's why CKCA welcomed the Government of Canada's decision to launch a global safeguard investigation into imported kitchen cabinets. It's an important step toward restoring a fair and level playing field. But we've also made it clear that timing matters. A safeguard investigation can take more than a year, and many manufacturers simply do not have that kind of time.

Without immediate action, we believe there will be further closures, layoffs, and permanent loss of manufacturing capacity. Industry forecasts are already pointing toward an additional 20% revenue decline in early 2026, representing roughly half a million fewer cabinets produced annually.

That is why CKCA is calling on government not only to move the safeguard investigation forward urgently, but also to implement interim tariffs now while the investigation proceeds. A safeguard measure would help stabilize pricing, restore domestic production, utilize existing idle capacity, and prevent further plant closures.

CKCA will continue advocating strongly on behalf of this industry. We'll continue meeting with government, working with our partners, and keeping pressure on the issues that matter most to our members. And we'll continue keeping all of you informed along the way. Please watch for updates in the weekly CKCA newsletter, and you can always find our media releases and advocacy updates on the CKCA website.

This is ultimately a timing issue. If manufacturing capacity is lost, it will not easily return.

Thank you everyone for your continued support of the CKCA advocacy activities.