

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

Good morning. I'm John Sandberg, President of the Sandberg Furniture Manufacturing Company. Like some of the other witnesses here this morning, I represent a family business – I'm the fourth generation in a family business that goes back to 1890 and that has been making furniture since 1918. Sandberg Furniture is located in Vernon, California – an industrial town only a few miles from downtown Los Angeles. While our furniture is sold nationwide, most of our business is in the western part of the United States.

Sandberg Furniture focuses on the low and middle-income consumer who wants to furnish their home or apartment beautifully, and who wants quality furniture that suits their tastes at a price they can afford. To do this, our bedroom collections use paper laminates for the exposed surfaces instead of solid wood or wood veneers. Paper laminates allow us to create attractive and sophisticated-looking products at an affordable price. We also use advanced technology – such as computer-programmed panel saws and routing equipment – to ensure a high quality product. We developed a trademarked, proprietary finishing technology called Ultragloss that gives our paper laminate a finish that is second to none. We have an outstanding workforce that brings an ethic of craftsmanship to everything they make. Our workers belong to Local 721 of the union of Cabinet Makers, Millmen, and Industrial Carpenters – and we just signed a new labor contract. Thanks to our dedicated workers and our commitment to using the best

technology, we believe that Sandberg Furniture can – and should – compete successfully in this market.

We have learned, however, that a private company like ours – a company that must make a profit over time so that it can pay its workers, upgrade its technology, and remain competitive – cannot afford to compete with imports at dumped prices. We learned that lesson over 12 years ago, when we saw Chinese imports pouring into this country in large numbers. In a true market, paper laminate furniture like ours involves lower raw material costs than furniture that has a wood veneer. But Chinese producers were not offering their goods at true market prices. They were dumping imports at prices no American company could afford to match. Soon my customers were reporting that they could obtain wood veneer furniture from China cheaper than they could buy paper laminate furniture from us. I knew then, and I know now, that the Chinese producers had to be cheating. And that's why we decided to support this case – because our company, and our workers, deserve the chance to compete on a level playing field.

As you've already heard, the Order has been very effective. Even with the Order in place, however, we continue to face major challenges. We still face significant volumes of low-priced imports from countries other than China. The economic crisis of the late 2000's hit our customers very hard. To this day, lower and middle-income customers – the backbone of our business – haven't seen as robust a recovery as customers in the higher income brackets. These developments have certainly lowered demand for our product – and made it much more difficult to recover from the injury caused by unfair trade.

But these problems, serious as they are, are minor compared to what would happen if the Order were revoked. China has, by far, the largest and most aggressive furniture industry in the world. Last year, China shipped over \$4.1 billion of wooden furniture other than bedroom furniture to this country. That figure was up more than \$680 million from 2010 levels. Only a few weeks ago, *Furniture Today* reported that China accounted for 57 percent of *all* U.S. furniture imports during the first half of 2016. We understand that China is pouring significant resources into the paper laminate business, and that Chinese producers are technologically more sophisticated than they were during the original investigation or the last review.

Under these circumstances, I am absolutely certain that revoking this Order, and opening the door to unfair trade, will be a disaster – not only for the domestic industry as a whole, but specifically for my company and our workers. We deserve better. We deserve the chance to obtain a fair price for our product, and a fair profit on our investment. We deserve the chance to take advantage of improvements in market conditions. We deserve the chance to grow our business, and to get as many sales as our hard work and our quality deserve. That's the vision my family had when they started making furniture in 1918, and that's the vision I have today. On behalf of the men and women of Sandberg Furniture, and all of us who care about this industry, I urge you to keep the Order in place.

