

TESTIMONY OF REAU BERRY, JTB FURNITURE MANUFACTURING
U.S. International Trade Commission, Inv. No. 731-TA-1058 (Review)
Wooden Bedroom Furniture from China
November 10, 2016

Good morning. My name is Reau Berry, and I'm the President and owner of Johnston/Tombigbee Furniture Manufacturing – also known as JTB Furniture. I'm the third generation of my family to own this company, which was started by my grandfather Russell Johnston. Back in 1932, during the worst of the Great Depression, he started making furniture in the basement of a retail furniture store that he received in lieu of a commission. Ever since then – 84 years – we have continued making furniture in our hometown of Columbus, Mississippi.

Our business has changed over time, and for the last 35 years our focus has been on making case goods for the hospitality industry. In other words, we make headboards, dressers, and other pieces of bedroom furniture for major hotel chains. If you've stayed at a Hampton Inn, a Holiday Inn Express, or any number of other well-known hotel brands, you've probably used JTB Furniture.

Here's how the hospitality business works for a furniture maker like JTB. Many of the brand-name hotels with which you are familiar are franchises – in other words, a particular hotel is owned by a franchisee who licenses the right to use a brand (like Best Western, or Holiday Inn) from the parent company. Sometimes the parent company owns a particular hotel directly – but these days, most of the major hotel chains are moving in the direction of more franchising and less direct ownership.

To use the brand, the franchise must meet certain standards set by that particular chain. For example, the franchisee will use the correct version of the company logo, as well as company-approved promotional materials. The franchisee also has certain obligations regarding furniture. As a general matter, the major hotel chains require that the wooden bedroom furniture we produce should be replaced every seven to ten years. The hotel chain often develops its own design for the furniture – thus ensuring a consistent image for all the hotels using its brand. The chain also will qualify certain companies that are officially authorized to make such furniture for its hotels. In other words, to satisfy its furniture requirements, the franchisee is supposed to buy its furniture from a qualified producer like JTB. But the franchisee usually decides which producer to use. Furthermore – and it is very important for you to understand this point – every major chain qualifies multiple furniture suppliers so that the individual franchisee can choose from a number of potential sources.

Putting all of this together, you can see that in the hospitality business, sales of wooden bedroom furniture are heavily influenced by differences in price. The franchisee must buy furniture every so often, that furniture must be made to a certain specification, and the furniture must be produced by a maker that is acceptable to the hotel chain. Once those qualifications are met, the franchisee is free to take the lowest price from the qualified suppliers. And, by and large, that is what they do.

This background explains why we at JTB care so much about the Order at issue today. We make great furniture of all different types and styles. But we are extremely vulnerable to low-priced competition, and we suffered for years before the Order went

into place. Even with the Order in place, we continue to face stiff import competition. Demand for hospitality furniture has improved in recent years, as lower gas prices have encouraged more travel. But due to continued oversupply in the market, our margins are still not where they should be. When you recall that we suffered through years of unfair trade – only to then face one of the worst economic crises in history – it is obvious that we are in no position to face yet another increase in dumped imports.

But that is exactly what will happen if the duties on China disappear. I know that within days after that happens, importers will be in touch with my customers, explaining how cheaply they can bring dumped Chinese furniture back into this market. They have the capacity to make whatever my customers want – and since they already have demonstrated their willingness to trade unfairly, they can offer prices we cannot afford to match. Because competition in the hospitality furniture sector is based largely on price, we will lose sales that we must have in order to survive.

The bottom line is this: if this Order is revoked, unfairly-traded Chinese imports will evaporate the domestic industry. Factories will be shuttered. Jobs will be lost. Entire communities – like my hometown of Columbus – will be devastated. And all our efforts to survive – all the hard work from great people like Rosie Silvers, who you will hear from shortly – will be for naught. I urge you not to let that happen. Keep these necessary duties in place.

