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WWWD TUESDAY

Ready-to-Wear/Textiles

Tweed Goes Glam

NEW YORK — On Monday, Oscar de la Renta delivered a terrific fall collection that had a quirky elegance. It also had a ladylike luxe, often with unexpected details, such as undone fringe or feather trim. The key shape: a narrow jacket and full skirt. And there were great-looking coats, too, like the one in bejeweled tweed shown here. After the presentation, the designer received a backstage visit from Laura Bush — believed to be the first First Lady to attend the New York shows. For more on the season, see pages 10 to 15.



Arnault's Latest Arrival: Largest Vuitton Store In World Opens on Fifth

By Anamaria Wilson
and Eric Wilson

NEW YORK — Bernard Arnault has more than opening-night parties on his mind.

In town to celebrate the unveiling of the largest Louis Vuitton store in the world and the brand's 150th birthday, the chairman of LVMH Moët Hennessy Louis Vuitton revealed in an interview Monday that he's bullish on luxury, of course, but not without his worries. There's the



Bernard Arnault in the Louis Vuitton store.

See **Biggest**, Page 8

Estée Lauder Sells Jane Cosmetics Line

By Laura Klepacki

NEW YORK — The Estée Lauder Cos. has ended its six-and-a-half-year experiment with the mass beauty market.

As anticipated, the company on Monday said it has sold its Jane Cosmetics teen brand. The new parent is Jane & Co. LLC, a joint venture recently formed between brothers Harry and Alex Admi, owners and opera-

BEAUTY BEAT

tors of the apparel company One Step Up, and Lisa Yarnell, a longtime mass market beauty executive whose experience includes stints at L'Oréal, Coty and Renaissance Cosmetics.

The purchase price was not disclosed.

Harry Admi is chairman and Yarnell is president and chief executive officer. Yarnell will be running the business out of Jane's Baltimore, Md., headquarters, replacing Todd C. First, who had been general manager of Jane under Lauder.

Yarnell said Monday that her first order of business will be to meet with retailers "to learn what the concerns and issues are, so we can reinvigorate mass efforts towards it." Jane remains in 2,200 Wal-Mart doors, 250 Target doors and a smattering of drugstores. Yarnell believes it's possible to rebuild Jane's retail sales, which have sunk under \$25 million from a high of \$50



Daniel Brestle

million a few years ago.

"I don't see why Jane can't be a \$100 million brand," she declared.

Industry observers say Lauder underinvested in Jane, but the brand's sales also were hurt by a flood of competitors into the teen cosmetics market.

Admi, who sells private label apparel lines to discounters like Wal-Mart and Kmart, as well as specialty and department stores, said the intention is to expand Jane into specialty apparel chains. "We are looking to

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Return to Retail: Mullins Appointed CEO at Harold's

By David Moin

NEW YORK — Hugh W. Mullins has resurfaced.

After curiously short chief executive stints at St. John International and Neiman Marcus Stores, Mullins on Monday was named ceo of Harold's Stores Inc., the Dallas-based better-priced apparel chain on the mend.

Mullins succeeds Clark J. Hinkley, who will retire after a transitional period. Hinkley is credited with stabilizing the chain and reversing its downward slide by focusing on higher-quality private label goods, closing weak stores and slashing corporate overhead. Hinkley will remain on the board.

Following stints at Macy's West and Foley's, Mullins worked at Neiman Marcus through most of the Nineties, joining as a divisional merchandise manager in 1991 and rising to ceo of the Neiman Marcus Stores division in 2000. He left after just nine months in that role, catching Neiman's management and the industry by surprise. In January 2001, he became ceo of St. John in California, and in another surprise move, exited that business after only nine months.

Considering his past positions managing more luxurious businesses, running a small apparel chain where about 95 percent of the revenues are derived from private label, hardly seems like a career-enhancing move. "This job doesn't have the profile of some of his past assignments," said one search executive. However, the executive added that the job is geographically desirable, considering Mullins lives in Dallas and there's potential to grow the chain after its downsizing.

Harold's, a vertical retailer, faces tough competition from similar but much bigger specialty operations, including Talbots, J. Crew and Banana Republic, as well as department and discount stores. Spring prices at

Continued on page 19

WWD TUESDAY

Ready-to-Wear/Textiles

GENERAL

- 10** NY COLLECTIONS: Oscar de la Renta, Carolina Herrera, Tuleh and Diane von Furstenberg were among the top shows as the season continued.
- 1** Louis Vuitton wants to make its mark on the Manhattan skyline and today unveils its largest store in the world at 1 East 57th Street.
- 4** Laura Bush earned high marks Monday for her red-dress address at 7th on Sixth as the ambassador of The Heart Truth awareness campaign.
- 16** EYE: L.A. put on a fashion show of its own over the Grammy weekend, and musicians proved they could shimmy and party with the best of them.

WWD MAGIC: Denim Does It, a supplement previewing the upcoming WWD Magic show in Las Vegas, is included in this issue.

Sourcing Horizons, a special report, appears on pages 23-32.

Classified Advertisements 38-39

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In Brief

- **POLO SWITCH:** Polo Ralph Lauren will move all of its advertising operations in-house beginning April 1, a spokeswoman said Monday. The company will sever its longtime relationship with advertising agency Carlson & Partners, whose founder, the late Sandy Carlson, had worked with Lauren at various agencies since 1979. Carlson died last March. David Lauren, the company's senior vice president of advertising, marketing and corporate communications, will continue to oversee Polo's advertising operations. A representative for Carlson could not be reached for comment, although the decision appeared to take the firm by surprise. The agency's Ralph Lauren Group president, Jo Levin, left an outgoing message on her voice mail Monday morning saying she would be on a shoot for Ralph Lauren all this week.
- **THE DEAN OF DONNA:** Former Bergdorf Goodman group manager Dean Taylor is moving uptown — having landed a position as general manager of the Donna Karan Collection store on Madison Avenue, reporting to Heather Bohs, director of stores. Making the transition to the vendor side, he'll be turning up at a few shows this week. "It's quite a showcase, I must say," said Taylor, standing in the Zen garden in the back of Karan's flagship.
- **KELLWOOD TAPS TWO:** Kellwood Co. has named two executives to newly created posts in its Dorby Group division. Catharine Bandel was named president of Miss Dorby and nine2nine, both dress lines within the division, and Rochelle Krueger was named vice president of sales and marketing of the Dorby and Hipnotix labels, according to Richard Weissman, chief executive officer of The Dorby Group. In her new role, Bandel will be responsible for the strategy, growth and development of these brands. Prior to Kellwood, she served as president of Leslie Fay Dress and the Warren Group. Krueger joins Kellwood to help build the Dorby and Hipnotix brands in the junior dress business. Most recently, she served as vice president of sales for Intertex apparel. Prior to that, she was president of sales and marketing for Mandieco, an affiliate of Maggy London Ltd. Based in New York, Krueger and Bandel both report to Weissman.

Corrections

The quote and illustration of flowers and yarn in WWD's Weekend edition, Feb. 7-8, page 24, was by Tim Gardner, creative director of the Phi collection. The collection is backed by Susan Dell.

• • •

A photo of the line Blue 2, a new division of Blue Cult, was misidentified on page 26 of the California in Depth section II published Jan. 22.



It's magnetic.  IT'S BILL BLASS.

Laura's Heartfelt N.Y. Visit

NEW YORK — Her husband's approval rating might be slipping, but Laura Bush earned high marks Monday for her red-dress address at 7th on Sixth.

As the ambassador of The Heart Truth, a national awareness campaign about heart disease sponsored by the National Heart, Lung and Blood Institute, Bush touched down in the Bryant Park tents to plug the cause. Oscar de la Renta and Cynthia Steffe were on hand for the festivities.

"I'm pleased to loan one of my favorite red dresses by one of my favorite designers," she said, referring to the ruby red de la Renta suit on display, not the one she was wearing. That number, along with 26 designer dresses that were worn by top runway models at Friday's Red Dress Collection, will be part of the Red Dress road show touring stores and promoting heart-health clinics in Philadelphia, Chicago, Dallas, San Diego and Miami.

"Oscar has been setting fashion trends for more than 40 years. Thanks to him and other talented designers, women are learning that being healthy never goes out of style," Bush said.

Despite the emphasis on heart health, Bush managed to squeeze in a little time for fashion. Unable to attend de la Renta's show because of security reasons, the First Lady visited the designer backstage afterward with 7th on Sixth's Fern Mallis.

Bush spun through the show's clothes and took in the vacated space.

"We explained what goes on here, and told her about all the energy and excitement," Mallis said.

Meanwhile, a few reporters were wondering where the First Lady was. Fifteen minutes after the scheduled start time, one scribe pointed to her wristwatch and said, "After following her for a few weeks, I can tell you she is not her husband. He's awful. He'll show up early and start."

Bush told de la Renta and Mallis that her daughters, Jenna and Barbara, will be in town later this week to take in a few shows. The ladies of the First Family lunched with a group of friends at Fred's Saturday and then shopped at Barneys' flagship. There, they ran into fellow Texans Anthony Camargo and Knak Armstrong, the duo behind the Anthony Knak jewelry line, who have bejeweled the Bushes in the past for personal and Presidential occasions.

But Mrs. Bush's visit to Bryant Park was not nearly as low-key. Photographers piled up like cheerleaders' pyramid and bulbs flashed frenetically as soon as she appeared. Mallis noted this was the first First Lady to attend the shows. "We've had some really great guests, but none as important as Laura Bush," Mallis said.

— Rosemary Feitelberg



The First Lady with Oscar de la Renta.

PHOTO BY STEVE DECHNER

PVH Updates '03 Guidance

NEW YORK — Phillips-Van Heusen Corp. on Monday narrowed its estimates for fiscal year 2003, as well as updated its cash-flow guidance.

In addition, Phillips-Van Heusen commenced a new \$150 million senior note offering, due in 2011. The company said proceeds from the note offering will be used to purchase the \$150 million outstanding principal amount of its 9.5 percent senior subordinated notes due 2008, which is subject to a cash tender offer that is set to close on Feb. 26. The company announced the tender offer for the notes maturing in 2008 on Jan. 29.

Shares of the company ended the day down 1.4 percent to \$17.77 from the prior close. The 52-week high is \$18.30; the low, \$11.16.

The apparel firm said cash flow for fiscal 2003 will be between \$10 million and \$12 million, which is higher than PVH's

previous estimate of breakeven for the year. Earnings per share guidance for the year — before special items — is between 96 cents and 99 cents, in line with the previously announced range of 95 cents to \$1. Including special items such as aftertax integration costs of the Calvin Klein acquisition and the closure of 200 retail outlet stores, the loss per share is expected at between 17 cents and 22 cents.

Separately, Standard & Poor's Ratings Service assigned a "BB-" rating to the senior unsecured notes maturing in 2011.

S&P credit analyst Diane Shand wrote in her report that the rating "reflects the company's participation in the highly competitive apparel retailing industry, the inherent cyclicity and fashion risk of the industry and high debt leverage following the Calvin Klein Inc. acquisition in 2003."

She noted that the risks are

offset in part by the company's portfolio of well-known brand names, its leading position in the men's dress shirt market and a diversified base of distribution.

Robert Drbul, equity analyst at Lehman Bros., wrote in a research note following PVH's announcement that he believes the company's "wholesale business continued to perform well [in the fourth quarter of fiscal 2003], led by the dress shirt and sportswear businesses."

Drbul also wrote that same-store sales at PVH's retail business sequentially improved to an approximate flat comp in the fourth quarter of fiscal 2003 from the negative 4 percent comp in the year's third quarter as sales gained momentum toward the end of the holiday season. He did not provide details on what the comps were in the same year-ago periods.

— Vicki M. Young

Elite Luxury Consumer: A Difficult Target to Hit

By Valerie Seckler

NEW YORK — Don't expect to reach the super-rich by mail.

That was one of the findings of new research on the nation's wealthiest consumers by Redding, Conn.-based market researcher and consultant Prince and Associates. The research further found that shoppers with personal net worth north of \$10 million not surprisingly spend much more on luxury goods, including high-end fashion, than millionaires with less wealth, according to new research on the nation's most affluent consumers.

So why not appeal to them via direct mail? Well, it turns out that only 23 percent of the super-rich open their own letters. Nice life.

The study was commissioned by Elite Traveler, a luxury magazine distributed aboard private jets, yachts and in professional sports training facilities. The results reflect phone interviews conducted last October with 431 individuals who have net assets of at least \$1 million.

"The elite affluent are in a class by themselves — there's no doubt about it," said Russ Prince, president of Prince and Associates. "They're spending on luxuries irrespective of the ups and downs of their net worth," noted Prince, author of 25 books on financial strategies for the wealthy. "The elites feel no need to deprive themselves; their attitude is, 'What am I saving my money for?'"

About two-thirds of the elite households polled had annual income of more than \$1 million, while only 1.1 percent had annual income of less than \$400,000. In contrast, only 6.3 percent of households with net worth between \$1 million and \$5 million realized annual income topping \$1 million, while 45.6 percent of those households had annual income south of \$400,000.

For that reason, Prince advised, "Luxury marketers need to shoot higher than their traditional [consumer] targets, who are living in households with annual income of between \$125,000 and \$250,000."

For example, roughly 84 percent of the elites surveyed last October planned to spend more

than \$20,000 personally on high-end men's and women's apparel for themselves in the next 12 months, compared with about 11 percent of those with net assets of between \$1 million and \$5 million and 28 percent of those with net worth of \$5 million to \$10 million.

In addition, about 48 percent of the elites anticipated shelling out \$5,000 or more on a watch for themselves, between October 2003 and this October, versus 1.5 percent of those with net worth of between \$1 million to \$5 million, and 7.5 percent of people with net assets of \$5 million to \$10 million. And around 65 percent of the elites expected to lay out more than \$10,000 personally for men's and women's accessories in that 12-month period, compared with 15 percent of consumers with net worth of between \$1 million and \$5 million, and about 34 percent of those with net assets of \$5 million to \$10 million.

According to Prince and Associates, there are 671,000 people in the U.S. with personal net worth topping \$10 million and aggregate net assets of \$50.2 trillion.

Roughly one-fifth of the survey sample, or 21.1 percent, were classified by Prince as elite affluent, with net worth topping \$10 million; the remaining 78.9 percent comprised 31.1 percent with net assets between \$5 million and \$10 million and 47.8 percent with between \$1 million and \$5 million.

The study further found:

- 77 percent of elites said fashion was "an important part" of their lifestyle that they "are not cutting back on."

- 82 percent of elites said they "shop seasonally for fashion to keep up with the latest styles."

- 95 percent of elites said they "don't have an annual budget for apparel shopping, but buy what they want."

In most cases, those response rates were about twice those given by people with net worth of between \$1 million and \$10 million. The gap was wider, however, to the question of eschewing apparel budgets and buying what they want: Only 13 percent of those with net assets of \$1 million to \$5 million answered in the affirmative, while 22 percent with net worth of \$5 million to \$10 million said so.

May Co. Names Pair for L&T Division

NEW YORK — Tapping from inside its own executive team, The May Department Stores Co. on Monday appointed two new divisional chairmen — Richard V. Clausing for Lord & Taylor and John T. Harper for Hecht's/Strawbridge's.

They succeed two 34-year May veterans: Clarence O. "Bud" Reynolds at L&T and Kenneth L. Wilkerson at Hecht's/Strawbridge's. Both retirements are effective June 1.

Jane Elfers continues as president and chief executive officer of Lord & Taylor, and Frank

Guzzetta continues as president and ceo of Hecht's/Strawbridge's.

Clausing, 48, joined May's corporate office in 1988 as director of accounting and was promoted to vice president of corporate accounting and reporting in 1989. He was named senior vice president of finance at the St. Louis-based Famous-Barr division in 1994, and assumed his current position as senior vice president of finance at L&T in 2001.

Harper, 44, joined May in 1983 as an analyst in account-

ing at Kaufmann's in Pittsburgh. In 1991, he was appointed vice president-controller at L.S. Ayres in Indianapolis and divisional vice president-controller at Famous-Barr in 1992. He joined Hecht's, based in Washington, D.C., in 1993 as vice president-controller and was named senior vice president of operations in 1998. He moved into his current position of senior vice president of finance in 2001.

Reynolds, 61, joined May in 1969 as an assistant buyer for the Foley's division, based in

Houston. He was named divisional vice president of distribution at Foley's in 1983 and senior vice president of operations in 1987.

He was named chairman of L.S. Ayres in 1990, chairman of Kaufmann's in 1991, president of L&T in 1999 and chairman in 2000.

Wilkerson, 63, joined May in 1969 as a distribution center manager for Famous-Barr. He was named vice president and general operations manager at Famous-Barr in 1979 and later that year became senior vice

president and general operations manager. He became chairman of Famous-Barr in 1985, chairman of the former J.W. Robinson's division in Los Angeles in 1990 and chairman of the consolidated Robinsons-May division in 1993.

He was named chairman of Foley's in 1996 and became chairman of Hecht's/Strawbridge's in 2000.

May operates 444 department stores, as well as 210 David's Bridal stores, 460 After Hours stores and 10 Priscilla of Boston stores.

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ASIA WATCH



PERLE OF THE ORIENT: In another sign that Guangzhou is China's latest hot spot for retail, a new shopping mall has opened in the heart of the city's commercial district. La Perle is a \$12.1 million, or 100 million renminbi at current exchange, joint venture between Hong Kong Prosper Development and Guangzhou Properties Development. The 107,650-square-foot complex is linked to the lobby of the Bai Yun Hotel and already boasts such well-known tenants as Burberry, Polo Ralph Lauren, Hermès and Céline. Christian Dior, Ermengildo Zegna, Givenchy, Louis Vuitton and Prada all unveiled new concept stores at La Perle. — **Constance Haisma-Kwok**

BLUE AND BLACK: Levi Strauss Japan K.K., the Tokyo-based subsidiary of the American jeans manufacturer, reported a 5.5 percent increase in net income to \$14 million, or 1.49 billion yen, in the year ended Nov. 30. Sales rose 11.5 percent to \$258.1 million, or 26.69 billion yen.

Pretax income during the end of November fiscal year gained 3.1 percent to \$24 million, or 2.55 billion yen, the company said.

The jeans market in Japan slowed in the past year as the surge in demand for women's jeans that had continued for a few years lost steam in the latter part of 2003. There also were few new trends that could stimulate demand. As a result, last year saw a gap develop between winners and losers in the market. Some jeans specialty stores cashed in record-breaking profits, while premium brands of women's jeans gained increased popularity. Levi Strauss Japan noted.

Despite the severe business environment, Levi Japan said, the company continued to successfully offer its premium brands with higher added value to consumers. Increased efforts also were made to win recognition of its brands in the women's market through publicity and advertising campaigns, while its Red Loop Girl line, which was targeted to women in their 20s, expanded sales, supported by such promotional campaigns as using popular fashion models, holding large-scale fashion shows, increasing advertising, and providing product and customer information to consumers through Internet- and mobile phone-based media.

In 2003, the company opened eight new Levi's stores selling Levi's merchandise only, bringing the total of such stores in operation in Japan to 26. They include the Levi's Vintage Clothing store in Minami-Aoyama, Tokyo, and Ladies' Levi's Store Tokyo in Daikanyama, Tokyo. — **Tsukasa Furukawa**

SPLIT IN SHANGHAI: Messe Frankfurt (HK) has announced that its Intertextile Shanghai show will split into two fairs, one for the garment textile industry and one for home textiles. Intertextile Shanghai Apparel Fabrics will take place Oct. 26-29 at the Shanghai New International Expo Centre. To meet demand, the fair will run one day longer than originally planned.

Last year, more than 1,000 exhibitors participated in the fast-growing

fair. Organizers predict the split will better serve the buying seasons of the two industries. — **C.H.K.**

NEW LICENSE: Yamato International Inc. has taken out a license from Cyrillus S.A., a subsidiary of Pinault-Printemps-Redoute, for the importation, distribution and manufacturing of the Cyrillus brand of clothing and accessories in Japan.

Yamato, which is taking over the operation of two existing Cyrillus shops from Cyrillus Japon, a Tokyo-based Cyrillus subsidiary, plans to open its own directly operated shops, as well as shops-in-stores in shopping centers, over the next few years. Sales of the Cyrillus brand in the third year of business are projected to reach 1.8 billion yen, or \$17 million.

Cyrillus Japon will continue to handle catalogue sales, Yamato said. The French company entered the Japanese market in 1997, initially with catalogue sales and then moving to establish a flagship in Jiyugaoka, Tokyo, in 1998, and a second shop in Motomachi, Yokohama, in 2000.

The Cyrillus line includes women's, men's and children's wear, and bags and other accessories. Yamato said Cyrillus sales in Japan are expected to be 65 to 75 percent of imported merchandise and 25 to 35 percent of products manufactured in Japan under license.

Cyrillus, whose global sales are 65 percent from boutiques and 35 percent from catalogues, reported sales of \$159.4 million, or 125.5 million euros, in 2002. It now operates 42 stores in France, three in Belgium, four in Germany and two in Switzerland, in addition to the units in Japan.

Yamato, a major apparel manufacturer based in Osaka and Tokyo, reported sales of \$180 million, or 19.14 billion yen, last year. The company employs about 250 people and is known in Japan for such brands as Aigle from France, Crocodile, Hiromichi and No Concept But Good Sense. — **T.F.**

SORTING OUT SEIYU: Seiyu Ltd., a leading Japanese chain of supermarkets and general merchandise stores, said it is making good progress in its five-year restructuring program in partnership with its largest shareholder, Wal-Mart. Seiyu said the company has implemented a number of improvements in store information management systems, logistics and merchandise assortment since last year.

The changes involved the introduction of Wal-Mart's "Smart" information systems, to nine pilot stores initially, and the launch of Wal-Mart's "Retail Link" system networking Japanese suppliers, Seiyu said, noting that the company has started importing and selling Wal-Mart's private label merchandise, such as Simply Basic in apparel, Great Value in foods and Kids Connection in toys. The introduction of "Retail Link," which enables quicker sharing of product information between Seiyu and its suppliers, has resulted in a 40 percent improvement in some distribution center operations, Seiyu noted. "Smart" systems will be expanded to other Seiyu stores at the rate of 20 per month this year, it added.

Some 100 Japanese suppliers were trained in "Retail Link" operations last year, and 300 more are to receive education by the end of June this year.

Wal-Mart has a 37 percent stake in Seiyu, which now operates more than 400 stores throughout Japan. Seiyu plans to open three large-size stores in 2004, including a new format single-floor store of 80,000 square feet in Numazu, Shizuoka Prefecture, west of Tokyo, in April. — **T.F.**

Novel Denim Losses Widen in 3rd Quarter

NEW YORK — A currency exchange loss of \$1.7 million along with \$2.3 million in impairment charges relating to the "winding-down" of its garment works in South Africa, left Novel Denim Holdings with more than double the loss for its third quarter ended Dec. 31 compared with the same period last year.

The net loss at the Hong Kong-based supplier swelled to \$6.9 million, or 86 cents a diluted share, for the most recent quarter from \$3 million, or 34 cents a share, in the prior period, while sales rose 11.1 percent to \$42.1 million from \$37.9 million.

"As announced two weeks ago, our financial results for the quarter reflected an increase in production costs as a result of appreciating local currencies versus the U.S. dollar and weaker-than-expected production efficiencies, particularly in South Africa," said K.C. Chao, chief executive officer and president of the company in a statement.

The \$1.7 million exchange loss relates to borrowings that are denominated in South African rands and Mauritian rupees, the company said, adding that the recognized exchange loss in the same period last year was about \$2.2 million.

To stem these losses, Novel previously said it was ceasing garment production in Cape

Town. "The significant appreciation of the South African rand versus the U.S. dollar has effectively doubled our production costs compared to our original plan," Chao said. "That increase, coupled with lower-than-expected production efficiencies, has resulted in continual operating losses since the plant opened."

Novel, however, will continue its textile operations in that country.

For the most recent quarter, garment sales increased 0.5 percent to \$21.6 million from \$21.5 million in the prior year. The mix was 62 percent denim and 38 percent chino, which compares with a 50-50 mix in the third quarter of the prior year. Meanwhile, third-party fabric sales experienced a 20 percent gain, coming in at \$19.7 million for the most recent quarter from \$16.4 million in the prior year's quarter.

For the nine-month period, the net loss came in at \$8.1 million, or \$1.01 a share, from \$12.8 million, or \$1.42 a share, in the same period last year while sales fell 1.5 percent to \$114.6 million from \$116.4 million.

For the current quarter, the company expects to post a net loss of \$2 million to \$2.5 million, which is before accounting for an exchange loss.

— **Arthur Zaczekiewicz**

Rosier Plans Signature Line

MILAN — Gilles Rosier and clothing maker Vestebene-Miroglio are the latest example of the ever-evolving Italian-French connection. Backed by Miroglio, Rosier will introduce his first signature line on Feb. 28 with a fashion show here.

A designer with experience at Balmain, Dior, Jean Paul Gaultier and Kenzo, Rosier, 42, said at a news conference last week that he was ready to do his own line and had been searching for the right partner for two years.

Miroglio, which has a majority stake in the Maison Gilles Rosier, established in the second half of last year and based in Paris, will manage production, distribution and logistics. For Miroglio, based in Alba, about an hour from Turin, this is the first foray into the high end of the market. The \$1 billion, 50-year-old company puts out 15 clothing brands, like bridge line Caracater and plus-size Elena Miró, which both bowed in the U.S. this year. Miroglio employs 8,000 people, produced 14 million clothing items last year and lists 750 stores around the world.

"This was a natural evolution for Miroglio, which has a complex and fragmented structure," said Giuseppe Miroglio, president of Gilles Rosier and general manager of Miroglio. "We wanted to enter the luxury goods business to be more competitive." He declined to be more specific about the investment in Rosier, saying

it essentially revolved around opening the atelier and showrooms in Paris and Milan.

The company aims for sales of \$62.6 million, or 50 million euros at current exchange, in five years. "This is not an enormous figure, but we want to preserve the brand's artistic and exclusive identity," said Riccardo Adamo, chief executive of the maison, formerly at Emanuel Ungaro in the same position. For the first season, the line will be available at 60 sales points globally, reaching 200 in five years. A flagship is also in the cards. The average retail price will be around \$850.

Miroglio plans to launch a Rosier men's line and a women's second line for spring 2005 and expand the brand with fragrances, accessories and eyewear through licensing.

Rosier described his line as "easy chic, not too formal but sartorial, with a masculine touch." For fall, Rosier is thinking of graphic lines, men's shirts and redingotes, and some black pieces softened by contrasting hues, such as a powder pink lining. "I like to play with shadows and light, hidden details and modern embroideries," he said.

The designer's first fashion show will be held at the city's ice-skating rink. "The building has a Seventies entrance and, while having an essential feeling, it's poetic: The setting reinforces the spirit of the collection," said Rosier.

— **Luisa Zargani**

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Clockwise from bottom left: Suspended vintage trunks in the first-floor windows; A look up at the store's display walls; A series of three cubist-inspired accessory displays of spring shoes and handbags; The store's

Biggest Store in World: Vuitton

Continued from page one

continued strength of the euro against the dollar — which is wreaking havoc with prices of European luxury goods — as well as the swelling U.S. deficit and the unemployment picture.

And, by the way, if LVMH owned Gucci, he wouldn't have let Tom Ford go.

As for his own empire, Arnault said he believes Marc Jacobs could be as big a brand as Donna Karan or Ralph Lauren — at least in theory. As for Donna, Arnault dodged the question of whether the company was for sale, but added that it will take another two or three years for LVMH to figure out “the killing formula” for the American designer.

Asked why the French luxury goods brand was opening its largest store ever in New York — at 1 East 57th Street — Arnault replied simply, “Because it's our largest market. And maybe this spot is the best in the entire U.S.”

But there was a bottom-line reason, too, Arnault stressed. “We bought the building to avoid paying too much rent.”

The LVMH chief — suffering from a cold and wrapped snugly up in a muffler to protect his throat — declined to discuss a first-year forecast for the store, but said he expects “it will really be the quintessential location for Vuitton — the numbers should be quite good.”

Vuitton's business is being helped by several factors. There has been an uptick in luxury-goods retailing in the U.S. since late last year, with double-digit increases at such retailers as Neiman Marcus Stores and Saks Fifth Avenue. Arnault said he is optimistic about his business overall this year, even if there is a cloud on the horizon: the strength of the euro against the dollar. As a result, the company is facing a serious issue in two of its largest markets. Vuitton responded last week by hiking its retail prices by 6 percent in the U.S., following two similar price increases in Japan recently.

At the new store, retail prices range from \$300 to \$600 for shoes, ready-to-wear knit tops start at \$300; pants start at \$895; skirts, at \$1,800, and spring handbags, at \$4,000.

“In general, the U.S. is booming,” Arnault said. “The only thing of concern is that the unemployment is not decreasing as fast as expected. One reason is competition with all the countries in the Far East, where more and more manufacturers, especially in the U.S., are outsourcing things, which, in turn, explains the fantastic amount of growth of countries like China and India.”

Arnault's major concerns for 2005 are how the U.S. will address its deficit problem and whether it raises interest rates, moves that could strengthen the dollar in relation

to the euro.

“For this year, I am very optimistic the economy is going to grow at a high pace, pushed by the strength of the U.S. economy and also pushed by the strength of the Far East, but the question is what will happen next year,” he said. “The main problem for luxury companies, most of which are based in Europe, is the strength of the euro. The strongest ones, like Vuitton or Hermès, may adjust prices to cope with the weakness of the dollar, but the rest of them are really having a problem.”

The big conglomerates have faced a number of problems recently apart from the value of the euro, including the general issue of dealing with bloated brand portfolios following the burst of the luxury acquisitions frenzy just prior to a major recession. Arnault reiterated LVMH's strategy of “slightly adjusting the portfolio” to concentrate on brands where there is a potential spark that could translate into overperforming or star brands, recognizing that “these things take time.” He pointed to the example of Sephora as a case where LVMH moved too quickly, opening a three-story store in Rockefeller Center that ultimately failed. But, since changing its strategy to focus on smaller locations, the chain has improved its performance. With its DeBeers partnership in fine jewelry, the company is also moving slowly, opening only one shop in Europe, in London and a few in Japan.

As reported, LVMH sales last year fell 6 percent to 11.96 billion euros, or \$15.19 billion at then-current exchange rates, from 12.69 billion euros, or \$16.12 billion, the previous year. Taking out currency fluctuations, sales rose 4 percent.

Yet there continue to be questions regarding LVMH's support of its American businesses, those of Donna Karan and Marc Jacobs, the designer of Louis Vuitton. Following recent reports of contract renegotiations among all its designer contracts, and Jacobs' comments in *The Wall Street Journal* on Monday complaining about LVMH's treatment of his signature collection, Arnault — obviously not concerned about Jacobs' remarks — defended the potential of both businesses and described the ongoing relations between the designer and LVMH as “going along together very well.”

“Marc Jacobs is the brand that could be one of the best in the U.S.,” Arnault said. In a supportive, though noncommittal, vein, he added, “It has the best potential to grow, size-wise, like Donna or Ralph. Are we going to do it is another story. It takes time and smart management and investments, but it clearly has the potential to do it.”

As for its other American designer, Arnault said Karan's business is now profitable and has a good management team. But, he indicated, LVMH remains cautious — Donna



Manhattan mark on Fifth Avenue and 57th Street; The ever-changing, three-story L.E.D. wall beside the staircase, and a Ruben Toledo illustration leading up to the VIP area.

PHOTOS BY DAVID TURNER

n's Block Lands on Fifth Ave.

Karan will continue to adjust its business model before LVMH makes another big push. "We have to put it back in order, which could take two or three years before we find the killing formula," he said, indicating there's still plenty of work to do at Karan, despite the progress previously cited under former ceo Fred Wilson. "We have it and we'll make it work. It will be very successful."

Despite the various reports of friction between the LVMH designers and their respective houses, Arnault said, "I am not at all concerned" about losing any of them. "I don't see, frankly, why they could be motivated to do anything else," he said. "They are fulfilling their dreams of creativity, and they are working for the best brands in the world."

Clearly, Arnault realizes the importance of his designers and the rather seamless fit he has been able to construct at LVMH with Jacobs at Vuitton and John Galliano at Christian Dior. And, despite his past differences with the Gucci Group, especially its ceo, Domenico De Sole, Arnault expressed surprise at the decision of Pinault-Printemps-Redoute not to renew the contract of Gucci and Yves Saint Laurent designer Tom Ford.

"I would have never let Tom leave. I have admired Tom Ford since the beginning," said Arnault, when asked about a certain phone call he made to Ford after it was announced he would be leaving Gucci. "It's all I can say."

Arnault contrasted the Gucci situation to that LVMH has at its own brands. "Louis Vuitton is a timeless product, but at the same time, it is a product which is linked to modernity...and that is part of the reason for our success today. And Marc, he's fantastic at that, he brings modernity, but he builds on the roots of the brand's success."

Yet LVMH's first dramatic display of Louis Vuitton's success this year is in New York with the new store.

"Nothing against Warner Bros., but it is one of the most magical retail corners of the world," said Yves Carcelle, chairman and ceo of Louis Vuitton, during an interview in his office in the LVMH Tower, down the block from the new store. "You have Bergdorf, Bulgari and Tiffany. It had to be something really luxurious."

To that end, the company sought to create a rather revolutionary store, one that not only captures the imagination, but also enhances the New York landscape, according to Carcelle. The modernist, 11-story glass facade, designed by architect Jun Aoki, is flecked with the classic Vuitton Damier pattern and from a distance, appears like an epic cube of frosted glass.

The remarkable exterior gives way to a lofty store, the design of which (by Peter

Marino and Louis Vuitton's in-house architecture department) strikes a balance between the 150-year-old brand's rich history and its modern sensibility. The Turkish limestone floors, Anigre wood, geometric staircase and a three-story L.E.D. panel manage to combine the traditional elements of Vuitton along with more current, technological facets.

"With this store, you have the attraction of the volume and the height," said Carcelle. "It is also very New York. I think New York is all about height and the vertical feel of the buildings. When you think about Manhattan, you think about verticality. So it's quite logical that we wanted this store to reflect that. The L.E.D. wall does that because it catches your eye and really drags it up to the ceiling and shows, along with the staircase, where you have to go."

In keeping with Vuitton's trademark, abstractions of the Damier pattern exist throughout the store in incarnations varying from the L.E.D wall and cubist shoe displays to the stately doorway frames.

"You see a feeling of quiet and an intimate atmosphere in each department," continued Carcelle. "The big difference, compared to the company 10 years ago, was that we were only in travel and leather goods and with one glance, you could see the whole universe of Louis Vuitton."

It takes much more than a glance to take in the breadth of Vuitton's product categories. The new store will house women's ready-to-wear, travel and leather goods, handbags and shoes, as well as a full jewelry line (which will debut in September), the \$200,000 made-to-order Tourbillon watch and, on the top floor, a luxury VIP area.

Despite the proliferation of megastores, many fashion companies have suffered by opening up large stores where there wasn't necessarily a market to support them.

"I don't think there's one recipe," said Carcelle. "We are regularly increasing the size of our stores because our business is expanding, the territory of our brand is expanding the business, the sales figures are expanding. I think that a megastore just for the sake of a megastore, if it becomes empty, is a dead elephant."

"You cannot just say, 'I'm going to do a very big store and that will create the excitement of my brand.' It's policy that it has to be consistent with the rest. You make it big if you think that you will have a lot of people coming in and a lot of sales and a lot of product to express all that. Other than that, it's a bored, dead place."

The company plans to open additional global stores this year in Shanghai, Paris, Osaka, Tokyo, and Johannesburg, with a slew of smaller stores also slated for this year.

Snow Bunnies, Sexy City Girls

Carolina Herrera created glamorous winter looks ideal for Gstaad, while Oscar de la Renta paid tribute to the nearly departed "Sex and the City"

Oscar de la Renta: As the sun sets on "Sex and the City," after 94 fabulous, frivolous episodes of fashion frenzy, it's no wonder that Oscar de la Renta is in homage mode. The fanciful collection he showed Monday would suit Sarah Jessica Parker's Carrie to a T.

A quirky elegance gave de la Renta's fall look its bounce. Tweed jackets, skirts and day dresses came edged with undone fringe, but while those edges hinted at raw, there was nothing rough about the look. Like Parker, who has proven herself a worthy muse for chez de la Renta, Oscar's ladies are a decidedly feminine lot, and his new suits, cut both narrow and full, promoted the lady luxe mood.

For the most part, these were clothes built to wear, substantial and sane, while still indulging in a little fainting couch drama. A flurry of feathers flew delightfully with cardigans edged with tiny fanned feathers, a lacy cocktail dress dancing with ostrich fringe or a black full-feathered skirt worn with a tiny jacket and an ivory shirt tied with a light, loopy bow. It was all polished enough, but never turned dull with overpolishing. A smattering of sequins shone here and there across a petal pink party dress, while organic-looking pulls and knots bordered a tweed suit.

From time to time, however, Oscar, like good, old Carrie herself, got more than a little carried away. His taffeta cocktail dresses, for example, looked a tad awkward as they skimmed the body before going pouf. Conversely, when de la Renta set his mind to ruffling, which he did with abandon, the results were a dream. A ruffle, after all, is something of a celebration in itself, and Oscar's black evening gown, its wild ruffles climbing like ivy, would put any woman in a party mood. Then came the positively pyramidal finale—two grand look-out-cause-here-I-come ballgowns flecked with sparkle aplenty and pumped up with yards of tulle. As Carrie might say, "Magnifique!"

Carolina Herrera: Baby, it's cold outside. But that shouldn't keep a gal from looking chic. Certainly not according to Carolina Herrera, who found inspiration for fall on the glamorously turned-out slopes of Gstaad and St. Moritz.

By the bright white light of the snow-flocked day, Herrera's ideal woman works a pair of ski pants and a sweater with Olympic elan. And if she secretly prefers après to schussing around, who cares? She can stay oh-so-cozy in a cashmere jacquard pullover and matching scarf that remind her of the Fair Isles of her youth. Not the nostalgic type? Then she's better suited to spectacular navy cashmere ribbed knit worked with mink. For when it's time to really brave the cold, Herrera just kept layering on the luxe, along the way supplying plenty of sable, short or long, and unfettered navy cashmere. While the prevailing attitude may have been casual, it oozed indulgence at every turn, right down to the hand-painted gold-leaf motif that ran throughout, adding an artisanal touch to scarves and coats.

That golden moment dimmed after dark with a too-familiar parka-over-long skirt moment and some high-glam gowns that just didn't deliver the intended drama. On the other hand, Herrera's beaded cashmere Aran knit sweater should prove a snow siren's delight, while a pale, gold-drenched gown was made for Midas magic.

Tuleh: "More is more," Bryan Bradley declared before showing his fall collection. And as it turned out, more was just right. In his show on Sunday night, Bradley delivered a bold calling card: Here are clothes for well-mannered young socials, of course, but sexpots, starlets and countless other women who like to dress to be noticed, step right up.

Bradley believes that unlike spring, when visions of sweet prints fill the air—and his clients' closets—fall lends itself to greater bravado. What to do about the winter chill? Give it a great, big cozy hug in chunky tweeds in the loudest, most graphic weaves imaginable. Their fabulous audacity worked to perfection in coats



Carolina Herrera



Oscar de la Renta



▲ Monique Lhuillier

cut precisely, if not always simply, and finished with giant glass buttons. And a girl can pile on that fur in offhanded little jackets—why not give in to the eccentricity of zebra-printed fluff over bright aqua and yellow?—or big, diva collars. Of course, new versions of Tuleh's now revered printed dresses turned up, as sensual as ever. But increasingly, Bradley has turned his attention toward chichi suits and separates in sometimes out-there combinations of tweeds, prints and peekaboo silks. He also showed amusing shrunken cashmere logo knits in odd contexts; the splendid peculiarity of a mint green pullover with a flying-appendage-dotted silk dress would suit a deb who wants to dabble in grunge

without looking undone. Because social or sexpot, diva or deb, Tuleh girls don't do undone. And why should they, when more makes for such glamorous fun?

Diane von Furstenberg: As always, Diane von Furstenberg's characteristic sense of fun and exuberant energy filled the runway for fall—but it wasn't quite enough to carry the show. This time around, her collection was burdened by too many converging themes, such as her Amazon looks, which she called "Glamazone," and her Crusades trope, which featured plenty of hoods and chain mail. Not your ideal combination. In fact, it was hard to ignore the hooded Grace Jones number and the group of shiny corduroy suits and jackets. But when she stuck to what she does best—easy, flirty, feminine looks—the combinations worked. A wool jersey wrap coat was simple and

and Social Divas

ie City." At Tuleh, Bryan Bradley pumped up the volume on the prints and graphics.



Diane von Furstenberg

Tuleh

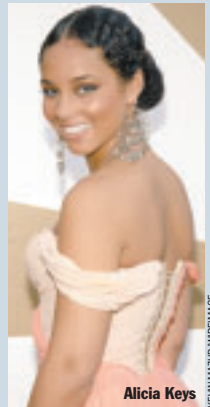
sophisticated; an embroidered cardigan added some exotic allure to a little printed dress, and her slinky boudoir tops and delicate pintucked chiffon pieces tempered the wilder fare. Generally, though, it was this string of strong individual pieces that became the most striking elements of the lineup. One thing is for certain, we can always count on von Furstenberg's shows to whisk us away from the daily doldrums into a fantastical reverie of her creation, and this season was no exception.

Monique Lhuillier: This is a hopeful moment for designers on the ascent, and Monique Lhuillier's star shines brightly with possibility. Though her base is the casual world of sunny Beverly Hills, her message is one of dressed-

up, polished refinement, and has caught on among the young celebrity set in her home town. It's no wonder, as Lhuillier understands youthful glamour and gives it a distinctive sparkle. For fall, she left behind spring's sprightly, girlish tweeds in favor of a more mysterious mood, delivering looks evocative of both siren (an unforgivingly chic black suit) and crazed ballerina (a froth of lavender organza under a gold lace bed jacket). And there was plenty in between — bouclé coats, flouncy skirts and chic dresses. Once or twice, Lhuillier let her bridal sensibilities muscle their way into the collection with overwrought results, as in a rosette-bedecked teal satin evening gown. But for the most part, she exercised cool control in a beautiful collection.

Fashion Scoops

SINCE YOU DO KNOW HER NAME: It looks like more than just music is in the diary of **Alicia Keys**. The Grammy-winning artist is expanding into fashion, having signed on with Signatures Network Inc., the San Francisco company that is handling **Jessica Simpson's** foray into apparel. "She's got a very distinct style," said **Matthew Hautau**, SNI vice president of licensing and marketing. "She brings so much focus to the table as an artist." That includes a certain mystique. With her sophomore effort, "The Diary of Alicia Keys," in stores now, the otherwise reclusive Harlem-based singer-songwriter did the public rounds again, dressed in Brazilian designer T. Frizon for **Clive Barker's** annual 'do Saturday, and Roberto Cavalli for Sunday's Grammys. She's also shown a penchant for Dior's more daring looks. While Simpson's zeroing in on juniors', reflecting her primary fan base, Keys will likely skew more contemporary, Hautau said. The deal is in its earliest stages, and licensees, first-year sales or even a launch date have yet to be determined.



Alicia Keys

KEVIN MAZUR/WIREIMAGE



Michael and Jane Eisner

M-I-C...D-V-F: For all those years that **Michael Eisner's** Disney owned WWD, he never managed to catch a fashion show. But his mentor, **Barry Diller**, drew Eisner into the fray at Diane von Furstenberg, where he sat in awe as **Salman Rushdie** was pushed aside by the paparazzi, who focused on the novelist's girlfriend, **Padma Lakshmi**. As for his own style, Eisner would only describe it as "eclectic." But he owes a lot to Diller, so he turned up for the show.

"He told me he sold 65,000 room units at Walt Disney World on Hotels.com," Eisner said. "So you could see we are business partners, of a kind."

As for how long Eisner thought he'd be in his current job, he said, "Twenty to 25 years, maybe." Maybe indeed.

BOOP-BOOP-A-DOOP: **Ashley Judd** not only turned up the star wattage at Tuleh, she made a point of hanging out at the company's after party, which was really more of a low-key dinner at Soho House for about 20 staff members, seamstresses and patternmakers. "I like how the clothes go whoop!" she said to designer **Bryan Bradley**, then spun on her heel to show off her derriere, like a latter-day Betty Boop.



Ashley Judd

RINGSIDE: **Ja Rule** was "checking out the heat" Sunday night at Luca Luca and he didn't mean his seatmate, **Mya**. Before eyeing the runway, the rapper and his wife, **Aisha**, will add women's apparel to their ErvingGeoffrey collection. The name is a play off of Irv Gotti's birth name, Irving, and Ja's real name, Jeffrey. (Gotti is the founder of the record label formerly known as Murder Inc.) "We wanted to check out the ladies' stuff. I'm not really, really, really up on fashion," said the father of three.

Dressed in a hot pink fur from Nija Furs, a favorite with **Mary J. Blige** and others, Ja Rule's wife said she favors Seven jeans, Manolo Blahniks and, "of course, Gucci, Vuitton" and the like. That said, the collection will be a notch up in price from JLo, and will include furs and denim.

Ray Liotta played a real good fella by tagging along with his girlfriend, **Donna Puzio**, to the Luca Luca show. "I've never been to a fashion show before. It's a trip. The energy is almost more than at a premiere."

His next show will be "Match" on Broadway in April. "It's not about clothes," he laughed. "It's about a guy looking for his dad." He stars alongside **Melora Walters** and **Frank Langella** in **Stephen Belber's** play.

OSCAR RACE: *Quelle surprise!* A major show trying to start on time? Obviously someone forgot that editors are so used to delays that they expect to be seated even if it's almost a quarter past the hour. By 1:15 the rope was up at Oscar de la Renta's show and nary a p.r. flunkie was in sight, but a small crowd of editors, including Vanity Fair's **Elizabeth Saltzman** and **Anne McNally**, Time's **Kate Betts**, Flaunt's **Long Nguyen** and the Visionaire crew were left out, tickets in hand. A rousing argument ensued between editors and tent security, which p.r. maven **James Laforce** (who was setting up for another show) tried to mediate, to no avail. Those who remained outside watched it on the monitor.

UPDATE FROM PARIS: Paris designer **Lloyd Klein** opened his eyes and was able to verbalize his first words on Monday for the first time since he and several staff members were critically injured in a multiple-vehicle collision on their way to an airport in Paris to bring Klein's fall collection to New York. **John Arguelles**, president of Groupe Klein Vendôme, the parent company of Lloyd Klein, said the designer is showing definite signs of improvement and that the other injured passengers are likely to be released within a few days.

"It's an amazing sign there could be a recovery," Arguelles said, noting that Klein had been unconscious since the accident on Saturday. He remains in intensive care in a Paris hospital.

PHOTOS BY JOHN AJOINO, STEVE EICHNER, THOMAS BANAWACONE AND ROBERT MITRA

Lara Croft, Victorian Maide

From an action-adventure heroine to a young woman creating a stir in the English countryside, designers were i

Luca Luca: They're back! Luca Orlandi resurrected his flash appeal with a Luca Luca collection writhing in sexpot skin-tight looks à la "Lara Croft, Tomb Raider." The return to overtly sexy clothing was a natural move for Orlandi, who took an uncharacteristic minimal route last season. For fall, black leather and stretch duchesse silk ruled the runway in the form of jackets and tops, dresses and skirts, all with corset or harness details. Super slim pants and tight, cropped jackets had a distinct motocross feel with padded details and crisscross straps over knees or waist. He even revisited his favorite glitz blitz with Swarovski crystal-studded tops and dresses. Sometimes, however, Orlandi took the theme to extremes with clothes that only a model on a runway could, or should wear, like the saucy pair of black pants laced up the sides. Fortunately, there were a few moments of restraint, resulting in some nice pieces like a black trenchcoat and a demure pink dress with a hint of beading — a welcome antidote to sex overload.

Christopher Deane: There comes a time when even nice girls grow up and decide to trade in sugar for a little bit of spice. Enter Christopher Deane's Christopher Crawford and Angela Deane, whose usual cute-as-a-button downtown collection took a decidedly sophisticated turn for fall. The duo started with chic black silk jersey dresses with silver insets, the freshest being a ruffled shirtdress with a shimmery cowboy yoke. Then came the color: bright blue liquid jersey paired with pale gray and accented with that same silver; a lavender tweed peacoat paired with a full skirt in striped pajama silk, and delicate ballerina dresses in the palest blue and cream. These two have certainly come a long way, and their growing pains never felt so good!

Cynthia Steffe: Known for her charmingly feminine looks, this season Cynthia Steffe branched out in a new direction — the English countryside in the Victorian era. She worked with luxe fabrics — rich velvets, soft cashmeres and nubby, textured tweeds, all in a neutral-based color palette with hints of gold, green and coral. And Steffe pulled it off with a modern twist. Corsets went over cashmere tops, while a tweed blazer was paired with a stitched velvet riding skirt and strapless dresses with tops. For evening, Steffe sent out some sexy velvet numbers that would have made the proper blush. And to keep in tune with her English-heritage theme, there were plenty of traditional men's wear fabrics, such as plaids, herringbone and striped shirtings.

Nicole Miller: For fall, Miller continues the saga of last season's shipwrecked damsel all the way to her arrival back to the city. But this time, the lady finds herself and her luggage in disarray. One could argue that, at times, Miller realizes this notion too literally, with a handful of mismatched looks, such as a strapless taffeta dress over pants. Still, there were plenty of appealing numbers to be found, such as the ivory popcorn sweater with a satin peacock skirt or the raw-edged golden velvet skirt paired with a little jacket. Layering was a big theme throughout and looked best with the fun little sweaters in checked patterns with hoods or little collars. Antique gold beaded tops contributed to the vintage feel of the collection, and Miller's little black dresses got a makeover with delicate streaming lace ribbons. While the collection didn't quite live up to last season's ace, it certainly carried its own brand of fun and girlish charm.

Catherine Malandrino: It's difficult to put your finger on exactly what it was that made Catherine Malandrino's collection disappointing. It was best at its simplest, such as a black silk dress with an embroidered neckline and waist, but these looks were few. When broken down into their separate components, the more complicated looks seemed harmless enough: a pretty color palette of dusty lavenders, grays and greens, special details such as embroidery, laser cutouts and pintucked pleats, and a slew of cropped pants cut to a chic and refreshing length. However, more often than not, there were too many of these puzzle pieces forced into a single look and the overall effect was exceedingly disjointed. Sometimes, gestalt works in reverse, and something can actually be less than the sum of its parts. That was the case with Malandrino's collection.



Men and Damsels in Distress

turning to themes with a bit of drama for fall.



Catherine Malandrino



Nicole Miller



Luca Luca

Gypsy in His Soul



Why a Christian Lacroix show in the middle of New York's fashion week? Better to get a jump on the season, seems to be the firm's approach. And, according to a spokeswoman, retailers get to see a more commercially styled Lacroix collection, that mixes his Bazar and ready-to-wear lines. The mix was the perfect foil for fall's gypsy-inspired collection. In that

vein, there was a riot of color, embroidery, lace and swirling asymmetrics, all tossed together in Lacroix's exuberant style.

He played with his fabrics even when it came to a more tailored evening suit, using the matte side of a black-and-gold jacquard silk, while saving the shimmering side for a gown. But it wasn't all about gypsy women. There were terrific strict but sexy pinstriped jackets over calf-length skirts. And the color-blocked, sheared and knitted rabbit coat — Lacroix at his liveliest best — made for an amusing exit.

Fashion Scoops

BRONZE MEDALIST: The ubiquitous smoky eyes are back, but, as always, there's a twist. This season, rather than black and smoldering, they're bronze and sparkly — as **Jeanine Lobell** did for Nicole Miller, **Charlie Green** (working for Bourjois) did at Monique Lhuillier and as **Gucci Westman** did at Carolina Herrera. "It's elegant, but not too sophisticated," said Lobell. Green called the look "expensive, soigné and sexy."

As for hair, so far, there's been more volume than a rock concert. Whether in free-flowing curls — as **Jimmy Paul** for Bumble and bumble did at Tuleh and **Dennis Lanni** for Bumble and bumble did at Rebecca Taylor — or restrained a bit, as in **Noah Hatton** for Redken's curls fashioned into a bun at Nicole Miller, or **Renato Lampora** for Bumble and bumble's low, loose ponytails at Alice Roi, it's all about big hair so far.

And a strong brow is an asset this season, as **Diane Kendal** for MAC at Catherine Malandrino and Lobell at Alice Roi, among others, proved this weekend.

WE'RE ALL CONNECTED: **Stephen Ruzow**, president of women's wear at Kellwood Co., is making the rounds of the fashion shows this week, and it seems as if every designer is somehow connected to Kellwood. Ruzow was at the Oscar de la Renta show (Kellwood just signed a deal for O Oscar), and plans to attend the Calvin Klein show (Kellwood and G.A.V. produce the Calvin Klein better line) and the Baby Phat show (Kellwood purchased Phat Farm last month).

So what was he doing at the Jill Stuart show Monday afternoon? "They invited me," said Ruzow, who also plans to attend Vera Wang Wednesday morning.

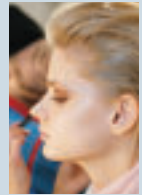
As for Kellwood's dress business — which is one of its specialties — Ruzow said the company doesn't plan to make a bid for any of the Leslie Fay lines that are being auctioned off this week.

WINDOW DRESSING: **Azzedine Alaïa** is on the move. Fresh off a collaboration with **Rei Kawakubo** of Comme des Garçons, the designer is launching a limited-edition T-shirt and printed blouse for Paris department store Galeries Lafayette. He's also launching an in-store shop there, which will be announced via the store's 14 window displays for one month, starting Feb. 26 — just in time for Paris Fashion Week.

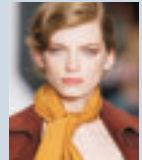
MAMA MIA: **Shoshanna Lonstein** has a forthcoming line of maternity swimwear and dresses with A Pea in the Pod, but don't buy her any baby gifts just yet. At the Carolina Herrera show, she said, "Wouldn't that be great if I got pregnant?" she said. Not to mention the p.r. boost it would give the line. "I'm definitely going to hold some of the sundresses, if I'm not."

ESCADA AND HERCULES: Escada had a little extra protection for the presentation Monday of its fall collections, held at its 717 Fifth Avenue store. For about an hour, the store had a group of heavily armed New York City police officers stationed out front. "There were six or eight of them with huge guns," said an Escada spokeswoman, who added she told the officers, "This is a little intimidating for our guests." Unfazed, the officers said they were scheduled to stay at that address for about an hour. "They were completely amused, but obviously ready to do their job," said the spokeswoman. A NYPD spokeswoman said the officers were what's known as a Hercules Team, which is routinely assigned to locations throughout the city to make the department's presence known. The deployment was unrelated to fashion week, she said.

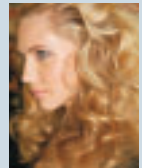
CYNTHIA'S NEW OWNERS: "That's my seat," quipped former LF Brands chairman **John Pomerantz** to **Nicholas DiPaolo**, vice chairman and chief operating officer of Bernard Chaus Inc., who was seated in the front row next to the runway at the Cynthia Steffe show. Chaus bought Steffe's business last month for under \$5 million from the now-defunct LF. DiPaolo said the transition was "smooth, once the phones got reconnected."



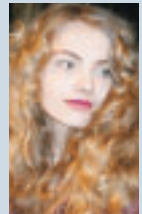
Carolina Herrera Makeup by Gucci Westman for Lancôme; hair by Orlando Pita for L'Oréal Professionnel.



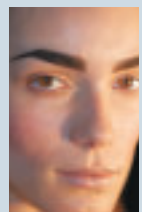
Nicole Miller Makeup by Jeanine Lobell for Stila; hair by Noah Hatton for Redken.



Tuleh Makeup by Polly Osmond for MAC; hair by Jimmy Paul for Bumble and bumble.



Rebecca Taylor Makeup by Jun Funahashi; hair by Dennis Lanni for Bumble and bumble.



Catherine Malandrino Makeup by Diane Kendal for MAC Cosmetics; hair by Bok-Hee.

Slim Aarons Style, Sweet-but-Tough

Dana Buchman channeled photographer Slim Aarons, while Escada's Brian Rennie came up with chain-bedecked t

Dana Buchman: Slim Aarons was one of the hottest photographers from the Fifties to the Seventies, capturing the likes of such alluring ladies as C.Z. Guest, Jackie O and Babe Paley. It's no wonder then that Dana Buchman, who took her inspiration from Aarons' photos, came up with one of the most glamorous lineups she's ever shown. There were terrific coats with lots of fur collars, classic tweed suits — and leather, leather and more leather. Buchman added rich touches, from evening skirts made of feathers to a mink cape tossed over basic jeans, and even some unexpected ones — a fox chubby, a leopard-print shift and a double-faced lilac coat with a lingerie camisole. It all looked cool and right in step with the season.

Escada: Escada traded sales for ease yesterday, as it closed its Fifth Avenue store to customers in order to present the fall collection to the press. And indeed, a tour and a light lunch was an ideal venue for seeing one of the company's best collections. For the main line, design director Brian Rennie luxed things up with coats and suits in rich tweeds, some mixed with leather and plenty of fur. And he gave it all a sweet-meets-tough spin. A tweed suit, for instance, showed up as a leather-trimmed micro miniskirt with a matching jacket sporting little chains, while another version paired a below-the-knee, Fifties-inspired pencil skirt and soft-shouldered jacket.

For evening, Rennie switched gears seamlessly, sending out mermaid-shaped dresses and a beautiful Twenties-inspired beaded chiffon slip in rich wine. But why stop there when the ski slopes can be just as much a glamorous fashion free-for-all? So rounding out the sportif offering with a brocade ski ensemble made perfect sense.

Michael H: You've most likely seen Michael Houghton, but are ashamed to admit that you're actually watching reality shows on MTV instead of tackling "Remembrance of Things Past" in your spare time. In that case, here's a reminder: He's the fashion-loving pal who took "Rich Girls" Ally Hilfiger and Jaime Gleicher to the What Comes Around Goes Around showroom. Well, neither Ally nor Jaime was in sight at Houghton's show on Sunday night at rock club Don Hill's, but the flashbulbs still flared for the likes of Tommy Hilfiger, smiling like a proud papa, and Patti Hansen, whose daughter, Theodora Richards, walked in the show. "He's come to me for advice," said Hilfiger. "I told him he should have done this a long time ago. He's got great style. And I think there's a void for this kind of thing. It's rock 'n' roll clothes for normal people."

Houghton's show, which included men's wear, took its inspiration from Patti's husband, Keith Richards, and didn't disappoint. The lean and louche silhouettes of skinny, flared pants and slim-shouldered jackets were aptly accessorized by floppy snakeskin and leather hats, silk ties and embellished belts. Houghton, who consulted for denim couturier Henry Duarte some years ago, sent out an array of laced-up pants in denim, velvet, lambskin and pinstriped wool that was definitely a strong point. And models sporting perfect cold-eyed expressions were the icing on the cake. The show could have easily gone the way of camp, but Houghton managed to avoid costumery, and it will be interesting to see where this season's momentum takes him.

Derek Lam: Ready for some rich gypsies? Well, Derek Lam certainly is, and for his second runway collection, he created a bevy of bohemian beauties in a lively eclectic mix of lush fabrics, tile prints and lots of crystals. Lam took a modern approach, using art references such as Gustav Klimt, Egon Schiele and the Ottoman civilization. There were, for example, oversized cashmere cardigans worn with Empire-waist ruffled dresses, tiled jacquard coats and a tulip-print, Empire-waist dress shown with a crystal blue fox stole. What's great is that the designer didn't take the theme too literally, and the fact that he kept it all short and sweet, sending out a mere 24 looks.

Rubin Chapelle: While tightly edited collections are always a welcome relief, a lineup of only 13 looks may be too little, especially when it's a good thing. That's the case with Sonja Rubín and Kip Chapelle's architecturally directed Rubín Chapelle line. Sad, because the duo's signature style — interesting detailing that comes off as cool rather than tricky — usually is a treat. Also, they dropped the eveningwear they did so beautifully last season in favor of a few suits, jackets and sweaters. But what was there was great — two different pinstripe fabrics sewn together to the effect of a suit-and-vest combo, or a chunky cable-knit sweater with a floppy, big neck. With this design team, the fun is in the details, like tuxedo pants with satin pocket trims instead of the expected stripe. Unfortunately, Rubín and Chapelle should have stayed off the silk route, as some of the architectural details in satin translated into sloppy rather than smart.

new
york



◀ Dana Buchman

Escada



Tweeds and the Keith Richards Look

weed suits and Michael Houghton paid tribute to Keith Richards.



Michael H



Derek Lam



Rubin Chapelle

As Good as Gold

If you're the type who prefers a little heavy metal over the current fascination with flou, then head on down to Jeffrey. The "Golden Age Collection," a seven piece capsule collection by Paco Rabanne designer Rosemary Rodriguez, will be on display at the store to order for the next month. The line features metal embellishments on everything from a cozy little sweater to a luxurious mink coat. To mark the launch Monday night, nearly \$100,000 worth of gold leaf was painted on the store's dj booth, fountain and wall panels, while at the party, model Karolina Kurkova, in a dress from the collection, munched on gold-painted chocolates. Talk about the Midas touch!



So Shoe Me

NEW YORK — The runway shows might be in full swing, but accessories designers and houses have also been making statements about town.

It began with an event celebrating the launch of **Eileen Shields** shoes in the East Village at the Issue Project Room. Shields, who designed for Donna Karan and was instrumental in the launch of DKNY Footwear, also plans to open a store in her native Dublin in July, which will be a combination shoe store and art gallery. Shields served cosmos and chocolates to her guests as she offered wholesale prices to buyers and anyone else wanting to place an order. It was truly a family affair; as Shields' husband, Mark Orange, a curator at the Spencer Brownstone Art Gallery, hung shoes art-gallery-style on the walls with red strings, and her brother Kevin Shields, who wrote the music for "Lost in Translation," provided the tunes. Judging from the parade of little ones at the party (new mom Shields encouraged her guests with kids to bring them) perhaps a children's line is not so far off.

Over at Henri Bendel, Brazilian designer **Costanza Basto** arrived to show her latest collection, which included boots this time around. "In Brazil, it is usually too hot for boots," Basto said. "But in New York, they are a must-have." Costanza Basto, of course, are still the only shoes sold at Bendel's.

Italian shoe designer **Giuseppe Zanotti** also exploited boots for fall. Known for his outrageously sexy sandals, this time Zanotti worked boots in all possible styles, from brightly dyed crocodile to mink-lined silk satin and "corseted" cutout suedes. And, as he does every season, he adorned lasts with shiny brass enamel panther heads and rhinestoned crocodiles.

Meanwhile, at **Delman**, the news for fall is color, color and more color — in both suedes and patent, while looks ranged from tasseled loafers and high boots to revamped vintage Delman styles done for Dior. At **Hollywood**, its fall 2004 shoe and bag collection was inspired by Hitchcock's "To Catch a Thief." Details included miniature hand-cuffs, oversized rhinestone jewels and laser-cut ruffles.

Celebrating the Year of the Monkey, **Rafe Totengco** unveiled his collection in his store replete with hanging lanterns and Asian cocktails. He showed his signature matching bags and shoes in great tweeds and suedes as well as leather and patent. The mauve, purple and green color palette make this a collection to go ape over.



Giuseppe Zanotti



Rafe

The Grammy Gamut

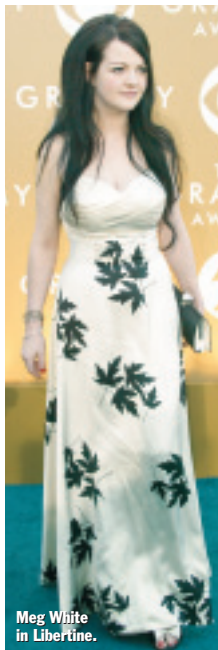
Los Angeles put on a fashion show of its own over the Grammy weekend, and musicians proved they could shimmy and party with the best of them. The green carpet at Staples Center saw fabulous frocks that ran the gamut from long and lean to short and sassy.

On one end of the spectrum, **Fergie** of the Black Eyed Peas stood out in an American Indian-meets-flapper Dolce & Gabbana number she called "Just fun and very me. And good for dancing." On the other end, **Beyoncé Knowles** went for Old Hollywood glam in the first dress from her new line, Touch of Couture. But, so as not to disappoint other designers, she went on to change three more times over the course of the evening. "Work it, girl!" chimed in "Queer Eye for the Straight Guy" Culture Vulture **Jai Rodriguez**.

Of course, the slew of parties also had their share of fashion, beginning with the Music Cares gala honoring **Sting** at Sony Studios on Friday night, followed by the Who's Who event of the week, **Clive Davis'** pre-Grammy bash on Saturday at the Beverly Hills Hotel. "This is the Oscars of my world," declared **Kelly Osbourne**. **Mary J. Blige** put it more bluntly: "If you're anybody, this is the party you want to be at." Clearly, **Serena Williams**, **Naomi Campbell**, **Carlos Santana**, **Annie Lennox**, **Alicia Keys**, the Foo Fighters, **Nick Lachey** and **Jessica Simpson** agreed. Newbie **Gabrielle Union** was positively overwhelmed. "I just stand in the corner and stare," she whispered.

Post-show, **Nikka Costa**, **Trudie Styler** and **Sting** hit EMI's party at the Los Angeles County Museum of Art, where **Courtney Love** shook things up with a little fashion cattiness. "The designers hate me now so I couldn't borrow a dress. Valentino said, 'No way.' So I'm wearing \$32 Contempo Casuals, thank you very much. Fashionistas like it if they don't know it's cheap. And it's real bling."

Bling was a given for this crowd, supplied by Harry Winston, Gilan, H. Stern, Jacob the Jeweler, Chopard and Fred Leighton, among others. And there were more than enough parties at which to wear it. BMG staged its post-bash at Avalon and Outkast flew a mini Hard Rock casino to a Hollywood Hills mansion for the PYT crowd. At the Sony party at Maple Drive, **Michael Jackson** tunes blared until Knowles arrived, when a few of her winning songs were turned up loud. Possibly the night's most photographed woman complained, "My cheeks are hurting from smiling!" But as she tossed her hair back for a last shot, she said, "I'm going to celebrate!" It was a good thing, because the night was just beginning across town at Warner Music's Katana bash, where **Madonna** said she planned to party "like it's 1999." But for ex-partier **Ozzy Osbourne**, who nuzzled **Sharon** on the carpet, celebrating isn't the best part of the Grammys. What is? "Going to bed!"



Meg White in Libertine.



Fergie in Dolce & Gabbana.



Madonna in Versace with Chanel bag.



Blu Cantrell in Roberto Cavalli.



Tracee Ellis Ross in Roberto Cavalli.



Kylie Minogue in Chanel.



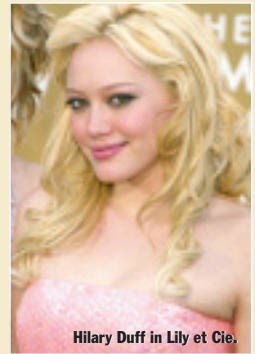
Beyoncé Knowles in Touch of Couture.



Christina Aguilera in Atelier Versace.



Gwen Stefani in LAMB.



Hilary Duff in Lily et Cie.

Glam It Up

The beauty quotient was on high at Sunday night's Grammys, with old Hollywood-style glamour: Finger waves and red lips superceded rock staples like glitter eye shadow and pink pompadours (funk godfather George Clinton and his mess of Crayola-colored dreadlocks notwithstanding).

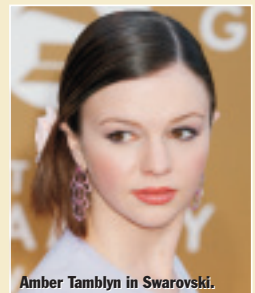
Even Christina Aguilera traded in her nasty drag look for a Josephine Baker 'do and makeup to match her Twenties-inspired dress, while Gwen Stefani and Alicia Keys also went with finger waves to dramatic effect.

Those who opted to let their tresses run wilder turned the volume up — way up: Fergie of the Black Eyed Peas, Hilary Duff, Lil' Kim and Sarah McLachlan proved iron-straight hair is passé. So did Beyoncé Knowles. During her crazy duet with Prince, she followed up the rest of the evening's changes with an elegant, oversized updo with Swarovski crystals curling off her right brow and trickling down her forehead.

Makeup was generally tame, with an emphasis on blushed cheeks, though the beauty industry made a strong showing. Throughout the three-and-a-half hour broadcast, L'Oréal ran its Fera commercials featuring Knowles and the slogan, "It's not just the color of your hair, it's the color of your voice."

Meanwhile, Nars cosmetics had a prominent corner in the Fetish clothing suite Friday at L'Ermitage in Beverly Hills — thanks to Nars fan Eve — and plenty of swag from the cosmetic company's spring collection was stuffed into gift bags. "I'm very loyal to Nars," said Eve, who designs the Fetish collection. "That's probably why I won't get around to starting my own makeup line."

— Rose Apodaca Jones



Amber Tamblyn in Swarovski.

EYE SCOOP

TOTALLY TORY: **Tory Burch** and **Fiona Marin** had a full house on Sunday afternoon to celebrate the opening of their Tory store on Elizabeth Street. **Samantha Boardman** was the first one to arrive, and the stars of the social set trooped in all afternoon. **Jennifer Creel**, **Gigi Mortimer**, **Eva Lorenzotti**, **Rena Sindi**, **Beth Rudin DeWoody**, **Jeanne Rohatyn** and **Jamee** and **Sam Gregory** all snapped up cashmere sweaters, caftans, trenchcoats — even dickies.

And just how would Marin and Burch keep their ladies from buying the same things? "Good question," said Burch, marveling at the fray. The place was such a madhouse that Burch's whole family pitched in. As her stepdaughters quickly restocked the almost-sold-out store, her mother, **Reva Robinson**, helped customers. "I love being a salesgirl," Robinson told her daughter. By Monday, Burch and Marin were already onto their next project: fall.



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Estée Lauder Sells Jane Cosmetics

Continued from page 2
broaden the brand base and maybe launch a fragrance and accessories to complement the cosmetics," he said.

A New York showroom is being created for Jane, which Yarnell described as offering, "high-quality products with a fashion sense at a value price."

Lauder surprised the industry when it snapped up Jane in September 1997, taking the prestige vendor into the mass market segment for the first time.

Jane Cosmetics was a darling of mass retailers in the beginning, for it was the first dedicated teen color brand, and it was

hoped that it would unlock sales in an expanding market segment. A heartfelt, spirited brand with a bit of sassiness, it was launched

“It was a great experience...but at the end, strategically, it was never going to be as big as what we wanted.”

— Daniel Brestle, Estée Lauder Cos.

in 1994 as an offshoot by the Sassaby Co., a maker of cosmetics boxes. The line awakened other marketers to the swelling ranks of teen consumers and the strength of their buying power.

Up until then, Cover Girl, a general market brand that enjoys a teen following, and Bonne Bell, a youth brand with an emphasis

on flavored lip items, were the brands most directly connecting with young shoppers. The introduction of Jane inspired a flood of teen and tween brands that followed, such as Caboodles and

Fira, along with a host of private label youth collections.

From the beginning, Lauder had big visions for Jane. Chairman Leonard Lauder said in 1997 that what drew Lauder to Jane was the company needed a brand with more modest price points to help it break into emerging markets such as China and India. Another intention was to use Jane as a learning vehicle and as a wedge into the \$3.5 billion mass color market. When acquired, Lauder initially retained Jane's founding managers — Don Pettit and Howard Katkov — to guide its growth, but over time, both were quietly eased out of



the Lauder organization as high-level Lauder management began weighing in on the brand.

"I think we learned that each of the major cosmetics channels, be they direct, mass or prestige, has certain skills and the fact that we are in the cosmetics business doesn't necessarily give us the data bank to compete in every channel," Daniel Brestle, a group vice president at Estée Lauder, said in an interview Monday. "Jane was a business we looked at to give us exposure to the [mass] channel. I thought it was a great experience for those of us here, but at the end, strategically, it was never going to be as big as what we wanted."

Brestle noted that the brand's general manager, Todd First, "had done a terrific job" over the past two years. Brestle said the Jane brand that was sold was a well-run organization with high-quality products. But in the end analysis, he said, Lauder's core competence is in service environments. Said Brestle: "We do that pretty well."

Traveling to New Post

NEW YORK — Anne Gabarre has been appointed director of marketing for Lancaster Group Worldwide's travel-retail and export group. In the newly created position, she is charged with coordinating the group's marketing activities and the development of specific travel-retail and export products with Lancaster's brands. Lancaster Group Worldwide is Coty Inc.'s prestige division.

Gabarre reports to Joe Porcelli, vice president and managing director of travel retail and export for Lancaster Group Worldwide.

Gabarre was formerly sales and marketing director, Europe, for Cosmopolitan Cosmetics' Tony & Tina. She also has worked at Escada Beauté Group, Parfums Givenchy and Chanel.

Kanebo, Kao Still Talking

TOKYO — Kanebo Ltd. will stick to talks with Kao Corp., despite local reports on Sunday, saying that the nation's major investment fund, Unison Capital, is in negotiations with Kanebo to buy its cosmetics division. Kanebo denied the possibility. "We are in the final phase of negotiation with Kao," said Kanebo in a statement. Kanebo and Kao first announced in October their intent to merge their cosmetics business by 2007, but on Jan. 31, the two firms made an announcement about the shift from establishing a joint venture to Kao's takeover of Kanebo's cosmetics business.

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Mullins Rejoins Retailing at Harold's

Continued from page 2
 Harold's include skirts from \$78 to \$138 and blouses from \$68 to \$98. "The board is pleased that Clark has completed the first phase of our long-term strategic plan to reposition Harold's as a leading apparel retailer," William Haslam, non-executive chairman of the board, said in a statement. He added that Harold's is entering the growth phase of its long-term strategic plan. "Hugh's extensive retail merchandising background with highly customer-intensive better merchandise will be a great fit in further developing Harold's market niche."
 "I am very excited about join-

ing the Harold's team. The company has a great tradition and I am looking forward to helping to take it to the next level," said Mullins, in a statement.

3,000 square feet to 13,000 square feet, though most are in the 3,000-square-foot to 4,000-square-foot range. The Houston locations are known as "Harold Powell."

when net income was \$44,000. Net sales for the third quarter reached \$23.9 million, an 11.7 percent increase from total third-quarter sales of \$21.4 million during the year-ago period, despite the closing of eight store locations during the first half of the current year. Comp-store gains were 25.6 percent.

During the year-to-date period ending Nov. 1, the net loss was \$3.3 million compared with a net loss of \$9.1 million for the same period in 2002. Included in the year-to-date results of 2003 are costs from closing the eight unprofitable stores and an event conducted to liquidate excess inventory.

“Hugh’s extensive retail merchandising background with highly customer-intensive better merchandise will be a great fit.”

— William Haslam, Harold's Stores Inc.

Founded in 1948, Harold's currently operates 42 upscale ladies' and men's specialty stores in 19 states. Stores range from

Last December, the company reported net income of \$1 million, its first quarterly profit since the first quarter of 2000,



Hugh W. Mullins

Zoellick Plans Trip to Spark WTO Talks

WASHINGTON — In an effort to help resuscitate global trade talks that collapsed last year, the top U.S. trade official will begin a globe-trotting tour in Tokyo on Wednesday.

U.S. Trade Representative Robert Zoellick will visit with several high-level trade officials in key cities around the world on his two-week tour that will span Asia, Africa and Europe.

"We have an opportunity to get the Doha negotiations [the name of the World Trade Organization's round of global talks] on a practical track toward success — 2004 need not be a lost year," Zoellick said in a statement.

Finding common ground in such a divisive global economy has proven to be a difficult task for all 146 WTO trade envoys, who want to finish the talks aimed at tearing down global trade barriers by the end of this year.

That ambitious deadline was called into doubt, however, when the WTO talks collapsed in September in Cancun, Mexico, after rich and poor countries failed to bridge their differences on everything from agricultural subsidies to trade rules covering government procurement regulations and foreign investment.

Since then, a group of developing countries known as the Group of 21 led by Brazil, China and India, which helped bring the talks to a standstill in Cancun, have shown a willingness to revive the talks.

However, they are still calling for the elimination of agricultural export subsidies and domestic support in developed countries, and that issue will remain one of the biggest obstacles in the months ahead.

In addition, a group of 29 African cotton-producing countries is still calling for cotton to be dealt with separately in the WTO talks — an issue the U.S. has so far rejected. The original four in Cancun — Benin, Chad, Burkina Faso and Mali — are also still pushing for compensation for poor farmers until the subsidies are eliminated.

Zoellick has proposed that WTO ministers aim for a key meeting in Hong Kong before the end of the year.

— Kristi Ellis



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Louis Vuitton opened its larger store in November.



Luca Luca

Houston's Boom

By Holly Haber

HOUSTON — We have a gusher.

Long in the shadow of Dallas, Houston retail is exploding with a profusion of new luxury and contemporary stores.

The Galleria mall, which has emerged as the city's premier destination for high-end shoppers and retailers, this year is creating an all-luxury corridor between anchors Neiman Marcus and Saks Fifth Avenue. Burberry, Christian Dior, Ferragamo, Jimmy Choo, Laliq and Movado all will open stores there this spring and summer. Luca Luca bowed Dec. 15, and the previous month Louis Vuitton nearly quadrupled the size of its Galleria store to 6,795 square feet with 4,780 square feet of selling space. The old store was 1,700 square feet.

"Houston became one of the attractive cities for us because it is a growing market, and the Galleria is taking a new turn in its expansion," noted Yildiz Blackstone, president of Luca Luca. "Our new store there is doing amazingly. We were immediately able to catch tourists. The second day, Beyoncé came in and did her shopping for New Year's and holiday outfits."

The Galleria crafted the 100,000-square-foot luxury strip by moving less pricy stores to a new 700,000-square-foot wing that opened last March, anchored by Nordstrom and Foley's. The expansion elevated the mall to the fifth-largest retail center in the country, with 2.4 million square feet and average sales per square foot exceeding \$600.

"Unlike other cities, where the luxury shopping might be more splintered over several centers, Houston is much easier for the luxury retailer and shopper — the Galleria is the place to go," observed Eugenia Ulasevich, president of Burberry U.S. "It's a great fashion market."

The surge in retail development is driven not only by the Galleria's expansion, but also by the city's economic strength and its underdeveloped retail scene. Though Houston is the fourth-largest metropolis in the nation with a population of 1.9 million, according to the 2000 U.S. Census, industry observers and shoppers say its

fashion offerings have lagged.

"Luxury retail is long overdue for the size of the city and the income," noted Larry Plotsky of The Plotsky Group, a real estate agency that specializes in retail. "We've always had the money and the inclination. If the stores open, people buy. But the [wholesale] market centers of Dallas, Atlanta, San Francisco, Los Angeles and Chicago have always been ahead of Houston in specialty retail. Most people think Dallas is a bigger city."

"I'm thrilled to death that all of these designer stores like Dior are coming to Houston because I want to shop and keep my dollars close to home," said Becca Thrash, a socialite and couture customer who chaired Vuitton's opening gala in November. "The variety and selection will be a lot more exciting."

Thrash lamented that she's bought most of her clothes outside the city because the hometown high-fashion pickings were slim. "A great deal of my friends are fashionistas, and they all feel the same way," she added. "It will be interesting to me to see if they stock Houston boutiques with the more fun, unique runway pieces."

The number of independent fashion retailers is swelling rapidly, as well.

Specialty stores are sprouting in the affluent River Oaks, Montrose and Westheimer neighborhoods that stretch west and southwest from downtown toward the Galleria. Among those that have opened in the past year are Images, Couture, Merrill & Watson, Jeans Couture, Bella and Get With It, which are all contemporary boutiques, plus Principessa, which specializes in Lilly Pulitzer, and Glo, a high-end accessories shop.

"In the last two-and-a-half years, a lot of stores have opened, whereas before we had almost no good street retail," Plotsky observed. "We are developing a traditional inner city and inner-city retail that we are kind of behind on."

Virginia Leffler opened Merrill & Watson in September with a partner, stocking Autumn Cashmere, Citizens of Humanity, Margaret O'Leary and Milly, among others. "It's been going really well," said Leffler, who formerly managed a clothing boutique in Boulder,

Colo. "Price doesn't seem to be an issue, which is nice. We had \$600 cashmere sweaters and we weren't sure how they would go, but we sold all of them and didn't have to put them on sale. I wish we had had more."

The retail growth is spurred by Houston's strong economy. The general downturn following the Sept. 11, 2001, attacks did not hit Houston as hard as other parts of the nation because energy prices remained fairly high, and oil and gas are the bedrock of Houston business.

"When energy prices are high, that is good for Houston," said Tim Hopper, senior economist with the Houston office of the Federal Reserve Bank of Dallas. Job growth in the Houston metro area is projected to be 2 to 2.5 percent this year on a base of 2.1 million jobs, he pointed out.

That represents a return to the city's trend during the boom of the late Nineties, when consolidation in the energy industry brought an influx of white-collar jobs to Houston. Even during the national recession of the new millennium, employment in the Houston area remained relatively stable with minimal losses.

"It's all about momentum and the direction of the economy, and right now it's strong," Hopper said.

That's evidenced by an effort to revitalize the city, especially downtown, with public and private projects valued at more than \$4 billion. Since 2000, three new sports stadiums have opened, including Minute Maid Park and Toyota Center downtown. In December, the George R. Brown Convention Center celebrated its \$165 million expansion to 1 million square feet. An adjacent Hilton Americas Hotel, the largest in the city with 1,200 rooms, opened in November.

Last month, Houston's first light rail line opened to link downtown with Reliant Park, a four-year-old football stadium that hosted the Super Bowl this month. The rail line also runs through Texas Medical Center, the largest free-standing medical center in the world, and Rice University.

Four new office buildings opened downtown within the past six months — the first major new construction downtown since 1986, noted Pamela Lovett, president of economic development at Greater Houston Partnership, a chamber of commerce.

"We are poised for a tremendous year in '04," Lovett said. "All the statistical data, as well as anecdotal data from talking to ceo's, reflects optimism."

Evelyn Gorman, owner of the designer specialty store

The Galleria's expansion wing.





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Images boutique at the Galleria

PHOTOS BY NICOLAS RUSSELL

in Luxury Retail

Mix, noted that her customer base and sales have expanded since she opened five years ago.

"The economy is very good here right now, comparatively speaking," she observed. "Houston's cost of living is reasonable, and the standard of living is high. It's an energy city, and people need oil. It's about the money."

Gorman, who carries Lanvin, Balenciaga and Proenza Schouler, speculated that retailers also are discovering Houston because its image is improving.

"The word is out that Houston is sophisticated," she said. "[Retailers] know that not only do the women have the money, but they have the taste. They know they can sell those clothes here."

As Jimmy Choo president Tamara Mellon put it, "Houston has the right customer base. They love luxury

brands and are very fashion-forward and directional, so it's definitely got our customer. We went into the Galleria because we were amongst the right neighbors, like Yves Saint Laurent, Cartier, Chanel and Tiffany."

One attraction of the Galleria is its big draw of tourists, which generate 30 percent of the mall's revenue. "The majority of that is Latin-American traffic that is very wealthy and a very good customer base for luxury retail," pointed out Greg Vlahos, vice president of leasing for Simon Property Group, which bought the mall two years ago.

The Houston Galleria has more square footage devoted to luxury tenants than any other Simon center, except the Forum Shops at Caesars Palace in Las Vegas, Vlahos noted.

Many of the luxury retailers opening in Houston noted they already do business at anchors in the mall.

"With the consistent history of strong Ferragamo sales at Neiman Marcus and Saks...Houston has been a targeted retail niche for some time," said Massimo Ferragamo, chairman of Ferragamo USA. "Furthermore, Houston customers call Ferragamo boutiques in Florida, Los Angeles and New York for product not yet available in Houston. There have already been overwhelming calls for Ferragamo's 'It' bag for spring, the Gancini Mediterraneo."

Louis Vuitton, which has had a presence in Houston since 1984, carries all categories of merchandise in the Galleria store.

"Houston is very fashion conscious and already had one of the strongest LV businesses in the country," a Vuitton spokeswoman said. "It made perfect sense to expand and to increase our classifications."

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Ready-to-Wear Report



A Nicole Miller window display at Bed Bath & Beyond.

Nicole Goes Bed, Bath and Beyond

NEW YORK — Nicole Miller wants people to feel so at home with her designs that they will decorate their houses with them.

Through a new licensing deal with Bed Bath & Beyond, the designer, who already has a bedding collection, is diving deeper into the housewares with 18 new categories, including bath, glassware, paper products and windows. First-year projected wholesale volume should "well exceed eight figures," said Bud Konheim, chief executive officer of Nicole Miller.

"There's so much running room in this agreement that we could hit with guest towels and have this tremendous business," Konheim said. "Every category is an industry in itself."

The groundwork for the deal was laid two years ago, when Nicole Miller signed a licensing deal with Revman to develop bedding under the designer's name. After a shaky first season, Revman's designer, Elizabeth McNulty, went back to the drawing board, infusing more of Miller's design beyond prints, and shoppers reacted, Konheim said.

"A lot of companies have the mentality of take the name, put it on some stuff and it will sell," he said. "Elizabeth didn't."

Sales of Miller's bedding products have tripled since the launch, and Bed Bath & Beyond took note. They approached Konheim about launching 18 categories, but the business plan sold him more than the prospect of expansion. Serving trays, hampers, dish towels, highball glasses and dessert plates are some of the new offerings.

In the end, and I'm sure it's because I'm a battered veteran, all I care about is the retailing," Konheim said. "Bed Bath & Beyond has built a business on retail performance. They talk about loving the product, but building a business, too."

With 569 stores, Bed, Bath & Beyond aims to have 1,000 units within the next couple of years. In

March, the chain will send mailers spotlighting the Nicole Miller collection to 33 million households. The designer's latest wares are on display in the windows of the chain's New York stores located on the Upper East Side and in Chelsea. Attendees at the designer's runway show here Sunday got a sneak peek at some of the offerings in goodie bags.

Leading up the charge are Christine Bell, director of licensing, and Desiree Padovano, brand manager.

"Nicole's involved in step one through step 20," Padovano said. "This is a direct interpretation of who she is as a designer."

"She doesn't fit into one specific niche and that's good," Bell added.

Konheim said his approach to licensing is in line with the company's emphasis on design — something that has been in place since he hired Miller in the Seventies before they started their firm together. At that time, he met with 170 designers, but wasn't interested in magazine credits or promises of stardom. He wanted to see them drape, sketch and select fabrics.

"The emphasis on design talent has never changed in my entire 50 years [in business]," the outspoken ceo said. "For us, it's never been about a happening name or a fast fad, and we're as independent as hell. Our 30 stores are the nucleus to test this stuff."

Despite his confidence, Konheim had his reservations about licensing.

"I have the fear of Halston and Calvin Klein with Warnaco," he added. "Neiman Marcus is our biggest customer [for clothing]. The day I stop worrying about Neiman Marcus is the day everybody stops worrying about us. Everyone who shops at Neiman Marcus has enough money to buy whatever labels they want."

— Rosemary Feitelberg

Suits and Coats Tacked Onto Miller's Mix

NEW YORK — Tables and walls aren't the only new things Nicole Miller is dressing these days.

Through a new licensing deal with Donnkenny Apparel, the designer will introduce suits and coats this fall. The venture should generate \$5 million in wholesale business in the first year and \$10 million in the second year, said Bud Konheim, chief executive officer of Nicole Miller.

"We are going to keep minimums low," Konheim said. "We don't want to put pressure on licensees or to do something crazy on orders for a fast fix. You can't talk about making great product and do \$100 million in the first year."

Suits and coats will be segmented into three price groups: Nicole Miller Collection, Nicole Miller New York, and Nicole & Co. by Nicole Miller. Suit prices have not yet been set, but coats will wholesale from \$200 to \$1,500. The company has no plans to inflate margins.

"Things are worth what they're worth," Konheim said. "Our corporate philosophy throughout is to reverse the illegitimacy of pricing. Things are competitively priced, but we want them to sell out. There's a markup value, but not a designer-punishment value."

Nicole Miller has also been approached by three major sportswear makers about a potential licensing deal, Konheim said, but there have yet to be meetings with the respective designers — a make-it-or-break-it occasion for Konheim who ranks design as number one.

"Until we see that," there's no deal, he said.

There's the prospect to build a \$200 million to \$300 million business in sportswear, Konheim said, but "we're not jumping at it because that \$200 million could sink the ship."

— R.F.

Haase Steps Out of House

NEW YORK — While many clothing designers have expanded into home goods in recent years, Stacy Haase is doing the reverse.

Haase, an 18-year veteran in the design industry and well known in the home furnishings business, is now delving into fashion.

After graduating from Rhode Island School of Design, Haase worked as a graphic designer in an advertising agency before moving to Zurich, where she started painting to pass the time since she didn't have a work visa. A friend and Globus employee saw her paintings and recruited her to work in the company's design department. When she moved back to New York from Europe, she set up her own product design company, trying her hand at bed linens and other categories.



Stacy Haase; below, a dress from her first collection.

She has worked extensively with Homestead Fabrics for the past five years, designing bedding and home furnishings for its private label, as well as for fashion designers whom she declined to name. Her expertise has helped make Homestead Fabrics a \$120 million company, said David Greenstein, chairman. The company is so confident in her skills that it has orchestrated and is financing her venture into apparel.

Greenstein was confident that her critical eye would translate to apparel and he was also struck by the number of people who always commented on her outfits during their business trips in various places around the country.

"Getting into fashion wasn't my idea, it was David's," Haase said. "Once I started doing it I loved it, but I was really worried about it [initially.] I'd been a textile and dinnerware designer."

After six months of Greenstein badgering her about starting an apparel business, she made a bet with Greenstein and agreed to do it if her close friend didn't laugh at the idea over a drink. Haase was convinced her friend would and was floored when the response was enthusiastic. "I always

thought she would laugh, so I got stuck," Haase shrugged.

But Greenstein is determined to make the business profitable. First-year projected wholesale volume is between \$1 million and \$1.5 million, he said. Accustomed to working with retailers that "do not tolerate" any late deliveries, he said he plans to maintain that criteria for the apparel business, regardless of what some Seventh Avenue companies do. He has hired David Didio as a consultant to focus on merchandising and marketing.

"We're going to make money and put some money back into the business," Greenstein said. "I don't tolerate not making money."

Among the key looks in the collection are low-rise trousers, an optical print silk dress, high-neck coats, skirts with zippered side slits and a mohair funnel-neck sweater that can be worn as a hood. The line wholesales for \$250 to \$1,200. Hints of her training are evident in the details, such as a coat lining with a pale pink pom-pom pattern set against a celadon green background, or blazers with exterior buttons and interior snap closures.

"I like all the small touches that make you feel someone cared about that garment," Haase said.

More than anything, the designer was concerned that the clothes feel good. "It doesn't matter how good something looks," she said, "if you don't feel good in it, it can't work. I want people to feel confident and to have a good time."

A native New Yorker, Haase made sure each item in her collection was made to easily get in and out of taxis. She is hopeful the "eclectic" collection will inspire women to mix and match items, such as black biker pants with a tailored jacket.

"The collection allows you to play a lot and explore different moods," Haase said. "There are clothes for dropping off your kids at school, and going to the office or to take in a child's quick music class."

The collection is aimed at better-end specialty stores. It will also debut at the first Stacy Haase store, a 2,000-square-foot showcase for her signature apparel and home furnishings, as well as accessories and gift items from other companies, that is scheduled to open in a yet-to-be-determined downtown location in September. Three other units should bow in other cities in the next 18 months, Greenstein said.

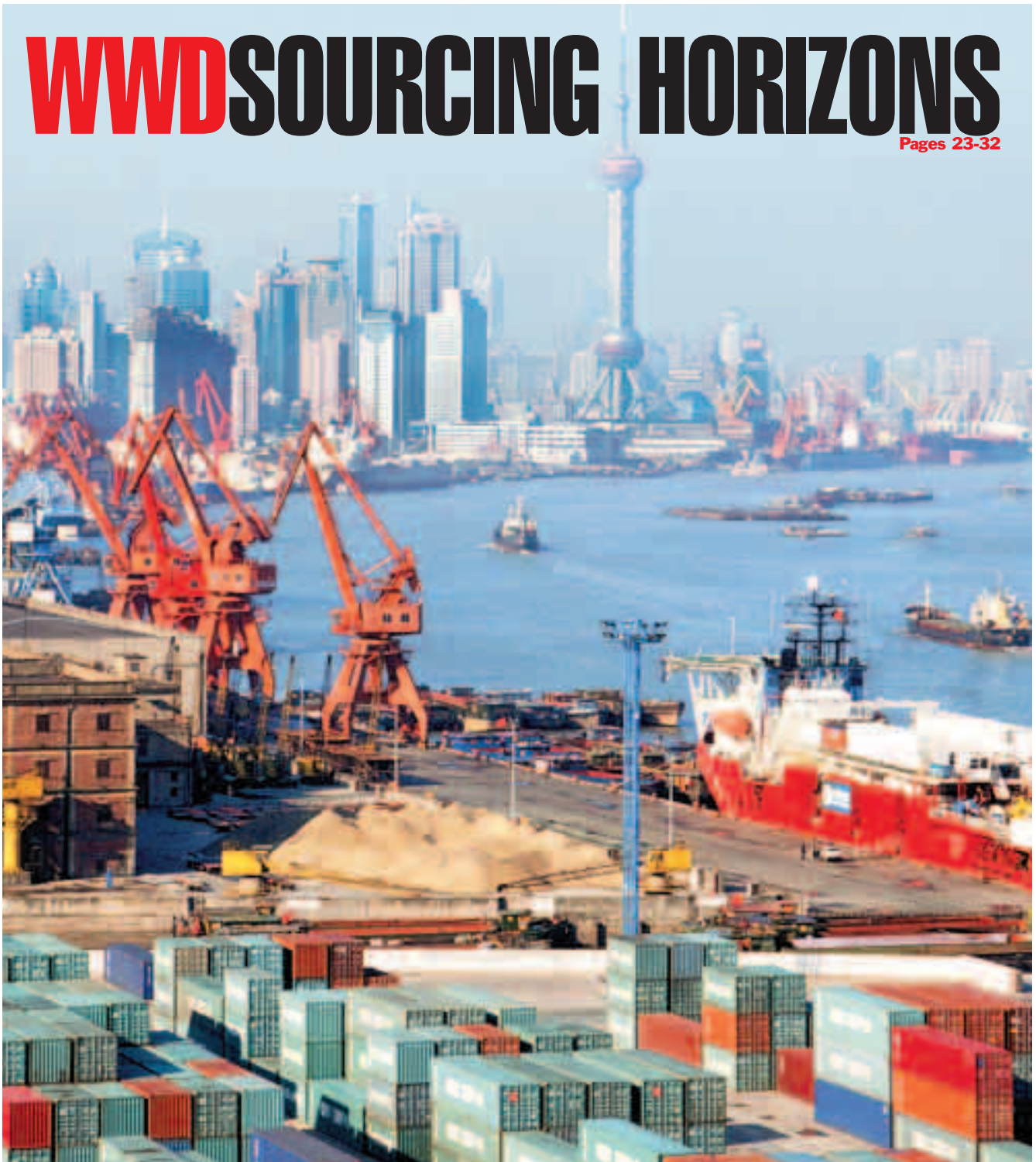
"We want the store to be really fun and approachable," Haase added. "Too many retail stores have become too serious. You feel like you have to speak in hushed tones and ask permission to try things on. We want this to be a place where people will spend some time in."

— R.F.



WWD SOURCING HORIZONS

Pages 23-32



THE BIG MARKDOWN

NEW YORK — Importers are bracing for a major surge of deflationary pressure in 2005, when many executives expect the abolition of the quota system to drive down apparel prices by 15 percent or more. Increased competition and the elimination of quota charges are the primary reasons that the price cuts are expected, though there is substantial disagreement of how much the price declines will be and how quickly they will take effect. Given the pinched margins along the apparel supply chain, some vendors and retailers are expressing hopes that some of the cost cuts will mean fatter profits. However, with mass marketers and Chinese manufacturers, including those in Shanghai, shown here, relying heavily on price competition, there is great skepticism about that possibility.

SOURCING HORIZONS

The boom in Chinese production is expected to contribute to a drop in prices next year.



THE DISCOUNT DEBATE

By Scott Malone

NEW YORK — The end of the quota system next year is expected to bring a marked decline in apparel prices, ranging anywhere from 5 to 50 percent, importer executives and market observers increasingly agree.

There is less consensus on the question of who will benefit from those price declines.

Some prominent executives held out the hope that lower costs wouldn't have to translate dollar-to-dollar into lower retail prices,



but rather would allow vendors and retailers to improve margins. Others suggested that, given the highly competitive and price-promotional nature of today's retail environment, it's likely that all the cost savings will be given up in the form of markdowns and price cuts.

"That's the \$64,000 question and I don't have the answer to that," said Peter McGrath, president of Plano, Texas-based J.C. Penney Purchasing Co.

McGrath said he's expecting a 17 to 18 percent decline in prices

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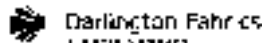
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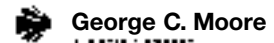
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SOURCING HORIZONS

THE DISCOUNT DEBATE

Continued from page 24

after the nations of the World Trade Organization drop their quotas on textiles and apparel on Jan. 1, but he said it will take time for that to occur.

"If the expectation is that it will be an immediate thing, I think people are mistaken," he said. "We see this happening over a 24-month period."

There are two forces that will contribute to the expected price declines, sources said. One is that, today, importers have to pay for access to quota rights, which typically account for 15 percent of a garment's cost, but can be much higher. The cost of quota rights varies widely by category, country and time of year, but it is a simple cost that most importers figure can be left out of their equations next year.

The second and more complicated force is increased competition. The country-by-country system of quota allocations has essentially assigned market share to most of the world. When the quotas are taken away, orders are expected to shift into a handful of countries that offer the best combination of low labor costs, strong infrastructure, ready supplies of raw materials and responsive customer service.

China, India and Pakistan are repeatedly cited as likely winners on this front, with other Asian nations and some Central American countries seen as falling into place behind them. Sources noted that orders will also concentrate in the hands of the most efficient suppliers within each country.

In China particularly, investors have been building apparel plants in anticipation of the end of quotas, and that increase in supply, coupled with the relatively flat demand for apparel in many major markets, is expected to drive prices down further.

"In the case of China, you will see an abrupt decline in prices as quota charges go away," said McGrath. "That will impact initial pricing around the world."

William Fung, group managing director of the Hong Kong-based sourcing powerhouse Li & Fung Ltd., summed up the situation this way: "China's problem is that there is overcapacity and the overcapacity is caused by the prospects of China."

In a report on the future of the Mexican apparel industry, consultant David Birnbaum of Hong Kong-based Third Horizon Ltd., wrote that the prices of Chinese garments in key categories will fall by 40 to 50 percent in 2005.

Willie Tan, executive vice president of Luen Thai International Group Ltd., a multinational apparel contractor with its headquarters in Hong Kong and production in China, the Philippines, Mexico, Cambodia and the Northern Mariana Islands, said he expects the cost savings to be passed along to the consumer to some degree.

In an e-mail interview, he said retail prices would "definitely" decline as a result of supplier price declines, but he also hoped that vendors would be able to keep some of the cost savings to boost profits.

"Deflation has to stop, as it is not normal," he said.

Penney's McGrath said he also hoped retailers would be able to avoid passing on the full extent of price declines. He said the apparel industry's approach to this change should be to ask itself: "What



Willie Tan, of Luen Thai International Group Ltd., said, "China is not that cheap, as people predicted, as compared to Indonesia and Cambodia or even the Philippines."

Countdown to
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2005

can we do to enhance the product, to give greater value to the consumer?"

Fung, who spoke in a conference call last month sponsored by the investment bank Lehman Bros., said it's likely that most of the cost savings will be passed along to consumers.

"This whole price issue will be a major issue because, obviously, it affects everybody's business as costs go down. Nobody knows how to deal with a deflationary environment yet," he said. "You basically have retailers whose business model is to pass on all the cost savings to the consumer, so, to the extent that you base everything off the actual cost of the merchandise, there will be discounters, there will be merchants, who will basically pass the cost on. We expect the whole price structure of apparel to drop."

James Gutman, president of the New York converter and full-package garment supplier Pressman-Gutman, said, "Retailers will give a lot of it back to the consumer, because they'll start competing on price even more, as they'll have more room. They're going to look to cut us and our customers back. The temptation to discount will be so great."

The question of continuing price declines is a critical one to retailers and vendors because with margins tight in much of the industry and fixed costs significant for many businesses, substantial declines in selling prices and no major margin improvements would mean

that companies would have to sell more merchandise to prevent profits from declining. With consumers increasingly turning their attention to other consumer goods, like electronics, getting people to buy more clothing has proven a difficult challenge.

"I don't like deflation," said Fung. "The only one that benefits from deflation is probably Wal-Mart."

Gutman said, "Every time they reduce price, they have to sell more units to make the same dollars, and the units are not increasing all that much."

Some sources also suggested that it's possible Asian prices won't drop as sharply as many expect.

"I've got a fair degree of skepticism that you'll see prices fall that much," said Keith Hull, president of marketing and sales at Graniteville, S.C.-based Avondale Mills Inc., which produces denim and khaki fabrics in the U.S. "The Asians are getting business now on certain price points and I don't think they have to be 15 percent cheaper."

"As I'm constantly reminded on both directions, the underlying costs don't necessarily determine market price. The market determines the market price," he said, referring to the inability of U.S. mills to raise their prices over the years simply because expenses rose.

Sources have also speculated that some overseas suppliers appear to sell garments at cost and make their profits solely on the quota rights. Companies that had adopted such a model likely would be unable to sustain themselves if they cut their prices by the full

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amount they had been charging for quota.

Gutman also noted that the Chinese government has made money over the years by selling quota as well. He pointed out that China last month reduced the export-tax rebate to 13 percent from 17 percent, a move that he called "the first salvo in what I think is a subtle way the [Chinese] government is going to recoup some of the revenue they're going to lose from the loss of quota."

China is seen as the nation most likely to drive a decline in prices, but sources also pointed out it appears increasingly likely the U.S. will move to limit Chinese imports. The Bush administration last year decided to place temporary safeguard quotas on three categories of Chinese imports that had surged after quotas were lifted on them in 2002, a move allowed under the terms of the U.S.-China bilateral deal that paved the way for China's entry into the WTO.

"The probability of the U.S. reimposing some sort of restriction on China after 2005 seems to be very

high," said Fung.

The U.S. textile industry is seeking across-the-board restraints on China in 2005. Euratex, a trade organization representing Europe's textile industry, last month asked the European Commission to consider placing limits on Chinese exports. A move by the U.S. or EC would serve to ameliorate some of the pressure on prices.

Sources have also pointed out that as China develops economically, it will become a more important consumer market.

"A lot of companies would be wise to take advantage of their sourcing in China to gain access to that market," said Ira Kalish, global director of Deloitte Research.

Some have raised the theory that as China climbs further up the development ladder, wages and operating costs there will rise. Sources pointed out that even today the wages of China's garment workers are not the lowest in the world, though the efficiency of its operations is widely praised.

"China is not that cheap, as people predicted, as compared to Indonesia and Cambodia or even the Philippines," said Luen Thai's Tan.

However, China's population is massive — 1.29 billion people live there and sources estimate that 70 percent of the population still reside in rural areas. Millions are now migrating into the cities. In addition, China's many state-run enterprises, which had long been managed with the goal of maximum employment, are now privatizing, and massive layoffs are resulting. These two factors suggest that finding a workforce willing to work for the relatively low wages common in the garment industry will be no problem for quite some time. Kalish has estimated that it will 20 years before China prices itself out of the apparel business.

"There seems to be an unlimited amount of labor and as such there is significant overcapacity" in China, Fung said. "It's not a pretty situation. There's a lot of real cutthroat price competition going on in China as a result of the overcapacity."

Avian Flu Spreading Across Asia

HONG KONG — Fears of a recurrence of an outbreak of SARS, the respiratory illness that devastated Asia last spring, have been replaced by concerns over the rapid spread of avian influenza. Bird flu, as the H5N1 virus is commonly known, has spread rapidly across the region and is currently affecting 10 countries in Asia. It is also being blamed for 16 human deaths in Vietnam and Thailand.

There is also an extensive outbreak among China's chickens. No human cases have been documented there yet, but the World Health Organization is monitoring the situation closely.

The spread of bird flu has led to numerous changes — birds from affected areas are being culled by the tens of thousands, the import of poultry from affected regions has been banned by many countries and the consumption of poultry in Asia is dropping rapidly. The WHO has not suggested any travel limitations to date. Instead, those traveling to affected areas are advised to avoid contact with live poultry, including feeding birds in parks. Those eating poultry or eggs should consume only thoroughly cooked products.

So far the disease appears to have made the jump from birds to individual people, but no human-to-human transmissions have been documented. That is another possibility health authorities are keeping a close eye on.

While governments across Asia are working to curb the spread of bird flu, they are being just as vigilant where SARS is concerned. Since December 2003, only four cases of the respiratory illness have been confirmed, all in China. The WHO is investigating each case to find its source.

Although requirements vary by country, arriving and departing passengers are required to fill out health declaration forms throughout Asia. In Hong Kong, all passengers also have their body temperature monitored via thermo-imaging thermometers.

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SOURCING HORIZONS

CAPITOL TIMELINE

By Joanna Ramey

WASHINGTON — With the election cycle heating up, supporters of two trade deals that are expected to go before Congress are hopeful that the measures will be voted on before political pressures put lawmakers' attention elsewhere.

Both supporters and opponents of the measure agree that with the presidential and Congressional elections set for Nov. 2, if the vote on the Central American Free Trade Agreement isn't held by June, it's unlikely to take place this year.

However, observers said the chances for a vote to extend the textile trade breaks given to the poorest sub-Saharan African countries through the African Growth & Opportunity Act are better. The proposed extension would continue the allowance for the 17 poorest countries to use third-country fabrics through 2020. It's currently set to expire in 2008.

CAFTA proponents are faced with the twin difficulties of a shortened election-year Congressional calendar and gaining support from politicians worried about voter con-

cerns over the uneven impact of liberalized trade on employment, particularly in manufacturing and agriculture.

"The closer to the election, the more difficult it would be politically" to pass the CAFTA measure, said Erik Autor, vice president and international trade counsel with the National Retail Federation. "We have passed trade legislation in an election year before. It can be done. But it obviously will have to be done with a lot of political lifting."

The President's strategists could get cold feet about sending CAFTA to Capitol Hill if the agreement's prospects, or Bush's reelection chances, have dimmed. While it's still early in the year, recent polls showed that a slim margin of voters are more apt to back a Democratic candidate over Bush. The slow economic recovery is among the concerns of those opposed to Bush, and Democrats love to highlight the likelihood Bush will be the first president since Herbert Hoover to preside over an overall loss of jobs, including in textiles.

"There's probably a greater concern about jobs and job loss-

es on the Hill today than there has been in the last 10 years," said Cass Johnson, interim president of the American Textile Manufacturers Institute. "Pushing CAFTA through Congress at this time is a very dicey proposal."

More than 90 percent of all apparel sold in the U.S. is imported. The five current CAFTA nations — plus the Dominican Republic, which is expected to be included in the final deal — accounted for 19.4 percent of the apparel imported into the U.S. through the 12 months ended in November, according to government data. Retailers and U.S. companies producing offshore have said that the region's market share could climb if the deal is approved.

The region is looking for a boost because, in less than 11 months, the rules of the apparel trade will change dramatically when the nations of the World Trade Organization drop quotas on textiles and apparel. Importers still contend that with duty-free benefits, as well as no quotas, the CAFTA would be an ideal place to increase production.

"The lack of a CAFTA will

Two trade deals are set to go before Congress this year.



have a strong impact on business," said Kevin Burke, president of the American Apparel & Footwear Association, which has members, including Kellwood Co. and Liz Claiborne, that source in the region.

These importers are facing a longtime foe on Capitol Hill: A large swath of the beleaguered U.S. textile industry is vehemently opposed to CAFTA as detrimental to U.S. jobs. Mill executives are calling for a rethinking of U.S. trade policies and are cashing in their political currency among textile-producing state lawmakers in an effort to kill the pact.

Textile makers are particularly irked by a portion of the pact that contains trade-preference levels, which allow the use of a certain amount of third-country fabric in qualifying garments. Karl Spilhaus, president of the

National Textile Association called TPLs "a back door" to illegal Chinese imports. He said NTA also opposes CAFTA's duty breaks for apparel made from certain Mexican fabrics, as well as the pact's list of fabrics that can be imported if they're in short supply among CAFTA countries.

White House officials did not return calls inquiring about the agreement said they were perplexed when Bush in his State of the Union address last month did not mention CAFTA, the first free-trade pact to be entirely negotiated during his administration.

However, supporters of the agreement say they expect the administration to get the CAFTA ball rolling and are hoping that might even occur this week. The first step in the process would be for the President to announce his

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AGENDA AMBIVALENCE

By Kristi Ellis

WASHINGTON — Despite the election-year hurdles, the Bush administration is steaming ahead with its ambitious free-trade agenda. Officials have already indicated they intend to pursue talks with another half-dozen countries.

But some pundits and lobbyists — including dedicated free traders — are starting to question the purpose of all these talks. Their concerns center around whether the administration is spreading itself too thin with so many trade deals in the hopper and whether these deals will offer anything commercially meaningful to U.S. businesses.

"I'm not an enthusiast of this agenda," said Edward Gresser, director of the trade and global market project at the Progressive Policy Institute, a Washington-based think tank. "As a whole, we are doing too many of these things without enough of a picture of where they want them to lead us."

With talks in the World Trade Organization and negotiations toward the hemispheric Free Trade Area of the Americas making little progress, the administration late last year turned its attention toward smaller bilateral or regional trade deals. The Central American Free Trade Agreement is a prime example of this strategy. (See related story, page 28.)

U.S. Trade Representative Robert Zoellick in January launched negotiations with Bahrain and indicated he plans

to begin free-trade talks with Panama, Colombia, Peru, Bolivia, Ecuador and Thailand.

The U.S. also is negotiating separate trade pacts with Australia, Morocco and five southern African countries.

Gresser noted a group of unconnected agreements could cause trade diversion. What is good for Bolivia, for example, might not be good for Paraguay and what is good for the Dominican Republic might not be good for Haiti.

"If there is no WTO agenda, then all of these things together have unexpected and sometimes perverse effects," Gresser said, noting that many Muslim countries could get hurt if the U.S. continues to negotiate with Latin American or Far Eastern countries.

"Most of the big Muslim countries in the world, like Egypt, Turkey, Pakistan and Bangladesh, rely very heavily on exports of high tariff products like clothing, and none of them, with the exception of Morocco, are on the list of FTA partners," Gresser said. "Most Muslim countries will be squashed in the middle when quotas on apparel and textiles

are lifted, with their neighbors receiving duty-free privileges or economies of scale."

Erik Autor, vice president and international trade counsel at the National Retail Federation, which is traditionally a free-trade supporter, said he is also concerned about the administration's agenda.

"It is a little disheartening out there when you look at the three big trade negotiations," Autor said. "We have a host of free-trade agreements that we are questioning about any real commercial benefit in them."

The administration does have its staunch supporters, on the Hill as well as in the private sector, including the NRF and many other wholesale and retail import associations.

The NRF, American Apparel & Footwear Association, U.S. Association of Importers of Textiles & Apparel and the Retail Industry Leaders Association (formerly known as the International Mass Retail Association) all supported CAFTA and trade pacts with Chile and Singapore, although the deals have fallen short of what they were seeking.

intention to sign CAFTA. The House and then the Senate would each have 45 days to vote on the pact, which they cannot amend.

Cal Cohen, who heads up a U.S.-Central American CAFTA coalition of businesses, said he believed there was a reasonable chance for a CAFTA vote this year.

Last week, the full 800-page text of CAFTA was released and after reading it, wavering lawmakers might end up supporting the pact, said Julia Hughes, vice president of international trade with the U.S. Association of Importers of Textiles and Apparel.

"Initially there's been a lot of concern on Capitol Hill" among GOP lawmakers with textile constituencies, Hughes said. "But as members of Congress look closer at the details of the agreement I think it will attract more positive response."

In an October letter to the President, 139 House members and 26 senators said they would oppose CAFTA if it including allowances for third-country fabric. Of those signatories, 60 were from Bush's GOP camp, which controls the House.

No one has polled these lawmakers to see if they're still opposed to the agreement, but textile caucus co-chair Rep. Howard Coble (R., N.C.) said he hasn't changed his mind. However, he said he might be open to supporting CAFTA if a deal could be reached in which China's imports are reined in.

"I'm not adverse to horse trading, if we could do it," Coble said.

U.S. textile mill executives are fearful that after quotas are removed Jan. 1 low-cost Chinese apparel and textile imports will surge further. The executives want the U.S. to negotiate new Chinese quotas.

"I dislike being a naysayer every time a trade bill surfaces here," Coble said. "But I also dislike promoting free trade when the element of fairness is conspicuously absent."



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PAKISTANI PROGRESS

By Kristi Ellis

WASHINGTON — Pakistan is ready for the game.

That is the message coming from government officials and industry executives in that nation who are preparing for the World Trade Organization-mandated end of quotas on textiles and apparel.

Countries around the globe are bracing for the revolutionary change coming on Jan. 1. The big unknown is which countries will be left standing when the quotas come off and a few powerhouses — particularly China — have unrestrained access to the U.S. market.

Political pundits, trade officials and corporate executives agree that Pakistan stands a good chance of surviving the transition as it capitalizes on its vertical production capacity, from its cotton crops on up to high-end apparel and home textiles production.

"I think there will be a shakeout," said a Pakistani embassy official in Washington, who requested anonymity. "The reason there are so many suppliers in the first place is because of quota distortions."

Pakistan supports the elimination of quotas and efforts to bring textile trade into the mainstream of the multilateral framework under the WTO, the official said.

He did not, however, downplay the threat China poses to Pakistan and all other foreign suppliers.

"China is competitive in any product we make, not only in textiles," the official said. "But that doesn't mean China will have all of the increases. Pakistan will come out a winner as an integrated manufacturer — from cotton production through finished products."

Pakistan is the world's fourth-largest producer and consumer of cotton and its economy depends primarily on cotton and textile exports as a major source of foreign exchange and employment.

The cotton textile industry remains the most significant industry for Pakistan. Last year it accounted for 46 percent of total manufacturing activity, 9 percent of the gross domestic product, 31 percent of total investment, 38 percent of industrial employment and 68 percent of total exports, according to the U.S. Department of Commerce's Country Commercial Guide.

Textiles last year made up 53.5 percent of Pakistan's \$2.2 billion worth of imports to the U.S., and the American market represents nearly a quarter of Pakistan's total export business.

Pakistan has taken significant steps to solve difficult economic reform issues by reducing trade barriers, privatizing state-owned industries and offering incentives to attract foreign investment. Pricing has been broadly deregulated and import tariffs reduced.

However, Pakistan's President Pervez Musharraf, has created many enemies in his own country for supporting the U.S.-led war on terror and for trying to make peace with India. The general has narrowly survived two assassination attempts in recent months.

Domestic political instability and sporadic ethnic and sectarian violence remain a problem along with the influx of millions of Afghan refugees.

In addition, documented child labor and other human rights violations factor into the foreign investment equation.



Pakistan's President Pervez Musharraf has created many enemies in his own country for supporting the U.S.-led war on terror and trying to make peace with India.

But high-level Pakistani government officials are confident the textile industry will attract foreign investment and remain competitive in cotton yarn, cotton cloth, made-up textiles, ready-made garments and knitwear.

U.S. importers will dictate which countries get the business in 2005 and beyond and at least one large retailer recently gave Pakistan a vote of confidence.

A J.C. Penney official confirmed the chain is seeking to increase textile and apparel sourcing in Pakistan to more than \$200 million over the next few years.

The government of Pakistan three years ago launched a program called Textile Vision 2005 to attract more investment in the sector and diversify its product offerings.

Under the policy, the government of Pakistan planned to spend \$5.7 billion over five years to bring the textile sector in line with the high tech industry before 2005. It could not be learned how much of that allocation has been spent.

The main thrust of the policy is to increase textile exports to a minimum of \$7.5 billion and attract invest-

ment of \$6 billion over four years.

The textile industry had a tremendous inflow of investment in value-added expansion during fiscal year 2002-2003, according to the U.S. State Department.

The Pakistani textile industry still needs about \$1.5 billion in government investment to meet the challenges that may emerge in the post-quota regime, also according to the State Department.

The post-quota world has many countries clamoring for something to help them remain competitive.

Pakistan has been maneuvering for textile and apparel breaks for the past couple of years and won some concessions from the Bush administration in 2002.

But the \$480 million three-year apparel and textile quota package fell far short of the broad menu of trade breaks Pakistan was seeking then and will be meaningless in 2005 when all quotas are lifted.

Pakistan is also hoping for a bilateral free trade agreement with the U.S., but that could take years.

In the interim, high-level Pakistani officials continue to periodically pressure the Bush administration for more apparel and textile breaks, such as duty-free treatment.

Pakistan's Commerce Minister, Humayun Akhtar Khan, came to Washington last June seeking duty and quota breaks but left empty-handed.

"When quotas go, Pakistan will be left in the middle," Khan said during that visit. "We will be at a tariff disadvantage. In the short- to medium-term we think some kind of tariff incentives should be given to Pakistan to offer us a level playing field to compete."

Khan said Pakistan's advantages lie in its vertical infrastructure and cotton production.

"There are giants like China and India that perhaps have the same advantage, but there are some areas where we can compete effectively," Khan said. "China is an enormous producer but China is a WTO member and has to comply with the things that come with [WTO membership]."

He also noted Pakistan is an ally of China, which could represent a huge market for Pakistan's exports of cotton fiber and other raw materials once quotas are lifted.

Pakistani importers and manufacturers and U.S. importers are gearing up and banking on Pakistan's existing infrastructure.

U.S. executives closely guard their sourcing strategies but one retail executive, who spoke on the condition of anonymity, said Pakistan will become a bigger player in the company's sourcing plans.

"We see Pakistan as one of the big winners when quotas go away," the retailer said. "One reason is the availability of yarn. Pakistan spins one-third of the yarn in the world."

The retail executive said Pakistan has been "hand-tied" by many years of quotas, adding he feels the country is poised for rapid expansion.

Another attraction is Pakistan's plan to develop high-speed vessels with 16-day service to the U.S. That's four days faster than the quickest service currently available.

The retailer sources less than 1 percent of its products in Pakistan but plans to increase production of knit apparel and home textiles to more than 10 percent in two years.

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The executive said his company is focusing on five countries when quotas are lifted: Pakistan, India, Bangladesh, Vietnam and China.

In Pakistan, companies have been making capital investments at home and expanding overseas offices in anticipation of 2005.

Karachi-based sourcing agent Nexus International set up marketing offices in Atlanta and Houston three years ago with the intent of making itself more accessible to U.S.-based clients. The firm, which represents more than 15 vendors in Pakistan, offers U.S. importers women's and men's shirts and jackets.

Haroon Ahsan, president of Apparel Trends Inc., the U.S. arm of Nexus, said the company's move to the U.S. was intended to improve service and make its customers "more comfortable."

"It will be a competitive situation in 2005," said Ahsan. "It will be survival of the fittest and come down to whoever provides better service, quality and price."

Unlike Pakistani government officials, Ahsan believes quotas are a good thing because they guaranteed a piece of the U.S. market.

He said he expects apparel and textile prices to drop sharply when quotas are lifted and he is counting on help from the Pakistani government.

"The government is talking about a package deal to compensate exporters" with subsidies, said Ahsan. "They need to make it viable to export, and profitable instead of taking losses."

Ali Sufian, a merchandiser at Cotton Connection, a buying house in Pakistan that represents home textiles vendors, said compliance with international labor laws is the primary area of concern as quotas are lifted and competition accelerates.

"The main issue when quotas are lifted is having vendors be in compliance with child labor and safety laws," said Sufian.

To that end, a group of 30 Pakistani manufacturers is working in conjunction with the government to bring more factories into compliance under a policy known as the Pakistan Compliance Initiative, Sufian said.

"That will make companies more attractive so when big stores like Wal-Mart come in and ask for compliance, we can give it to them," he said.

He said a big U.S. buying group that could include Wal-Mart executives is scheduled to visit Pakistan this month, at which time the vendors will demonstrate the 1 1/2-year-old PCI.

"It was a big step to come together with the government agencies to address the problems, which range from minor to major," said Aleema Khan, director of Cotton Connection. "Every U.S. company has strict compliance standards, including Wal-Mart, Kmart and Martha Stewart."

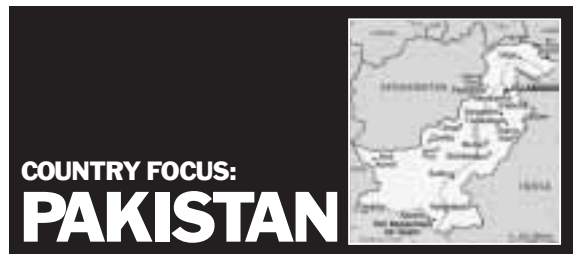
Aside from compliance, Pakistan will have a competitive edge based on its bountiful cotton crops, according to the two Cotton Connection executives.

Sufian acknowledged that China will pose a threat but claimed that country has one big drawback in that it consumes some 70 percent of its cotton crop, while Pakistan exports roughly 70 to 80 percent of its cotton. That surplus supply means that Pakistani producers could have access to vastly more cotton if sales growth made it necessary.

"The biggest asset we have is cotton," said Khan. "Pakistan has the highest surplus and lowest domestic consumption and that gives us an advantage over China, which ran out of cotton this year."

She acknowledged, however, that China will always have its place.

"But once China starts competing on an equal basis and stops manipulating its currency, it won't be much different than Pakistan and India," Khan said. "It will become a single platform."



GDP: \$311 billion/\$2,100 per capita (2002)

GDP Change: +5 percent

Population: 150.6 million

Unemployment: 7.8 percent

Textile & apparel imports to U.S.: \$2.2 billion, up 13.5 percent*

Key products: Cotton yarn, cotton cloth, knit apparel, cotton trousers

Currency: 55.31 Pakistan rupees = \$1 U.S.

Textile and apparel employment: 15 million

Major companies: Irfan Textiles (Pvt) Ltd., Klass Textiles (Pvt) Ltd., Sarah Textiles/Teefau

Pakistan, the U.S.'s fourth-ranked supplier of apparel and textiles as measured by square-meter volume (it ranks 10th in dollar volume), is expected to gain U.S. market share in textiles and apparel when quotas are lifted on textiles and apparel among World Trade Organization members in 2005. Pakistan's abundant cotton crop could give it a boost over other developing countries that don't have adequate supplies of raw materials. Textiles and apparel represent 68 percent of its total \$9.8 billion worth of exports to the world, with the U.S. market alone representing almost one-quarter of its exports. The Pakistani government's textile initiative attracted considerable foreign investment in the country last year and the government is expected to continue promoting its cotton exports. Industry executives are keeping a close eye on Chinese apparel and textile prices, which are expected to drop sharply when quotas are lifted at the end of the year. They contend they will be able to compete in such niche areas as cotton sheeting, cotton yarns, cotton cloth and knit apparel.

* FOR THE 12 MONTHS ENDED NOVEMBER 2003, COMPARED WITH COMPARABLE YEAR-AGO PERIOD
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SOURCING HORIZONS

WTO TALKS TO RESUME

By John Zarocostas

GENEVA — Major trading powers, spearheaded by the U.S., the European Union and Brazil, are gearing up to revive the stalled Doha global trade talks by kicking off a series of high-level meetings here starting Wednesday.

Paralysis has gripped the talks since the collapse of the Cancún trade summit in September.

Robert Zoellick, U.S. Trade Representative, started the ball rolling on Jan. 11 with a six-page letter to WTO trade ministers, in which he said, "I do not want 2004 to be a lost year for the WTO negotiations."

On Wednesday, Zoellick will begin a two-week trip to meet with world trade officials.

In a similar vein, EU Trade Commissioner Pascal Lamy recently said, "Real progress in 2004 is possible if the members are ready to achieve this," despite political distractions ahead, including elections in India, Canada, the U.S. and the European Parliament.

Toufiq Ali, Bangladesh's WTO ambassador, said Zoellick's letter "has been received very positively and should provide an impetus to the negotiations. The EU, as well, has shown an interest to engage meaningfully in the negotiation."

The South Asian envoy said he is hopeful the negotiations will "begin soon."

In order to inject momentum, WTO director general Supachai Panitchpakdi is expected to oversee the resumption of the so-called Doha Round talks "more closely," taking a more active role in direct negotiations, a senior WTO diplomat said.

The Cancún collapse occurred after a group of 20 developing nations walked out of the talks, complaining that their concerns about rich nations' agricultural subsidies were being ignored. The U.S. and EU have since taken steps to narrow the rich-poor divide, including signaling a more flexible stance on agriculture.

"There clearly is now a will to do it," said David Hartridge, director and senior WTO counselor and trade counselor, White & Case. "In the autumn, the U.S. and the EU were both silent. Now, both have got positions on the table. Both are pressing and are being helpful. They are back fully in the game."

Hartridge, a former senior WTO official, said agriculture is still the essence of the round and



WTO director general Supachai Panitchpakdi has said he plans to oversee the talks "more closely."

PHOTO BY AP/PHOTO

a major problem that needs to be resolved if there is to be a successful outcome.

The emergence of the powerful G20 group of developing nations, led by Brazil and including South Africa, China and India, has made agriculture the epicenter of the round.

Zoellick has said, "My assessment is that we will need to achieve a more concrete understanding in agriculture before the negotiations on market access for manufactured goods can move ahead."

In "mandatory" sectoral negotiations to remove all duties on items such as textiles, clothing and footwear, Zoellick has suggested the U.S. is prepared to be flexible vis-à-vis poorer and less-developed nations.

Officially the Doha talks still face a Jan. 1, 2005, deadline. That date is coincidentally the date the WTO members are set to drop their quotas on textiles and apparel, but that move was agreed to by negotiators a decade ago.

The broad consensus among trade negotiators and experts is that the current round most likely will not finish on time, but will require another year or two.

"It is impossible to finish the round on time, but no one wants to admit it," said John Weekes, Canada's former ambassador to the WTO and his country's chief trade negotiator in NAFTA.

The objective of the resumed talks is to try and agree on a framework for agriculture by midyear and on an outline on the details of specific concessions by the end of 2004.

2005 Worries Spread

GENEVA — More global leaders are raising their voices in concern over the effects of the coming end of the quotas system on the world economy.

Next year, the nations of the World Trade Organization will drop the quotas on textiles and apparel that have regulated that trade for more than three decades. A handful of nations, particularly China and India, are expected to see their sectors grow significantly at that time.

"Just the sheer scale of China's capacity, and investment in China, has taken so much of the investment of the developing world and that's having a result within Asia, as well as job losses," said Mary Robinson, the honorary president of the advocacy group Oxfam International and former U.N. commissioner of human rights. "That is an issue that has to be addressed."

"Economic globalization benefits the strong and only helps those who are in a position to work in that context."

— Mary Robinson, Oxfam International

"There needs to be a human rights analysis of the work of the WTO, of the trade barriers, and there needs to be more mobilization of opinion-formers who need to acknowledge that economic globalization benefits the strong and only helps those who are in a position to work in that context," she recently told reporters here.

Meanwhile, B.K. Zutshi, who was India's ambassador to WTO predecessor the General Agreement on Tariffs and Trade at the time the end of quotas was voted on, said he feared the U.S. and EU might seek to extend the quota system informally.

He said he feared they "may resort to other means to contain and to restrict full and free access in textiles and clothing in their markets by use of other initiatives."

The U.S. has already moved to impose temporary safeguard quotas on certain Chinese apparel and textile exports, while the EU textile organization Euratex has asked the European Commission to consider imposing across-the-board limits on China.

— J.Z.

SWATCHES

LENZING RAMP UP: Fiber firm Lenzing Group started up a second production line last month at its plant in Heiligenkreuz, Austria,

doubling the facility's lyocell fiber production capacity to an output of 40,000 tons a year. In all, 30 jobs will be created by the capacity expansion. Lenzing expects the plant to be operating at full capacity within two years.

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Execs Report Pickup in Germany

By Melissa Drier

DUSSELDORF — While the German apparel market remains under pressure, participants at the CPD trade show here this month said they saw signs the market was improving.

Jürgen Dax, managing director of the German Retailers Association, said German store owners are "in a relatively good mood. Many are happy to have survived a bad 2003, and the cost-cutting measures of the last years are beginning to bear fruit. We know that in spite of soft sales, the profit picture is improving."

Building nondomestic sales and honing a sharper, niche-oriented profile are the two tools German manufacturers are using to get ahead. The increase in non-German buyers — who represented 30.5 percent of the 53,000 visitors to the fair — was welcomed, especially as insolvencies and store closures continue to shrink the German retail market.

Jim Buckley, divisional manager of Escada Sport, said sales were up 18 percent in units and 3 percent in revenue, but "we haven't acquired extra business. Rather, we've lost customers via bankruptcy, which is the biggest problem at the moment. But we've cleaned our customer basis well, and it's a good time to build, too."

In terms of growth, Buckley said "China and Eastern Europe are going very well, and we've just reintroduced Escada Sport to the U.S. and not just in our own stores."

In addition, he said there's "huge potential growth in specialty store business [in the U.S.] and we're working on a strategy for that. Plus we're also going after the ski business in the U.S. It's a niche business, but a great one to have in the winter."

Escada Sport itself might be considered a niche business, "but niche doesn't mean small," Buckley asserted. Escada Sport is carried in 1,200 doors worldwide, and Buckley said the company believes it could triple to quadruple that business.

"We're very competitive and priced aggressively and we have a clear lifestyle message with a free-time mentality that's open to any [consumer] willing to move in that lifestyle," he said. Noting that the market is becoming more "buy now, wear now," Escada Sport has now moved to five delivery groups per season versus two. "Those who are surviving well in this economy are the ones who have changed," he said.

Matthias Schledhaider, sales manager of Apriori, one of the larger German women's fashion brands, noted that buyers at the show appeared to be somewhat less price-focused than they had been in recent seasons, though cost remained a concern for luxury goods.

"Stores definitely did better business in January with new merchandise," he said. "But [retailers] are still being careful, and more expensive items like fur and leather are more difficult to move. The market has become price-sensitive."

Apriori's strongest sellers for fall, he said, were in feminine bouclé tweed and satin in black, white and hot pink, and more pop, Sixties looks in graphic black-and-white patterns plus a shot of red and royal blue.

Apriori, which does two-thirds of its sales abroad in key markets including Spain, France, Russia and Scandinavia, has also just ventured into the American market. "The first deliveries are just coming in and the reaction has been super. We're going over again in February, but it's a brave new land."

North Americans are becoming a somewhat less rarified breed in Düsseldorf these days. Linda Mitchell, a member of the family that owns Richards and Mitchells in Westport and Greenwich, Conn., was spotted at Bog-

ner, between buying trips to Hamburg for Jil Sander and Paris for Hermès. She reported Mitchells had recently received its first shipments of Bogner and Sônia Bogner, "and it's doing nicely."

"The casual lifestyle pieces work for us, especially outerwear and some special pieces," she said. "I've just started looking at the fall collection, but the coats look very, very strong."

Daniela Poerner, vice president of design and development at Bogner, said the more fashion-conscious Sônia Bogner collection is starting to move in the U.S.

"Everything that's a bit over-the-top and then available in sizes 10, 12 or 14 is selling, though [retailers] also buy a lot of size 4 and 6. The Germans still buy safe, safe, safe. The market is so heavy in terms of service, salespeople and buyers, so it's particularly inspiring to have visits from the U.S."

Retailer Susan J. Sharpe, president of Susan J. in

ing and a more complete wardrobe look. And wool, one of our strengths, is absolutely the rage with Brit Chic. The last two to three seasons in Germany were difficult, but not just for us. Fashion was very items-oriented, which was counterproductive for a house like Windsor that excels with pantsuits and the like."

Several key fall trends stood out at the show: Chenille and bouclé tweed jackets and skirt suits; Swinging Sixties styling, with lots of red, white and black; pink, pink, pink from the palest little girl tints to shrieking fuchsia; Brit Chic and all manners of tweeds and glen checks, and the steady proliferation of what's dubbed "experimental" fashion in Germany — generally long, geometric-shaped apparel in natural and predominantly neutral fabrics.

Annette Görtz, one of the best-known proponents of the no-age, all-size look, has been prospering in a soft market. "Business is very good, and while we've continued to expand internationally, I'm also happy about every



A look from Apriori.

Annette Görtz's work is an example of the new "experimental" style.

A Tuzzi look on the Düsseldorf runway.

London, Ontario, said she does a lot of business with German collections, including Lucia, Gerry Weber, Cavita and Steilmann.

"I'm looking for newness and better coats," she said, adding that she'd found enough in Düsseldorf "to give the consumer a new reason to buy. It has to be fabulous but wearable, like the Spanish knit line Diktons, or Gerry Weber, where the line has become a bit younger but without losing its base customer."

Noting the prominence of bright colors in many collections, she said, "I don't see anyone wearing a fuchsia suit, but you can wear a fuchsia jacket with black pants...I think consumers are ready for a shot of color."

Producers of more classic women's wear, like Windsor, are also experiencing an upswing.

"The fashion trend is moving in our direction," said Monique Enrich, key account manager for Windsor Women's in Europe. "It's back to chic, with more tailor-

German customer," said Hans-Jörg Welsch, the designer's husband and director of the company. He described the brand's customers as "individualists" size 4 to 14.

"Of course it's not the Gucci customer," he said, "but there's increasing demand for this type of sleeker fashion."

The Annette Görtz collection is carried by about 50 doors in the U.S. and Canada, including Takashiyama in New York.

"The order volume is relatively modest, but the prices there are twice as high [as in Europe] because of duties and importer fees," he said. "But we can definitely grow there, in spite of the strong euro."

Attendance at the show was off 15 percent from last February's record numbers. A total of 2,050 vendors showed at the Düsseldorf fairgrounds and two fashion houses, and 45 percent of exhibitors were from outside Germany. Many buyers also popped in at the additional 800 showrooms scattered throughout the city.

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Do MBAs and Fashion Mix?

By Katherine Bowers

CAMBRIDGE, Mass. — Harvard Business School may famously churn out investment bankers and management consultants, yet many grad students attending the 13th annual Dynamic Women in Business Conference last month came to calculate what an MBA is worth to the fashion and beauty industries.

"It's hard to imagine after graduating from Harvard Business School that you would accept a job on the selling floor, but that is the heart of the industry," maternity designer Liz Lange emphasized, addressing a packed room at a retail careers panel discussion, one of a series of industry-focused sessions. "I started my business by waiting on every single customer, learning what she wants, needs and likes. I can't imagine people effectively moving up the chain [of command] without that experience."

The one-day conference drew roughly 600 women — mostly B-school students and recent alums, but also a smattering of students from other area schools — to network and learn from industry veterans.

Ann Moore, chairman and chief executive officer of Time Inc., gave a morning keynote address that balanced career advice with insights on how women have brought a new dy-

namic to American business, one of the conference's themes. Afternoon panel discussions ranged from careers in health care to real estate, but two of the best-attended panels of the day were retail and marketing, delivered to standing-room-only crowds of nearly 200 students.

One student, who had driven several hours down from Dartmouth's Tuck School of Business to attend, said she came to evaluate the trade-off between two summer internship opportunities — one at Shiseido and the other at Limited Brands. Would the faster-paced apparel industry allow her to do more, sooner, she wondered? Or would the marketing skills she'd learn in beauty ultimately be more valuable and a surer path to better compensation?

Another grad student said she was getting her MBA in order to secure financing and more solidly structure the beauty business she plans to launch after graduating.

Along with Lange, the retail panel included Lisa Capozzi, vice president of merchandising and planning at Louis Vuitton North America; Michelle Mandel, Talbots executive vice president of stores; Kikka Hanazawa, Theory's chief strategy officer, and Pauline Brown, vice president of corporate strategy and new business development for Estée Lauder.



Harvard MBAs learn about fashion.

Brown encouraged students with finance backgrounds to look for development positions, which, she pointed out, would give them a start in fashion or beauty while being lucrative enough to allow them to begin paying back loans. Citing her own experience, Brown joined Lauder in 1997, just after it went public, on the eve of the spate of acquisitions that would take the company to the 19 brands it owns today.

"I'm always on the lookout for what's the 20th, what's the 21st," she said. To succeed in the fashion business, she added, one needs a crucial mixture of "left and right brain. You have

to read the bottom line to put together a P&L [profit and loss] report. On the other hand, you have to have good taste and understand how to create the theater of the [brand] experience."

Mandel, who emphasized that Talbots is recruiting, said the litmus test for anyone entering retail should be "loving to sell. Selling isn't a dirty word. In retail you're constantly selling — your brand to your customers, your vision to your associates, your business as an opportunity to investors."

Although most questions focused on how to break into the industry, students were attuned to the forces reshaping the industry. In a long-winded question that might have made a dissertation thesis, one attendee asked Lange about the risks and rewards of putting one's brand into the mass channel.

"I was simultaneously in negotiation with Saks to do shop-in-shops and with Target for the license," she recalled of the deal-making process. "A Saks executive told me 'It's them or us.' And it was a no-brainer to me. Target felt like the future."

She described her relationship as a "classic licensing arrangement" and said she's often amazed at Target's sourcing resources.

"I'll give them an \$80-a-yard fabric I like and the next day I have 10 samples back," Lange said. "And I hate to admit it, but sometimes it's awfully hard to tell the difference." She conceded a few aesthetic drawbacks of mass presentation and joked about fiddling with her section whenever she's in a Target store.

"Sometimes you go in with your heart in your mouth — there are 100 hangers pushed together and shopping carts everywhere," she said. "But the end of the week, to see the selling reports, the volume they move is staggering."

Sometimes, Lange added, "I wonder what we're all doing in the high end."

Asked to consider what Lange's comments portend for luxury brands, Louis Vuitton's Capozzi acknowledged, "No one does it better than Target. There is an instant gratification there." But, she added, true luxury defines itself by "selling the experience on top of the product — if you're doing it right."

At a lively marketing panel earlier in the day, panelists each chose a seismic trend they see reshaping purchasing habits.

For Reebok classics vice presi-

dent Jan Sharkansky, a key force is the psychological compression of the generational age gap. "With women waiting longer to have children, the numerical age gap is larger than ever, but these women are closer than ever in terms of trends, music, aspirations," she said. "We're seeing the Boomers age down with the growing sophistication of tweens."

Reebok is using that insight as the centerpiece of its thrust to expand its entire women's platform.

"That's what we're going after and don't tell Nike," Sharkansky quipped.

Cheryl Howard, vice president of marketing for Gillette's personal care businesses, picked radio frequency identification as her top trend.

"This is a huge change in the way we are going to be able to understand and track consumers," she said. "Eventually, we will be putting a digital chip into every single product in the world. We will know how and when and where each item is sold."

In the meantime, Howard couldn't resist resorting to old-fashioned consumer polling, asking for a show of hands to see how many audience members were using the Venus razor for women.

Paige Arnof-Fenn, founder of marketing consulting firm Mavens & Moguls and a Procter & Gamble veteran who worked to develop Cover Girl's first ethnic makeup line, picked the "thumb drive," a portable hard drive about the size of a stick of gum that executives can plug into any laptop in a hotel or conference room.

Hearing Arnof-Fenn's choice, Howard laughed and pulled her own thumb drive, dangling from her key ring, from her purse.

Arnof-Fenn said she's also keeping an eye on two other trends — the growth of social networking Web sites, such as LinkedIn, and increasing consumer anger and activism over how and where companies advertise to them.

"Over 50 percent of households signed up for the Do Not Call list, before it was even legal," she noted.

Sharkansky said all brands should be carefully monitoring consumers' feelings about advertising, no matter what channel they're using.

"Listen, TiVo means they don't ever have to watch another ad, ever," she said. "Your messages shouldn't be about intrusion or interruption. It's about authenticity and value to the consumer. How are you going to help their lives?"

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MEMO PAD

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Leon Talley has

made an unusual request this fashion week: he doesn't want to be anywhere near the front row or the cameras. Part of it is due to the level of, um, scrutiny Talley has been subjected to in the past, but he said he also just wanted to tip his hat to his colleague, sitings editor at large **Camilla Nickerson**, whose shoot for October's *Vogue* is the "it" reference of the season. "The whole thing has spiraled out of control," said Talley. And anyway, he said, "I'm tall. I can see from the fourth row, the scrum or back in the bleachers. It's not where you sit. It's the contribution you bring with your ideas and your talent."

The request had everyone confused, though. One showroom person who handles seating said, "I've had people from the Rocky Mountain News tell me they want to sit in the front row, but I have never had someone tell me they don't want to sit in the front row." Others were worried that because of all the press in the tents, the showrooms would be written up for bad behavior for having sat the legendary editor at large in the back, even though that was precisely what he wanted.

But some things don't change. According to one insider, Talley's assistant went so far as to relay the un-diva-like request by gently suggesting that Talley might not attend unless he was moved. And there was the fabulous fur coat and shades he was sporting at Diane von Furstenberg, which seemed to be the fashion editor's idea of invisible chic that, naturally, meant he was highly visible. — **Jacob Bernstein and Greg Lindsay**

SHE MADE HER (EM)BED: **Judith Miller** can't catch a break. Just one week after the New York Times reporter was the

subject of a thinly veiled swipe by its public editor, **Daniel Okrent**. The New York Review of Books has chimed in. In an 8,420-word piece called "Now They Tell Us," written by **Michael Massing**, Miller, among others, is criticized for being one of the many "U.S. journalists who were far too reliant on sources sympathetic to the administration."

Going after Miller for her weapons of mass destruction reporting and her connections to Iraqi dissident **Ahmed Chalabi** is nothing new. As the piece points out, The Times reporter has been the "subject of harsh criticism in *Slate*, *The Nation*, *Editor & Publisher*, *The American Journalism Review* and the *Columbia Journalism Review*."

But there's one thing that differentiates the NYROB from the others: Miller is married to **Jason Epstein**, a founder of the NYROB who still writes for it occasionally. And the Review's co-editor happens to be **Barbara Epstein**, his ex-wife.

Of course, no one really expected that the biweekly would interfere with a critic's work on such an important topic.

"They're pretty honorable, how could they dare censor it?" pointed out one industry observer. But the daisy chain effect was amusing to some. "She's married to Epstein, whose ex-wife runs the publication [that's critiquing her]," said another.

Miller said the biggest problem was the piece itself. Speaking of her husband, she said he no longer has a managerial role at the title before adding, "If you'd like my view you should talk to him about it. We're independent agents. Obviously I disagree with Massing's description of *The Times*' coverage. I think it's biased and unfair and I think *The Times* did an excellent job of presenting different perspectives under very difficult circumstances, [i.e., classified information]."

Miller also said she'd been "misquoted and misrepresented" in the piece and that a letter has been sent. It has not yet arrived at the Book Review, though, said **Barbara Epstein**.

As for Jason Epstein, he said, "I can't discuss that," and hung up the phone. — **J.B.**

NAVEL-GAZING: There's more movement in the world of media reporters than there is in the rest of media. The latest to throw in the towel is *The Wall Street Journal's* **Matthew Rose**, who is taking a plumb job as a page-one editor at the paper. For interested parties, **Dow Jones** is said to be taking applications. — **J.B.**

BY THE WAY: More turmoil at American Media. *Star Magazine* publisher **Colleen Wyse** is out after just 16 weeks on the job. The decision was hers, but one source familiar with the situation said, "You need to be able to handle someone who's demanding and knew the game better than she did. It was an amicable parting, though."

Meanwhile, speaking of the tabloids, the road to becoming the nominee of the Democratic party doesn't really start with winning delegates. It begins the first time that the *National Enquirer* reporters dig through your trash can. So send congratulations to **John Kerry**, who earned his first "Enquirer Investigation" this week. In it, a "former girlfriend" and "political insider" said the Massachusetts senator is so vain he wanted to "make love where he could see himself in the mirror," has an extensive history smoking pot, has former girlfriends that include Hollywood insiders **Morgan Fairchild** and **Catherine Oxenberg**, is technically Christian, although Jewish by descent, and has had plastic surgery "at least once" to have his double chin turned into a, well, single chin.

Perhaps typically, the campaign had no comment by press time. However, much of the information in the "Special Enquirer Investigation" was, in fact, old hat. The *Drudge Report* posted before-and-after plastic-surgery shots of Kerry more than two weeks ago; he's admitted to smoking pot; his history as a womanizer has been printed about in reputable outlets like *The Times of London*, and his paternal grandparents were in fact Jews who converted to Catholicism, which he does not deny.

A botoxed Jewish President whose past girlfriends include actresses from "Falcon Crest?" Clearly, the fashion and media worlds could not have asked for a better representative in the White House. — **J.B.**



Lang's Sculptural Take on Color

NEW YORK — Blinding, shining color has invaded the often black-and-white world of Helmut Lang's ad campaign.

Reflecting (literally) this season's metallic leather skirts, the designer's campaign for spring plays heavily off the more sculptural aspects of Lang's spring-summer collection. Shot by early Lang collaborator Juergen Teller, the campaign emphasizes the color and play of light off the skirts and the asymmetrical shapes of cutout tank tops for men.

Lang explained Monday that Teller's photographs, like the collection itself, take their cue from the sculptures of Louise Bourgeois (herself the earlier subject of a Lang campaign) and John Chamberlain, whose crushed metal pieces are referenced in the played skirts in the ads.

The vibrant colors — greens, blues, silver and amber — are a departure from the designer's more recent monochromatic campaigns, but that's to be expected, Lang said. "It's a season about color, defini-

tely," he said, bemused by a question about his black-and-white tendencies. "If you do a collection about color; it makes sense to have a lot of color."

In line with the sculptural influence, "we tried to kind of focus on just the objects in the advertisements," which explains why only patches of the models' skin are visible. He wanted to deliberately eschew showing what the skirts would look like on the wearer because "we knew just after showing in Paris that these would be the most photographed items in editorials, so we thought it would look good in the ads in a still life kind of way. And Juergen seems to be good for that."

One ad, which is running only in art magazines and French and Italian *Vogue*, is a reproduction of artist Luca Stoppioni's abstract "untitled (Ester-02A)." The original is on display in Lang's Milan store now through July. The overall campaign is running in such titles as *W*, *Vogue*, *Vanity Fair*, *The New Yorker* and *The New York Times Magazine*.

Herrera Turns Jersey Girl

NEW YORK — Asbury Park has never looked so good.

The New Jersey seaside town, known for, among other things, the Bruce Springsteen album "Greetings From Asbury Park," serves as the backdrop for Carolina Herrera's new spring advertising.

Photographer Terry Richardson shot Louise Pedersen on a dreary November day, but the raw temperature and whipping wind didn't stop her from wearing a yellow sleeveless dress and other spring pieces. Determinedly moody without being forced, the images hint at a woman who winds up at the beach while heading home after a long night out. Richardson's easygoing manner and his fondness for 35-mm cameras set the tone for "the very easy vibe" on the shoot, said Kimberly Flaster, director of public relations for Carolina Herrera.

"We wanted to put something out there that is still beautiful but not perfect, which is more real," Flaster said.

Modco Creative developed the campaign, which breaks in March editions of magazines such as *Harper's Bazaar*, *Elle*, *W*, *Town & Country* and *In Style*. Herrera invested more in the spring campaign than its fall ads, but the company declined to give specifics. In addition to March issues of magazines, the ads will run in April and possibly May books, as well.

The striped jacket that is featured in one of the ads has already sold out to specialty stores, Flaster said. The company saw a similar reaction to a lace dress that appeared in the fall campaign, which was one of the season's bestsellers for the \$410 million luxe brand.

Just like the fall campaign, which was shot in the designer's red living room, the spring ads center on her chic elegance. The new campaign's "younger feeling that's not so stylized" should attract a wider audience beyond the designer's tried-and-true shoppers, said Patricia Herrera Lansing, the former *Vanity Fair* associate fashion editor who joined her mother's company last year. "It doesn't alienate the people who know Carolina Herrera, but it could appeal to someone else, too."

Even the Jersey shore grew on Lansing. "I like the idea that it's outside and you can't tell where it is," she said of the ads. "It's moody. Terry Richardson really conveys today's environment."

— **Rosemary Feitelberg**



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Beaton Mania

LONDON — One hundred years after his birth, London is celebrating Cecil Beaton, the Englishman with the relentlessly roving eye, the photographer and diarist who offered both sublime images — and incisive commentary — of 20th-century celebrities and socialites.

Today, Sotheby's will unveil Beaton at Large, an exhibition featuring more than 50 photographs — many of them in large format — accompanied by Beaton's sometimes sweet, sometimes snarling commentary.

"Cocteau was one of the few who always seemed successfully to have designed his own appearance...the bird-like profile, the parchment skin, the pursed lips," reads the caption to a silhouette shot of the writer.

Lydia Cresswell-Jones, curator of the Sotheby's show, said she wants viewers to come away from the exhibition with Beaton still in their heads. "I think it's fun to go around an exhibition listening to Beaton. This is not someone else's view of him — it's him speaking," she said.

The show, which runs until Feb. 20, features portraits

from the Twenties through the Sixties and includes everyone from Marlene Dietrich to Coco Chanel and Mick Jagger.

To coincide with the show, Sotheby's, which owns Beaton's studio archive, has for the first time published an index of its 100,000 Beaton images, and plans to convert them into digital files.

A mile from Sotheby's near Trafalgar Square, the National Portrait Gallery last week opened Cecil Beaton Portraits, which will run until May 31. This show offers 100 portraits, grouped by decade, with never-seen-before snaps of the Duke and Duchess of Windsor's wedding, Gertrude Stein, Jean-Paul Sartre, and Marilyn Monroe from her own collection.

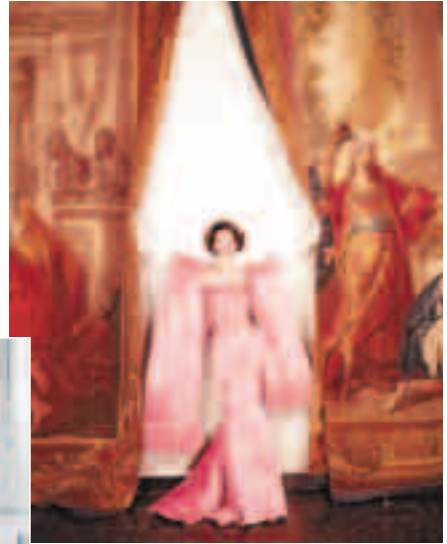
"What's really striking is the diversity of the photos, and how Beaton managed to reinvent himself over the decades," said Terence Pepper, curator of photographs at the museum.

Indeed, Beaton photographed headline-makers from Queen Elizabeth II to young victims of the Blitz during his decades-long career. "Like Madonna, Beaton was a master of reinvention, changing his styles with the decades," Pepper said.

Meanwhile, in southwest London, the National Archive in Kew is staging Our Man in India, photos that Beaton shot during World War II in India, on behalf of the Ministry of Information. The exhibition, which runs until March 13, illustrates everyday life in India and the Indians' contribution to the war effort.

And the Beaton celebration isn't restricted to Britain. This fall in the U.S., Knopf will publish "Beaton in the Sixties: More Unexpurgated Diaries," the second volume of Beaton's diaries edited by Hugo Vickers.

The book, which is already out in the U.K., features eye-popping commentary on stars such as Greta Garbo ("I was appalled how destroyed her skin has become, covered with wrinkles, double-chin...there is a furriness that is disastrous.") and Mick Jagger ("His skin is chicken breast white, and of a fine quality. He has enormous inborn elegance.")



All from Beaton at Large: (left to right) Baba Beaton, 1926; Luis Miguel Dominguin, 1951, and Evening Fashion, late Fifties.



The diaries fizz with life. "We all lead relatively humdrum lives, but Beaton makes every morning seem like a birthday, every afternoon like the curtain rising on a matinee and every evening like first night with champagne popping in the wings," said Vickers, who has also written biographies of Queen Elizabeth the Queen Mother; Alice, Princess Andrew of Greece, the mother of the Duke of Edinburgh, and Vivien Leigh.

"Beaton had this extraordinary visual intelligence — an incredible eye," added Vickers. "With his camera and pen he captured the 20th-century moments of a very particular world."

— Samantha Conti

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J. Jill Net Plunges in Quarter, Year

NEW YORK — Experiencing growing pains as it expands from being a direct retailer, The J. Jill Group reported double-digit dips to its fourth-quarter and year-end bottom lines.

The Quincy, Mass.-based company said late Monday that profits for the three months ended Dec. 27 tumbled 48.6 percent to \$3.2 million, or 16 cents a diluted share. Last year, the firm posted profits of \$6.2 million, or 30 cents. However, the retailer said a pickup in holiday sales allowed it to beat its previous forecast of 9 cents to 14 cents, as well as consensus estimates of 11 cents, according to First Call.

Sales for the quarter advanced 6.5 percent to \$114.9 million from \$107.9 million. Retail sales fell 16 percent to \$52.9 million from \$63 million, while catalogue sales retreated 20.8 percent to \$33.6 million from \$42.5 million, and e-commerce sales slipped 6.3 percent to \$19.3 million from \$20.5 million.

Maintaining that the growth of its retail business was creating significant complexities, Gordon Cooke, president and chief executive, said the company is committed to making significant investments in both personnel and its op-

erations. Areas of investment include the company's operating infrastructure, product management, sourcing, technical design and merchandising.

"We believe that these investments will allow us to fundamentally change

"We believe that these investments will allow us to fundamentally change the way we source and develop product...and the product itself."

— Gordon Cooke, The J. Jill Group

the way we source and develop product, how we flow product, how we present product and the product itself," Cooke said.

The firm has made many executive moves, including reorganizing its product area under Steve Pearson, its executive vice president of merchandising and product development.

Cooke said he believes the company is on target with meeting its product development and merchandising goals, but that "most of the changes we are working on will not be evident in our merchandise assortment until late in

2004." Management reaffirmed its previous financial targets, telling Wall Street that for fiscal 2004, earnings are expected to range between 30 cents and 35 cents, which is above current ana-

lysts' expectations of 29 cents, while sales are expected to range between \$415 million and \$420 million. For the first quarter, the retailer is expecting a loss between 15 cents and 20 cents, in line with current analysts' forecasts of 17 cents. Sales are expected to be in the range of \$87 million to \$92 million.

For the year-end period, earnings collapsed 62 percent to \$7.2 million, or 36 cents, compared with earnings of \$18.9 million, or 94 cents, reported in 2002, while sales rose 8.4 percent to \$376.9 million from \$347.6 million.

— Jennifer Weitzman

Au Revoir Paris: Nike Shuts Units

PARIS — Less than a year after it swooshed into Paris with two boutiques, Nike is packing its duffel bag because of a falling out with its French franchise operator.

The American sports apparel and shoe giant will close its two Paris shops — one on the Champs-Élysées and another near Odéon on the Left Bank — this month. Both units were operated in partnership with French retailer Alain Adjadj, whose Valexa group also runs boutiques here for such firms as Hugo Boss and Plein Sud.

A spokeswoman for Nike said the decision was prompted by Valexa's inability to honor its contractual engagements. She added that Nike would look to open other stores in France with another franchise partner.

Valexa officials could not be reached for comment. The two Paris stores were part of Nike's Europe-wide effort to boost the brand's profile. Within two years, Nike stores have opened in Lisbon, Vienna, Madrid, Barcelona, Hamburg, Germany, and Milan.

"These closings do not undermine our commitment to European expansion," the spokeswoman said.

— Robert Murphy

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INTIMATE APPAREL SALES ASSISTANT
Intimate Apparel Importer seeking a motivated, energetic Sales Assistant w/ excellent communication, organizational, & follow up skills. You will be contacting Mass Merchants, Discounters, and Private Label accounts. Prior Intimate Apparel experience a must. We offer a competitive compensation & benefits package including fully paid medical coverage for employee.
Fax resume to: 908-589-9874

INTIMATE APPAREL SALES
Sleepwear-Loungewear-Daywear Has opening for individual with no less than 5 years experience selling chains, mail order, retail & dept stores. Must have some following.
Fax resume to: Attn: Personnel 212-779-7688

if...
Creative Firm

KEY ACCOUNT EXECUTIVE
Exp'd hands on individual to join our existing team. This person must have strong analytical and communication skills to meet sales goals and objectives, be detail oriented and have high enthusiasm to partner with current team for continued growth of an exciting brand. Must have complete knowledge of sales duties, the ability to interact with account management and buyers to help support and grow their businesses as well as the ability to build new relationships. Minimum exp. 5 yrs. Position based in New York. Recent verifiable exp. only.
Please send resume to:
Fax: (562) 630-7599 or
Email: ifhr@isabellafire.com

Sales Help Wanted

Sales Consultant
Sales Consultant for Madison Avenue Couture Boutique. Must have sales experience. Fax resume to 212-553-1715 or call 212-565-1700.

Sales Manager
NY Ladies Outerwear Co. seeks Sales Professional for dept. & chain stores. Experience & existing relationships req'd. Salary commensurate with experience. Please Fax resume to: 212-354-3869

SALES MANAGER SALES EXECUTIVE OFFICE ASSISTANT
Urban Men's and Women's. Growing business, tremendous opportunity! Must have current relations with Dept. Stores, Chain and Private label acc'ts. Please fax resume to: (646) 366-0314

Sales Mgr VP \$200-250K++. Current exp. in womens activewear in sporting goods & dept store market req'd. Supervise 15-20 reps & inhouse. Must hang w/Nike/Adidas, etc. Call 973-564-9236 Agency

SALESPERSON
Manufacturer/Importer of ladies sports wear, seeking an experienced & highly motivated full-time sales person, with relationships for budget to moderate chain stores. Organizational skills, travel & details follow-up required. High salary and commission offered for qualified individuals. Please fax resume to: (718) 368-2736

Sales Position
Better sweater Co. seeks highly motivated, organized Sales Account Executive with a minimum of 2 yrs. preferably sweater/knit experience. Excel/Word preferred. Pls. fax resume & salary requirements: (646) 728-0008

Sales Professional
Fast growing intimates co. looking for sales professional to grow with us. Our distribution is from dept stores to mass merchants. A lot of opportunity. Dept store or mass merch. contacts a plus. Must have some exp. Email resume: me@nativeintimates.com

Retail Sales Help Wanted

RETAIL DIRECTOR/ NYC \$85K+ French co. Min 5 yrs hi-end retail exp. STORE MGRS/SF & San Jose \$55-60K+ High-end boutiques.
CALL: 212-481-4080 ibs@ibsnry.net

FINANCIAL SERVICES

Lines Offered

Dickies Girl NY
Road rep w/ car & experience needed. Contact: magnolia@apparellimited.com

Hip Ladies' Urban Line
Seeking NY commission based Sales Rep. or Office w/existing contacts. Please Fax resume or company profile: 212-354-3869

INDEPENDENT SALES REP
"Ivy Jane" - our fashion forward contemporary line. This professional must have a proven sales record of 5+ years with specialty stores. Please E-mail or Fax Randall Lucas at: randall.lucas@fmalik.com or 214-638-0559 www.ivyjane.com



Independent Sales Representatives

If you love to sell and have a friendly, outgoing, persistent and organized personality with a strong fashion sense, we want to talk to you! We are looking for several new independent sales representatives to bring Dickies Girl to the rapidly expanding specialty store market in North America. The right candidate will have a drive for success and thrive in a fast paced environment where passion and attention to detail are an essential way of life. We will be interviewing the week of the Magic show in Las Vegas February 21st through February 28th. If you are interested, Please email Ted Houston at: ted@apparellimited.com

INDEPENDENT SALES REP
Seeking a Rep for our contemporary product line. "F.L. Malik." This professional must have a proven sales record of 5+ years w/ specialty stores. Please E-mail or Fax Randall Lucas at: randall.lucas@fmalik.com or 214-638-0559. www.fmalik.com

ROAD REP WANTED
Mid Atlantic States Contemporary /Missy Line
Fax Resume 212-730-7872

SALES REPS
Well established better knitwear company looking to expand road force. Must have own showroom and established territories in Atlanta, Dallas, Chicago & LA markets.
Please call Heidi @ (212) 302-0444

CONFIDENTIAL SERVICE: To answer box number ads, send your reply in an envelope addressed to the box number; (2) If a separate code, list companies and subsidiaries you do not want your reply to reach; (3) Enclose both in a second envelope addressed to CONFIDENTIAL SERVICE, WWD, Classified Advertising, 7 West 34th Street, New York, NY 10018

GET RESULTS! PHONE YOUR AD TO WWD TOLL-FREE!
(800) 423-3314 or (212) 630-4610
FAX: (212) 630-4634

HOW TO ANSWER BOX NUMBER ADS:
Mail replies to box number ads when Ad has addressed exactly as indicated in ad copy. For those box numbers without a street address, visit a post office.

DEADLINE: NOON (ET) DAY PRIOR TO DATE OF PUBLICATION

WOMEN'S WEAR DAILY
7 West 34th Street, New York, NY 10018

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