



## US furniture industry eyes Cambodia as Vietnam's wages rise

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A shortage of workers in Vietnam—a huge beneficiary of the U.S. trade war with China—is getting severe enough that some furniture makers are now scouting Cambodia and Bangladesh for factories, according to one industry chief executive.

Labor rates in Vietnam are rising and workers are getting increasingly scarce, said Clarence Smith, CEO of Haverty Furniture Cos., which uses Asian factories to make its company-branded products.

And even though Asian suppliers continue to source much of the timber they use from the Appalachian region of the U.S., the manufacturing of wood furniture “is not coming back to the United States,” Smith said in an interview.

Bringing manufacturing jobs back to the U.S. was one of the Trump administration’s stated goals in imposing tariffs on Chinese-made goods.

The Atlanta-based furniture retailer wrestled with supply chain disruptions last year as the manufacturers it buys from fled China and set up operations in Vietnam. Some suppliers stopped making Haverty’s top-selling merchandise, forcing it to find new sources in Vietnam on the fly and causing shortages of some items at its roughly 120 U.S. showrooms.

For now, most of the disruptions are behind them even if the first phase of the U.S.-China trade deal will keep the 25% tariffs on Chinese-made furniture in place, Smith said. Haverty still imports leather and upholstered pieces from China, although it no longer gets any wood furniture from the country.

The factory relocations aren’t going to end, he said: “They’re already building plants in Cambodia. It’s moving just like it’s always moved.”

Smith compared the shift from China to Vietnam and into other developing Asian countries to U.S. furniture industry’s shift to North Carolina from Michigan a century ago. The upholstered furniture industry has seen a recent resurgence in North Carolina, but Smith said it’s far cheaper for Asian factories to make wood furniture from logs harvested in the Carolinas than for companies to manufacture the same products in the U.S.



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