

Women's Wear Daily • The Retailers' Daily Newspaper • March 22, 2005 • \$2.00

WWWD TUESDAY

Ready-to-Wear/Textiles

Coat Call

LOS ANGELES — Twenty-two-year-old Jenni Kayne's fall presentation drew the likes of Rachel Bilson and Anthony Kiedis. Her collection itself was soigné yet fresh in its clever mix of masculine wool looks with light and feminine silk pieces. Here, her wool canvas coat with a goat fur collar, worn with a silk blouse and skirt. For more on the L.A. runways, see pages 6 and 7.

Saks' Luxury Battle Plan: Focus on Shoppers' Needs To Redefine Retail Image

By Vicki M. Young

NEW YORK — Saks Fifth Avenue is banking on "world class" customer service as a linchpin to help replenish its cachet in the fiercely competitive luxury segment.

The retailer outlined a strategic plan to Wall Street investors and analysts on Monday that centers on improved customer service, as well as an edited merchandise assortment, redesigned job responsibilities and changes in the management structure to emphasize the store associates.

Without giving away too much detail, top management said the evolution of

See **Saks**, Page 11



FICA Retools Annual Show

NEW YORK — The Fur Information Council of America has scrapped its annual fashion show in favor of a more low-key and presumably less expensive format.

The group, which typically stages a runway show featuring 18 to 24 labels in April, plans to host a multimedia event in June. The location hasn't been disclosed.

Keith Caplan, executive director of FICA, said organizers initially thought they had some great ideas for this year's event, but eventually decided it would be tough to top what designers showed on the runways in Europe and New York.

"We asked if we could show them anything in a format they hadn't seen before," he said. "We decided that probably wasn't the best way — if you'll pardon the expression — to skin a cat."

Given the breadth of new techniques being used in fur, FICA supporters agreed a more intimate plan would be appropriate to allow editors to see the designs up close. The group has decided to go with a multimedia format mixing informal modeling with still life displays, photographs, video footage, casual exchanges with designers and, of course, cocktails. By staging the event in June instead of April, FICA intends to be more in sync with editors, who are then writing about fur for fall issues.

In recent years, FICA's fashion show has been panned by editors for its lack of cohesion and amateurish style.

At least two furriers welcomed the new approach. "I think it's a great idea," said Anne Dee Goldin, owner and chief executive officer of

Goldin Feldman. "It's anticlimactic to put on this fur show, when so many great furs have already been shown on the runway. It's more of a trade kind of fashion show than a press fashion show."

"I truly think this is a move of strength, not weakness," she said.

She noted that last month, many designers "went beyond fur accessories and fur-trimmed pieces to show fur coats at 7th on Sixth."

"To show fur coats coming down the runway from FICA would have been kind of sad, after so many great, spectacular designers sent fur down the runway," Goldin said.

In the past, all FICA members could have their looks featured in its runway show, which made for lengthy presentations. In addition, many designers like Goldin opted to display their wares in their showrooms instead of participating in the FICA show.

Larry Schulman, executive vice president of Alixandre Furs, which makes licensed fur collections for Oscar de la Renta and Isaac Mizrahi, said it is more personal to have presentations in his showroom, where editors and buyers can touch the coats and try them on.

Alixandre sat out last year's show. "It's not a reflection of FICA. This is what our designers suggested to us."

This year, Alixandre plans to preview its collection with major accounts at the end of next month and will open the collection the second or third week of May.

— Rosemary Feitelberg

Coalition Set to File New China Petitions

By Kristi Ellis

WASHINGTON — A coalition of textile and fiber producers and organized labor may file new China safeguard petitions based on actual market disruption as early as next week, after the latest court ruling to quash their hopes of getting quick relief from threat-based petitions.

The U.S. Court of International Trade on Friday denied the Justice Department's motion to dismiss a lawsuit filed by the U.S. Association of Importers of Apparel & Textiles challenging

the government's authority to impose safeguard quotas on Chinese apparel and textile exports based on the threat of market disruption. That means the CIT's two-month-old temporary injunction barring the government from accepting or reviewing threat-based safeguards petitions, or from self-initiating such petitions, remains in place.

Senior Judge Richard W. Goldberg rejected the government's arguments that the case was not proper for review and that USA-ITA members did not exhaust all of the available administrative remedies. Goldberg deferred the underlying issues, such as whether the government violated the Administrative Procedures Act, for further consideration.

Justice Department lawyers want to have the CIT's injunction overturned at the Court of Appeals for the Federal Circuit, which has scheduled oral arguments for the week of May 2. They have also asked for a stay pending the appeal.

As the legal tug-of-war over the China safeguards plays on, imports from China flooded the U.S. market in January. House members from textile-producing states are ratcheting up the pressure on the Bush administration to impose safeguard quotas on China based on actual market disruption even as President Bush is poised to send the controversial Central American Free Trade Agreement to Congress for consideration.

Throwing another factor into the mix, Secretary of Commerce Carlos M. Gutierrez on Monday announced a new system to monitor imports of textiles and apparel. He said it should be in place by the first week in April, when data for textile and apparel imports for the first quarter of the year are likely to be avail-

able. The changes would eliminate the one-month lag time in reporting import figures, a complaint of the industry that has delayed the filing of market-disruption cases. The figures will be reported biweekly on a Web site maintained by the department's Office of Textiles & Apparel.

Meanwhile, several China safeguard scenarios could play out over the next month:

- The Bush administration might self-initiate safeguard cases and impose quotas on apparel and textile categories.

- The appeals court could grant the motion to stay, allowing the threat-based safeguard cases to proceed.

- The domestic coalition may file petitions based on actual market disruption.

"In essence, the court case will eventually be overtaken by the fact the import data is so dramatic, which will provide a basis for market-disruption cases," said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition.

Cass Johnson, president of the National Council of Textile Organizations, said: "The pressure [on the Bush administration to act] is there from the import numbers, China's export numbers and U.S. employment numbers. The onus is on the administration."

Opinion is divided over whether the administration will self-initiate China safeguard quotas as part of a deal to garner support for CAFTA, which faces an uphill battle in Congress, including opposition from GOP lawmakers from textile states. It is also unclear whether GOP textile-state lawmakers would be persuaded to vote for the trade treaty in exchange for China safeguards.

WWD TUESDAY

Ready-to-Wear/Textiles

GENERAL

- 1 Saks Fifth Avenue is banking on "world class" customer service to replenish its cache in the fiercely competitive luxury segment.
- 2 The Fur Information Council of America has scrapped its annual fashion show in favor of a more low-key and presumably less-expensive format.
- 2 China safeguard petitions based on actual market disruption seem imminent, after a court ruling kept review of threat-based petitions stalled.
- 4 EYE: Talking with Lily Rabe, daughter of playwright David Rabe and actress Jill Clayburgh, who is making her Broadway debut in "Steel Magnolias."
- 6 FASHION: As Los Angeles Fashion Week came to a close, designers trotted out more grown-up and thoughtful looks on the runway for fall.

China In Depth appears as a Section II in this issue.

Classified Advertisements 18-19

To e-mail reporters and editors at WWD, the address is
firstname.lastname@fairchildpub.com, using the individual's name.

WOMEN'S WEAR DAILY IS A REGISTERED TRADEMARK OF FAIRCHILD PUBLICATIONS, INC. COPYRIGHT © 2005 FAIRCHILD PUBLICATIONS, INC. ALL RIGHTS RESERVED. PRINTED IN THE U.S.A.
VOLUME 189, NO. 60. WWD (ISSN # 0149-5380) is published daily except Saturdays, Sundays and holidays, with one additional issue in June; two additional issues in April, May, August, October, November and December, and three additional issues in February, March and September, by Fairchild Publications, Inc., a subsidiary of Advance Publications, Inc. PRINCIPAL OFFICE: 7 West 34th Street, New York, NY 10001. Shared Services provided by Advance Magazine Publishers Inc.: S.I. Newhouse, Jr., Chairman; Steven T. Fierco, Vice Chairman; Charles H. Townsend, C.O.O.; John W. Bellando, Executive Vice-President and C.F.O.; Jill Bright, Executive Vice-President, Human Resources; John Buse, Executive Vice-President, Chief Information Officer; David Olin, Senior Vice-President, Strategic Sourcing; Robert Bennis, Senior Vice-President, Real Estate; David B. Chernidlin, Senior Vice-President, General Manager, Advance Magazine Group Shared Services Center. Periodicals postage paid at New York, NY and at additional mailing offices. Canada Post Publications Mail Agreement No. 40032712. Canadian Goods and Services Tax Registration No. 88654-9096-RM0001. Canada post return undeliverable Canadian addresses to: 4960-2 Walker Road, Windsor, ON N9A 6J3. POSTMASTER: SEND ADDRESS CHANGES TO WWD, P.O. Box 15008, North Hollywood, CA 91615-5008. FOR SUBSCRIPTIONS, ADDRESS CHANGES, ADJUSTMENTS, OR BACK ISSUE INQUIRIES: Please write to WOMEN'S WEAR DAILY, P.O. Box 15008, North Hollywood, CA 91615-5008; call 800-289-0273; or visit www.subrow.com/wvd. Four weeks is required for change of address. Please give both new and old address as printed on most recent label. First copy of new subscription will be mailed within four weeks after receipt of order. Address all editorial, business, and production correspondence to WOMEN'S WEAR DAILY 7 West 34th Street, New York, NY 10001. For permissions and reprint requests, please call 212-221-9595 or fax requests to 212-221-9195. Visit us online: www.wwd.com. To subscribe to other Fairchild magazines on the World Wide Web, visit www.fairchildpub.com. Occasionally, we make our subscriber list available to carefully screened companies that offer products and services that we believe would interest our readers. If you do not want to receive these offers and/or information, please advise us at P.O. Box 15008, North Hollywood, CA 91615-5008 or call 800-289-0273. WOMEN'S WEAR DAILY IS NOT RESPONSIBLE FOR LOSS, DAMAGE, OR ANY OTHER INJURY TO UNSOLICITED MANUSCRIPTS, UNSOLICITED ART WORK (INCLUDING, BUT NOT LIMITED TO, DRAWINGS, PHOTOGRAPHS, AND TRANSPARENCIES), OR ANY OTHER UNSOLICITED MATERIALS. THOSE SUBMITTING MANUSCRIPTS, PHOTOGRAPHS, ART WORK, OR OTHER MATERIALS FOR CONSIDERATION SHOULD NOT SEND ORIGINALS, UNLESS SPECIFICALLY REQUESTED TO DO SO BY WWD IN WRITING. MANUSCRIPTS, PHOTOGRAPHS, AND OTHER MATERIALS SUBMITTED MUST BE ACCOMPANIED BY A SELF-ADDRESSED OVERNIGHT-DELIVERY RETURN ENVELOPE, POSTAGE PREPAID.

In Brief

- **VF BUYS REEF:** VF Corp. said Monday it was acquiring — for an undisclosed amount — Reef Holdings Corp., which does some \$75 million in sales of surfer clothes and shoes, and is based in San Diego. VF said the acquisition will contribute about \$45 million to its top line while being "neutral to earnings per share in 2005 and accretive in 2006." The supplier is acquiring all of the outstanding shares of Reef from a group of investors led by Swander Pace Capital, the majority stakeholder. VF said the deal "will be funded with existing cash balances and is expected to be completed by the end of April." The company said Reef will be folded into VF's outdoor clothing division.

- **FENDI'S NEW HIRE:** Paige Pedersen has joined Fendi North America as vice president of communications, a new post. Pedersen will oversee marketing, advertising and public relations for the LVMH Moët Hennessy Louis Vuitton division. For the past three years, Pedersen worked with Isabella Rossellini, helping launch her fragrance and cosmetics line. Before that, she was vice president of public relations for Louis Vuitton North America. Pedersen will report to Gianluca Flore, Fendi North America's president.

- **CALVIN HIRE:** Calvin Klein tapped Silvia Negri Firman to be vice president of public relations for Europe, replacing Noona Smith-Peterson, who left in September to join the Tod's Group as global director of corporate p.r. worldwide for all its brands. Negri Firman will handle Calvin Klein's p.r. in Europe, which has been a growth market for the company. Next month, CK plans to open a flagship for its black label designer line at Corso Matteotti, 5 in Milan. Negri Firman had been Calvin Klein's European p.r. director from 1999 to 2001. She returns to the company after serving as Costume National's worldwide communications director.

- **PENNEY BUYBACK:** As part of its ongoing capital restructuring efforts, J.C. Penney Co. will repurchase \$1 billion of stock and debt. The retailer will buy roughly \$750 million in common stock and \$250 million of open-market debt, and take \$30 million, or 8 cents a share, in pretax charges. It expects to complete this new program, funded by \$600 million in free cash flow and \$400 million previously allocated to early debt retirement, by yearend. As of March 17, J.C. Penney had repurchased \$2 billion of common stock as part of its 2004 repurchase program. It expects to complete the 2004 program by May.



PHILIPS BOYNE
LARGE COLLECTION OF FINE SHIRTING FABRICS IN STOCK

- SPECIALTY FABRICS
- 100% COTTON
- PREMIUM LONG STAPLES
- TIGHTWEAVE
- 100% LINEN
- CONSTRUCTION MARKET
- BROADWEAVE
- 100% WOOL
- TONE ON TONE
- SHIRT FAB
- YARN DYE
- STRIPER CHECKS, FLORAL
- PIECE DYES

NEW ARRIVALS
PHILIPS BOYNE CORP.
18-20th Street
LARK HILL, NY 11759
TEL: 845-752-2200
FAX: 845-752-2200
WWW.PHILIPSBOYNE.COM
SALES@PHILIPSBOYNE.COM

are you comfortable being...™

© 2005 Jockey International, Inc. All Rights Reserved. Kenosha, WI 1-800-JOCKEY1




JOCKEY[™]
SPORT

Jacques Moret
Eddie Sassoon, 212-221-0404



Lily in Bloom

NEW YORK — When Lily Rabe was a child, her parents — the playwright David Rabe and the actress Jill Clayburgh — told her she could do anything she wanted as an adult, except become a writer or an actress. “Unfortunately,” says Rabe, “those were the only two things I was good at.” By 17, she’d applied to Northwestern’s theater program.

Five years later she’s making her Broadway debut in a revival of “Steel Magnolias,” currently in previews at the Lyceum Theatre, as Annelle Dupuy Desoto, a 19-year-old bride who moves to a small town in Louisiana and takes a job in Truvy Jones’ beauty parlor. Over the course of the play, she grows from a painfully self-conscious girl into a self-assured, if somewhat pious, born-again Christian.

Though a less-dedicated actress might have just rented the 1989 hit film version (Daryl Hannah played her role) Rabe actually did extensive research, in part because the similarities between her and her character weren’t exactly jumping off the page. She never goes to church (except to attend weddings and funerals) or to beauty parlors (she normally gets her hair cut at Bumble and bumble). So she began visiting Baptist churches all over New York and asked the salon in her hometown of Lakeville, Conn., if she could come watch the hairstylists at work.

“I love having my hair done,” Rabe says. “But the places [in New York] are always big and full and everyone has their magazine. Then you got to a beauty parlor in Connecticut or in the South and the sense of community is just amazing. They’re telling stories across the room, asking one another ‘How was so and so’s graduation’ and ‘Did you hear so and so’s pregnant.’ Then someone tells a joke and the whole room starts laughing.”

“Steel Magnolias” is filled with saucy one liners, but Rabe is not acting the part with ironic detachment — getting a laugh is not her primary intention. “It’s easy to make a joke of Annelle. To say, ‘Oh, she’s this big mess, and she can’t even do hair.’ And then she becomes not a real person, but a caricature,” says Rabe.

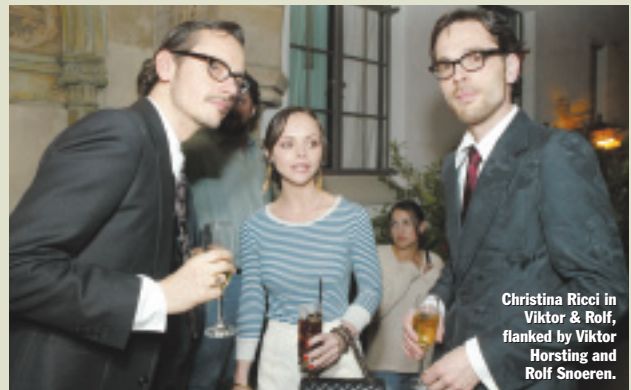
Her colleagues have been impressed, to say the least.

“She is going to be a huge star,” says the production’s director Jason Moore. Adds Bobby H. Grayson who is in charge of hair design and supervision for the show and taught Rabe how to use everything from curlers to a hair dryer: “She’s a quick study because she’s a complete perfectionist. She wants to do everything exactly right. I would trust her with my hair.”

Meanwhile, her parents have made a quick transition to chief cheerleaders. In 2001 Rabe played a small roll opposite her mother in “Never Again.” (Rabe also had a bit part in “Mona Lisa Smile” while in college.) Clayburgh saw the show twice last week and was the first to give her daughter a standing ovation.

And if Rabe is nervous about what comes next, she doesn’t show it. “If you’re a very shakeable person, you could find yourself a little lost being an actress,” she adds. “But if you have a core and you know who you are and you know what you want then it all sort of unfolds. I feel very lucky about what’s happened thus far. I’m just having a great time.”

— Jacob Bernstein



Christina Ricci in Viktor & Rolf, flanked by Viktor Horsting and Rolf Snoeren.

It Takes Two



Shiva Rose McDermott in Madame à Paris with Dylan McDermott.

The scene at Chateau Marmot.

Sophie Okonedo in a Juicy Couture jacket and Seven jeans.

WEST HOLLYWOOD — While fashionistas were getting shut out of Marc Jacobs’ store opening party, L’Oréal toasted **Viktor Horsting** and **Rolf Snoeren** and the launch of their first women’s fragrance, Flowerbomb, at Chateau Marmot with a 25-person sit-down dinner among the painted stone cloisters. The duo had arrived less than six hours earlier — Horsting from New York and a public appearance at Saks Fifth Avenue, and Snoeren from Amsterdam, where he was waylaid with an ear infection. As **Erika Christensen**, **Christina Ricci** and beau **Adam Goldberg** sipped Flowerbomb cocktails, **Lisa Eisner**, **Sophie Okonedo** and **Shiva Rose McDermott** traded vintage shopping secrets across the candlelit table. **Jessica Paster** slipped in just as the group was sitting down to dinner, with her favorite accessory, the singer **Jewel**, in tow. After Friday’s stop at Saks Beverly Hills (and some Forties American furniture shopping for collector Horsting), the designers were jetting off to Bora Bora for a holiday.

“It’s the farthest place in the world from Amsterdam, literally, so of course we want to go,” said Horsting. “Luckily, Los Angeles is right in the middle.”



Cameron Diaz in Marc Jacobs and vintage with Mario Testino.

Shirley Ritts and Patrick Swayze

Tom Ford

CAMERA READY: Sunday’s Rodeo Drive Walk of Style Awards proved a big night for **Mario Testino**. The celebrated photographer was being feted alongside the late Herb Ritts. “I don’t know where they found me a cosmo,” Testino mused, referring to news earlier that no cosmopolitans were being served at the party, “but I needed something to calm my nerves.” He seemed perfectly composed minutes later when **Cameron Diaz**, who was to present him with the **Robert Graham**-designed maquette, joined him in a spirited rendition of **George Michael**’s “Faith,” which was playing loudly at the outdoor event.

Some 500 guests, including **Patrick Swayze** (who presented Ritts’ trophy to the photographer’s mother, **Shirley Ritts**), **Garcelle Beauvais-Nilon** and **Jacquetta Wheeler**, came to honor Ritts and Testino. Though **Tom Ford** walked the red carpet, he sneakily slipped out a side exit once inside.

“I worked with Herb so often and had him up at the ranch all the time,” recalled **Anjelica Huston**, who arrived with husband **Graham**. “But I think the best picture he ever took was of my dog Minnie.” **Lauren Bacall** also had fond memories. “Herb was warm and friendly and made it all so easy. He was a very private person, but he would’ve appreciated this honor.”



NOT FOR SALE.

**SPEND MILLIONS
ON THE BRAND, THEN SEND THEM
TO ANOTHER WEBSITE TO BUY.**

BRILLIANT.



eFashionSolutions

Your Line. Online.

Weekend Update

LOS ANGELES — As Mercedes-Benz Fashion Week at Smashbox Studios came to a close, a few promising newcomers projected confidence, while the more experienced offered retail-worthy looks that were true to their signatures.

Jenni Kayne was a standout this week. The designer's celebrity-filled front row on Friday night included Ione Skye, Michael Keaton, Rachel Bilson, Lake Bell, Natasha Wagner and Anthony Kiedis. After several less-than-stellar seasons, the 22-year-old Kayne turned a corner for fall, displaying maturity and focus. She juxtaposed hard and soft, masculine and feminine, in heavy velvet and tweed coats mixed with romantic silk chiffon and charmeuse blouses. A drawingstring panel that can serve either as a top or a skirt — a Kayne staple — looked beautiful in a long, sequined version sashed at the hips.

Michelle Mason also turned out a wearable and well-conceived collection with her secondary line, **Mason**. She mixed her signature Edwardian elements — blazers, full skirts — with sexier fare in the form of jersey dresses, super-skinny corduroy jeans and knit vests and sweaters. The show also marked the return of her edgy footwear, including knee-high leather boots and pumps with wooden wedge heels. Her former boss and mentor Richard Tyler was so inspired by the presentation, he vowed he would be back on the L.A. runway for next season.

Meanwhile, hunting was a favored theme for fall. **Magda Berliner** did it in her characteristic pixieish way — with dainty, tiered chain-mail dresses, lacy embroidered cotton and crochet blouses and a skinny suit. Her deerskin jackets and vests were a clear crowd favorite with their curly lamb fur, left unruly in some parts and worn off to reveal the skin in others. **Grey Ant's** Grant Krajecki also went into the woods, but his take, of course, was campy. The designer poked fun at star-studded front rows by seating a handful of great look-alikes: Dolly Parton, Divine, Boy George, Cher and, even Michael Jackson, who kept yelling, "I love you," to the crowd. These shenanigans never distracted from a quirky yet salable lineup of plaid shirts, high-waisted denim jeans and several of Krajecki's signature jumpsuits and hooded mini dresses. And for his sophomore showing, **Juan Carlos Obando** also had a huntress in mind, albeit a subtler one. It came through in the detailing such as the fine pleats in a corset gown that suggested body armor and a stiff, felted coat tightly nipped in at the waist that would fit in well with Robin Hood's troupe.

Another new kid on the block was **Carlos Rosario**. In the studio, the collection showed plenty of promise. On the runway, however, the charming French-born designer hit a few snags: A mohair and Lycra dress fit poorly, and the bird's-nest-styled hair and space-age makeup were distracting. Too bad, because there were some great pieces, including the stretch leather jackets, a pinstriped skirt with a panel of mohair and the beaded sheath.

Elsewhere, fashion week included a few imports, such as designers from the Moda Made in Italy showcase. **Ines Valentinitzsch** flaunted his native tailoring skills with frivolity and humor in his slim tuxedo jackets with voluminous, ruffled collars that suggested a court jester (not to mention a certain pair of Dutch designers). And **Sonia Speciale's** collection played like an updated Edith Wharton costume drama with full bustle tulle skirts, riding jackets and crisp button-down shirts were more suited to the city than the stables.

Veteran **Louis Verdad** offered more of the type of pieces his customers love: tight-fitting suits that showed off his high level of craftsmanship. He did branch out and try his hand at some Frida Kahlo-inspired pieces that at times were too literal, and almost looked as if they could serve as costumes for the movie.

Sheri Bodell continued to cater to her rock-goddess fans with sexy after-hours looks full of grommets and chains, but she also offered more feminine looks such as Edwardian-style velvet jackets and tuxedo trousers and flirty chiffon dresses in dusty Easter-egg colors. Meanwhile, Melanie Harvey was in tune with another kind of rock. Her **Harveys** collection displayed her rockabilly roots with pretty, punky wide-leg pants, ruffled nighties and lacy bed jackets in various shades of pink — think late-Fifties Technicolor. She closed the show with the debut of her **Little Black Dress** line full of cute, "Breakfast at Tiffany" looks.

Swimwear designer **Shay Todd**, for his part, presented more than just bikinis with his leisure pieces, from ruched terry cloth pants to sequined caftans. **Karanina** designers Kara Smith and Nina Firestone went boho, while expanding their staples of tunics and lacy camis into a collection of peasant skirts, gauzy V-neck tops and flattering wrap dresses, all in earthy sunset colors. The boho at **Single**, on the other hand, was less hippie and more Russian gypsy. Designer Galina Sobolev delivered luxe-looking, brocade jackets; ladylike A-line skirts, and party tops in printed chiffon.

Finally, for their debut **Bon and Ging** collection, sisters Nanette and Grace Sullano sent out capsule of a dozen looks — high-waisted pencil skirts, a cropped wool jacket and lean men's wear-inspired trousers — that brought to mind a conservative but confident Italian woman in the Forties.

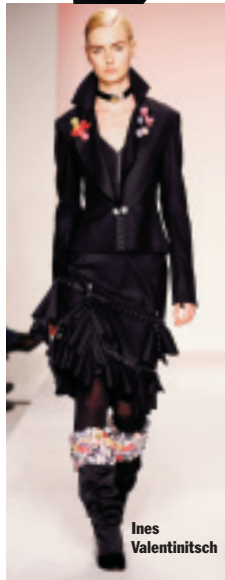
los
angeles



Mason



Jenni Kayne



Ines
Valentinitzsch



Sheri
Bodell



Harveys



Shay Todd



Magda Berlimer

Juan Carlos Obando



Grey Ant



Carlos Rosario



Louis Verdad



Sonia Speciale

Flock This Way

After **Jenni Kayne's** runway show on Friday, her boyfriend, L.A. realtor **Richard Ehrlich**, threw a late-night supper at his Coldwater Canyon home for her and 30 of their pals, including **Peter Berg**, **Guy Oseary**, **Michelle Hicks**, **Lake Bell** and **Jason Bateman**. Over mini Kobe-beef burgers and lamb chops cooked up by Food Network star (and the new executive chef for Song Airlines) **Dave Lieberman**, conversation revolved around the rumble that broke out after Kayne's show. When Red Hot Chili Pepper



Adam Lippes and Brittany Snow

Anthony Kiedis tried to make a backstage visit to his girlfriend, model **Nika**, a small legion of security guards — watching over the \$10 million worth of Martin Katz jewels used in the show — blocked his way. Suddenly, the scene turned into a mosh pit full of bodies, leaving onlookers frozen in shock. Luckily, the only things bruised were a few male egos.



China Chow

Earlier that day, and in a more civilized fashion, Adam+Eve designer **Adam Lippes** hosted a store event at the J. Ransom boutique on La Brea Avenue, where pal **Brittany Snow** dropped by to peruse the merchandise. Later that evening, Lippes, who's the former creative director for Oscar de la Renta, invited 15 friends to a cozy dinner at the Chateau Marmont, where he chatted with **Kiera Chaplin**, **China Chow**, **Paul Wilmot** and **Claudia Cohen** about his plans to open his first store in New York's West Village this fall. (Cohen's fashion-savvy daughter, **Samantha Pearlman**, has just landed a new gig as a reporter for "Teen Kids News.")

Rock & Republic kicked it into high gear on Saturday night with a runway show and party for 2,000 at the Sony Pictures Studios in Culver City. **Sean Stewart**, **Rod's** son, was one of the models who strutted down the catwalk, while the deafening Camp Freddy, fronted by **Donovan Leitch** and joined by the Sex Pistols' **Steve Jones** and singer (and "Extra" co-host) **Mark McGrath**, jammed live. Rock & Republic's new ska-inspired collection breaks the denim mold with plaid blazers, zip-up fur hoodies and leather skirts with cutaway fronts. Still, it kept to tradition by showing those denim micro-minis — so micro that bare bums were revealed.

Sunday, it was back to the Chateau Marmont, where Aussie designer **Melanie Greensmith** showed her *Wheels and Doll Baby* lingerie collection in the penthouse. Nearly 100 guests showed up for the affair, where **Nancy Sinatra** and actress **Marsha Thomason** were spotted exclaiming over the tulle petticoat skirts and floral-print bustiers. Other guests included **Blu Cantrell**, **Bai Ling**, **Bijou Phillips** and **Danny Masterson**.



Mark McEntee and wife Melanie Greensmith.



Marsha Thomason

Material Whirl

Première Vision has long been a must stop for designers and their assistants who stalk the four-acre Paris fair in search of fabrics to swoon over. Here, comings and goings from the spring 2006 edition. — Daniela Gilbert



They Are Wearing®

Baby, It's Cold Outside

Layer, layer, layer. That was the key to chic cold-weather dressing at this month's *Première Vision* fabric fair. A great jacket worn over a spring lace dress, with jeans and a long-sleeved turtleneck underneath always does the trick, as does a drop-dead gorgeous embroidered coat over just about anything. Sleek or slouchy boots and fun, warm legwear makes things extra cozy. And if layering doesn't keep the chill away, do as some of the fabric shoppers do and don a fur — the best were slim fur jackets and casual scarves.



Palm Reading

After Proenza Schouler sent palm leaf-printed jackets, dresses and shoes down its spring runway, the tropical motif manifested into one of the biggest trends at PV. Indeed, nothing says summer like the palm tree, and for spring 2006, textile designers were inspired by the playful image, splashing it onto fabrics in a variety of colors and scales. Mahlia showed a kitschy jacquard of full trees in bright orange and blue, while other companies, such as Etro and Mantero, took a moodier approach with deeper colors and a focus on the leaves.

Clockwise from main image: Etro's silk; Sophie Hallette's cotton, rayon and nylon; Canepa's silk; Mahlia's acrylic, polyester, cotton and acetate; FPR's cotton, silk and polyester; Mantero's silk.



Dressed in a Tuleh print blouse and H&M jeans, Venessa Arizaga is ready to shop — for fabrics, that is. The Tuleh design assistant is in Paris for her fourth PV visit, this time selecting textiles for possible inclusion in the spring 2006 collection. Their ultimate fate, of course, depends upon the way they'll strike Tuleh designer and owner Bryan Bradley. "We go over some ideas and then with that in mind, I just sample whatever catches my eye," says Arizaga.

While at Luigi Verga, she zeros in on a raffia-and-silk blend. "I love the texture," she explains. "We'll probably explore new ways to make it softer and really try to bring the silk composition out more. Bryan would probably soak it in fabric softener for days and wash it about a hundred times until he got the right texture."

Another of Arizaga's favorite mills, Canepa, is bursting with new prints and wovens. "There's lots of different looks here," she notes. "They can do anything." An abstract floral in silk charmeuse is just one of her picks. "This fabric is very 'old Tuleh,' meaning that it has a beautiful, feminine intricate floral pattern. But I can see Bryan figuring out a way to make it really young and different — maybe dipping it or splashing it with bleach to give it a modern element."

She knows such processes well. In fact, just days before Bradley's fall Tuleh presentation, his Lower East Side home-cum-studio resembled a veritable after-school craft project. Bins of RIT dye baths were strewn across the room and the designer was busy dunking a motley assortment of fabrics — an intricate lace here, a heavy metallic brocade there — into the bins. His goal? To create something new out of what he lovingly refers to as "hideous" or "tacky" fabrics. In the bathroom, other fabrics were being washed, bleached or soaked in Downy, a house favorite, to create blotched looks and, according to Bradley, "calm down the fibers so that the fabric looks almost felted."

These homespun processes are something new for the house. Rather than the mills working on color development and finish, Bradley decided to take matters into his own hands for fall. Literally. "Experimenting this way has been a vehicle for the new direction I want to take Tuleh in," he says. "I like it because it's not creativity on demand. It's more organic, and an honest response to my surroundings. It has also reenergized me in a big way."

Days after PV, Arizaga is back in New York, reviewing her fabric picks with the boss. Bradley thinks Bucol's colorful ink-jet print on silk looks too perfect. "I want to add a 'not-right' element here," he explains, noting that he might drop a bleach-like substance on it. Next up is a multi-colored lamé, also from Bucol, that he's interested in for a coat. But given the fabric's relatively light weight, it might end up backed with something harder. "I love a big, shiny coat," he says.

A floral *fil coupé* jacquard from Clerici Tessuto has, Bradley muses, an "old lady going to church feel." He loves it, imagining it for something "very decked-out. Figuring out what to do with this will be somewhat of a challenge," he adds. "But like I tell everyone, I have really bad taste, and that makes everything much more fun!"

Clerici Tessuto's *fil coupé* jacquard in cotton, acetate and silk.

Bucol's ink-jet printed silk.

Luigi Verga's raffia and silk.

Venessa Arizaga views fabrics at PV.



Tuleh Talk



Milla Jovovich and Carmen Hawk at PV.

Fair Ladies

For a first-timer, navigating PV can be a tiring task. However, that was far from the case for actress/model Milla Jovovich and former model Carmen Hawk, the duo behind the Jovovich Hawk line that made its debut last fall at Fred Segal. Not only did the two women attend all four days of the fair, they arrived at 8 a.m. each day, waiting for the doors to open. "I can't imagine doing it any other way," says Jovovich. "There's so much to see. We were like kids in a candy store."

While much of their first collection was made with found vintage fabrics, the designers are now striving to incorporate more readily available materials into the line. "We'll still use vintage," says Hawk, over a midday coffee break. "We just want to grow the line and to do that, we need to mix in more basics."

In fact, it's Jovovich who champions the basics, which for spring 2006 will feature more cottons done up in "different ways," says Hawk. "We're going forward with a washed, soft look for the season, which we're in the process of developing." That said, she retains a soft spot for "tacky" fabrics, explaining, "I love to make something gross look amazing."

For her part, Jovovich maintains that much of her inspiration is instinctual. "I do not have a fashion background, so for me it's more about the books I read, paintings I see and things I soak in," she says. "I'm constantly sketching."

Friends for 10 years, Hawk says she and Jovovich started the line because they were "two girls who wanted certain things in our wardrobe. We couldn't

find them, so we created them. The line is not so conceptual, it's not precious. It's really filled with classic looks that have a touch of irony."

It's the women's distinct personalities, explains Jovovich, that define their design sensibility. "We are all about contrast," she notes. "When I met Carmen, I was more boyish and she was feminine and sexy, but strong."

Now, Jovovich admits she's looking to evolve her style into something more feminine but "cool" at the same time. "By working on this line, I've realized that you can be feminine and sexy in something, but still be able to run around in it and be comfortable," she says.

When it comes to inspirations, Hawk is quick to mention actress Barbara Stanwyck ("so feminine, yet extremely strong") and the film character Annie Hall ("she realized you don't have to dress sexy to be sexy"). Meanwhile, Jovovich has a penchant for old Hollywood, choosing Marilyn Monroe as her style icon: "It's all about the boobs and butt."

Designer favorites, meanwhile, include Sonia Rykiel and Dries Van Noten for Hawk, and Chloé, Donna Karan and Prada for Jovovich. In fact, she says, "Miuccia Prada first encouraged me to move forward with a clothing line and even had some of my sketches made into samples."

Hawk and Jovovich plan to open a New York showroom in November and add about eight stores to their roster by January 2006. (Currently, the line is exclusive to Fred Segal.) But for now, they're just fine with their small, grassroots operation. "We're cutting patterns on my dining room table," says Jovovich, "and there are two sewers doing everything in the second bedroom of my house."

Movado Wins \$25K In Knockoff Lawsuit

NEW YORK — Movado LLC won a \$25,000 judgment against a New York wholesaler selling knockoffs of its most popular watch designs.

U.S. District Court Judge Denise L. Cote granted the award and issued a permanent injunction barring Woodside, N.Y.-based Kirch Industrial Co. from selling watches deemed to be imitations of Movado's Museum line, known for its distinctive black face and circular dot at the 12 o'clock position. The order was reached on consent between the companies and signed by the judge on March 10.

"We didn't feel there was any merit to the lawsuit, but the cost of litigation outweighed what was at issue," said Gregory P. Gulia of Duane Morris LLP, who represented Kirch.

As a condition of the consent order, Kirch provided Movado with all documents and model numbers for "all timekeeping products that they have sold and/or offered for sale that bear a dot on the face."

Movado originally filed suit on June 15, 2004, accusing the company of selling imitations of the Museum watches to Fortunoff and Bed Bath & Beyond stores in New York. According to the complaint, Movado's lawyers sent Kirch a cease-and-desist letter regarding the same watches as far back as Jan. 20, 1998.

The complaint alleged violations on six counts, including federal trademark infringement and deceptive trade practices.

According to background information in the complaint, Movado has sold the Museum line of watches since 1962, sales of which exceeded \$112 million in 2003.

Kirch responded to the complaint on Sept. 3, 2004, arguing that Movado's registrations were "invalid and should be canceled because the purported marks are nondistinctive, generic and unable to indicate a single source of goods." Kirch also argued that Movado's dot trademark was "not sufficiently famous or associated," with Movado to qualify for protection.

Kirch issued counterclaims against Movado in its response to the complaint. Those counterclaims were dismissed as part of the consent ruling.

— Ross Tucker

Andy Bond Named President of Asda

LONDON — Andy Bond, the man behind the successful George fashion label, was named Sunday as the new president of Wal-Mart owned Asda.

"Asda has a deep and strong management team, and an equally strong culture," said John Menzer, president and chief executive officer of Wal-Mart International, in a statement. "We are pleased to have the opportunity to appoint someone from within the business."

Bond, who was previously Asda's chief operating officer, replaced Tony DeNunzio, who stepped down as Asda's chief executive to join Vendex, the private Dutch retail conglomerate.

Under Bond, 40, George has become the U.K.'s leading fashion retailer by volume, with sales of about \$1.9 billion a year worldwide. The enthusiastic and youthful Bond has overseen the expansion of George into fast fashion, accessories, lingerie, activewear, and tailored clothing. One of his current projects is setting up George Global, a company within Asda that will oversee the George ranges worldwide. He has said that Asda's goal is to transform George into the world's biggest clothing brand. Since Bond was appointed chief operating officer of Asda in September 2004, Tony Page was named nonfood trading director, with responsibility for George.

As president, Bond will report to John Menzer. Before running George, Bond, who joined Asda in 1994, was director of Asda's private label food business. Asda has not yet announced Bond's replacement as chief operating officer.

Fashion Scoops

QUICKSILVER ON MOVE: Quiksilver Inc. is expected to announce its acquisition of Ski Rossignol today. The surfwear giant kicked off talks with Rossignol last summer to buy the 45 percent stake held by the founding Boix-Vives family. The Boix-Vives family also controls 63 percent of Rossignol's voting rights. A Rossignol spokeswoman would not comment on the speculation. Quiksilver executives could not be reached for comment.

KYRA AND KEVIN: Kyra Sedgwick and Kevin Bacon were the hosts at a kickoff party Wednesday night at the Madison Avenue Emporio Armani store for Gen Art's 10th annual film festival. Hand-in-hand, they showed no signs of wear and tear after months of shooting "Loverboy" — the festival's opening flick, which he directed and she stars in. The husband-and-wife team appeared in "The Woodsman" last year.

"For the past year and a half, it's been difficult for us to separate work from our private life," Sedgwick said. "It seeps in a lot more when you work on something together. It's time to have some professional distance, after we give birth to this one."

The latest project evolved in a roundabout way. Sedgwick said Linda Wolff,

the owner of CPW, "one of the only good clothing stores on the Upper West Side," recommended reading Victoria Redel's book "Loverboy." She obliged and was haunted by the dark story about a dangerously protective mother, as was Bacon once he flipped through its pages. Referring to the dark focus of "The Woodsman," a film about a child molester, Sedgwick said, "We're trying to lighten up after this one."



Kyra Sedgwick and Kevin Bacon

PHOTO BY SYDNEY SCHNER

TIARA TIME: Miss USA contestants best to certain their grooming is up to snuff, since Pamela Dennis, Frédéric Fekkai and Molly Sims will be among the eight judges picking this year's winner. Viewers from more than 100 countries are expected to tune in to the Donald Trump-backed showdown on April 11. Olympic gold-medal swimmer Michael Phelps and former boxing champion Sugar Ray Leonard will also offer their two cents.

The executives who make news in the boardroom get their news here.

USERNAME: ADIDAS ALLOY AWAKE BALENCIAGA BARNEYS NEW YORK

BCBG MAX AZRIA BEAR STERNS BEBE BELK BENEFIT COSMETICS BLISS

BLOOMINGDALE'S BROOKS BROS. BULGARI CALVIN KLEIN CHRISTIAN DIOR PARFUMS

CHRISTIAN LACROIX CLUB MONACO COLE HAAN CYNTHIA ROWLEY DERMALOGICA

DIANE VON FURSTENBERG DONNA KARAN DOONEY & BOURKE EILEEN FISHER

ELDER-BERMAN ELLEN TRACY FEDERATED DEPARTMENT STORES INC. FENDI

FILENE'S FINANCO INC. FREDERICK'S OF HOLLYWOOD GOODY'S GUCCI H&M

ISSEY MIYAKE J. JILL GROUP JEAN PAUL GAULTIER JUICY COUTURE KELLWOOD CO.

KENNETH COLE PRODUCTIONS LA PERLA LANDS' END LAURA ASHLEY

LAURA MERCIER LESPORTSAC LI & FUNG LTD. LIMITED BRANDS LIZ CLAIBORNE INC.

LONGCHAMP LUCA LUCA LVMH MOSSIMO NIKE COMMUNICATIONS NORDSTROM

PAMELA DENNIS PINK TARTAN SEAN JOHN SERGIO ROSSI TALBOTS TOCCA

TRIPLE FIVE SOUL WAL-MART YVES SAINT LAURENT*

Out of Touch Is Out of Style.™ **WWD.com**

To subscribe, go to WWD.com. For group subscriptions, call 212-630-4069.

*The companies above are represented by individual subscribers.

WTO Panel to Examine Unfair Customs Claim

By John Zarocostas

GENEVA — The World Trade Organization agreed Monday to set up a dispute panel to examine the U.S.'s complaint that the lack of uniform customs laws among the 25 nations of the European Union are an unnecessary barrier to commerce.

Deputy U.S. Trade Representative Linnet F. Deily said the varying measures "amount to a trade barrier that is especially burdensome for small and medium-size companies."

In 2003, U.S. merchandise exports to the EU reached \$155.2 billion, according to government statistics.

"The U.S. is concerned with the nonuniform application of customs law and the failure by the EU to maintain a forum for prompt review and correction of administrative action relating to customs matters," Deily told a session of the WTO's Dispute Settlement Body, according to a copy of prepared remarks she delivered at the closed meeting.

The national customs authorities of member states carry out administration of customs measures in the EU. The U.S. asserted it would be more equitable for the EU to have a single set of customs rules and practices.

The U.S. complained that EU states maintain different rules on such measures as origin certificates and processing express deliveries, as well as varying penalties for infractions of customs rules. In response, the EU delegation argued that the U.S. failed to provide specific examples of how U.S. firms were hurt by the rules.

The EU asserted that demands for Brussels to establish a single centralized customs authority is an internal affair and goes beyond what is required under global trade norms, said WTO officials who attended the hearing.

Saks Fifth Avenue's Big Makeover

Continued from page one

Saks involves a "DNA change," which suggests a refocused merchandising strategy, perhaps with a push into more designer sportswear and contemporary sportswear.

The presentation by the senior management team of Saks Fifth Avenue Enterprises Inc., the SFA division of Saks Inc., was led by Stephen Sadove, vice chairman and chief operating officer of Saks Inc., on behalf of R. Brad Martin, chairman and chief executive officer of Saks, who was unable to attend because of a family emergency. The SFAE team included Fred Wilson, chairman and ceo; Andrew Jennings, president and chief operating officer; Ron Frascch, vice chairman and chief merchant, and Terron Schaefer, senior vice president of marketing.

Wilson stressed the need for SFA to target a younger, aspirational demographic without giving up its older customer base. Toward that end, the retailer's goal is for customers who walk in with a sense of fashion insecurity to see Saks as the sage of personal style. Key to this is enhanced customer service. And to help store associates cultivate loyalty among customers, the refocused SFA will operate in the form of an inverted pyramid, with the associates taking on greater leadership.

Saks Fifth Avenue had been outpaced by competitors such as Neiman Marcus and Nordstrom during the luxury boom, but rebounded in the fourth quarter of 2004, reporting double-digit increases in same-store sales for December.

"It was accepted [practice] to follow Neiman Marcus," Frascch explained. "We've taken that out of the equation. We have to have our own strategy and point of view."

To do that, Frascch said there's been a focus on fine-tuning opening price points for all product categories. It has meant also that if a woman buys ready-to-wear, there must be a handbag in the store to coordinate with the outfit.

"We acquired Saks Holdings in late 1998 [because of the] power of the Saks Fifth Avenue brand, its good will and high customer relationships," Sadove said. "We believed in the long-term growth of the affluent market in the U.S."

Management said SFA had become overly extended, and that the strategic and tactical quality of its real estate was "poor." But this is changing as the new management team, led by Wilson, redefines the image of the company.

Wall Street is expected to respond today to the new strategy.

The announcement of a revamped vision confirmed a December report in WWD.

Wilson said the opportunity to join SFA was one he couldn't refuse. "Saks was just so compelling. It was, as we say in the trade, a no-brainer."

He acknowledged there were challenges ahead. During his transition to SFA from Donna Karan, Wilson said, "We kind of knew where we were going [at Saks] and we kind of knew what we were about, but we weren't clear."

First on Wilson's agenda was figuring out a clear vision for the company. The solution evolved into a "DNA change" for the company that Wilson described as "our own secret recipe." Some of the changes in the turnaround initiative have been completed. The company has a focused agenda now, and more work still needs to be done, but Wilson said the company "will be relentless in our execution of that vision."

The retailer has done some soul-searching before, crystallizing its vision for the future. Executing a new vision required a complete recasting of the retailer's mind-set. Out are tired words such as "department store," and luxury that used to be characterized by "Ladies Who Lunch," management said. In are phrases such as "high performance" and "risk-embracing."

In conducting focus group research, the SFA team noticed that it didn't matter whether members of different demographic slices had annual household incomes



Fred Wilson



Andrew Jennings

of \$100,000 or \$250,000. Some spent \$1,000, while others easily dropped \$35,000 at the store. But the retailer learned they all had one thing in common: the shoppers spent their dollars at Saks because of a personal connection with someone at the store.

"How do retail brands work? People come in and search, and shop, discover, integrate and combine products," Wilson said, adding that it is followed by a wild moment when someone is told she looks great, and is then asked what is she wearing. She will name a designer, but no mentions of Saks, Wilson said.

One way to enhance both the shopping experience at Saks and the brand image is to have all the departments communicating and coordinating with each other. "We had a neckwear buyer with one taste and a sportswear buyer with a contemporary taste," Wilson said. "We were a department store box of brands, with no value other than being a box of brands instead of a link of all those brands."

As for serving the customer, "American service standards have slipped," Wilson said. "It has more to do with insults, an imposition on the server [with customers] faceless, meaningless, easily ignored or scorned. Saks Fifth Avenue is leading the change. In dozens of ways, large

and small, service does matter." Where the typical ceo is at the top, the SFAE structure has now flipped so the associates are at the top. The emphasis is to make it easier for the sales associate to connect with the customer.

Regarding merchandising, Wilson said there has been a 40 percent reduction in goods on the floor, as well as fewer fixtures. However, "there are mannequins coming up the kazoo to give consumers clues on how to put outfits together."

The retailer is also putting some passion in its strategy.

"The most important weapon is the human soul on fire," Jennings said. "Our team has that energy, personalization and synergy to take the organization to whole new level."

For Jennings, whose focus has been on operations, the refocused SFA represents a change in how divisions have been operating and placing "ownership and accountability at every level of the organization."

The emphasis, when done correctly, strengthens the customer relationship on a one-to-one basis. "We develop customers into friends...Saks really cares about how customers look and how they feel," Jennings said.

The senior leadership in the stores have been reorganized so that it is decentralized, Jennings said, and closer to the customer. In addition, the gmm's role is focused on top line sales and bottom line earnings before interest and taxes. The upgrade in talent has meant raising the bar on sales associates, which now includes recertification of sales associates every year before they are able to work in the same department as before, Jennings disclosed.

SFA is using a store in Boca Raton, Fla., and one in Boston as laboratories regarding customer acquisition. Store associates are "empowered" to improve the customer experience from use of free personal shopping to stylists. Meanwhile, the retailer is brushing off more conservative approaches to service and merchandising. Saks is also turning its heels on leaders in the high-end segment.

Regarding what's selling for spring, the retailer said denim is red hot as well as brooches and ponchos. "We were terribly oversorted in all of our stores in the last few years. From breadth to depth, we are teaching people how to buy differently, plan differently, from safe to key item-focused. The advertising is aspirational, now we need the product to support it," the chief merchant said.

The retailer has also developed a matrix expansion program for every brand, by category. The aim is to "blow out the brand by store and by category over the next three years," Frascch said.

Frascch foresees growth in designer sportswear and "monstrous" growth in contemporary sportswear. He added that moderate sportswear is a "new zone we're developing," and characterized it as an offshoot of bridge. Handbags, Frascch said, is an obvious area of continued growth.

"Saks has changed. Saks is changing," Frascch told investors.



The exterior of Saks Fifth Avenue's Manhattan flagship.

Ready-to-Wear Report

First Ladies: Substance & Style

By Rosemary Feitelberg

NEW YORK — Hillary Rodham Clinton said nothing prepares anyone to be first lady.

"You know you don't get a training manual. You don't get any guidance whatsoever," said Clinton, speaking about her former role at a luncheon Monday that kicked off two exhibitions about the wives of presidents at the New-York Historical Society. As for the public's fascination with a first lady's style, it continues to stupefy her.

"People will overlook policies about war and peace to argue about the first lady's hairdo and clothes," she said.

The senator recalled telling Jacqueline Kennedy Onassis over lunch at her Fifth Avenue apartment in 1992 how she was getting unsolicited advice about her clothing and hairstyle.

"I told her, 'I have to confess that is not something I have been very confident about. Some friends say I should turn myself over to these image people and see what comes out.'"

"She told me, 'You have to be you. You can't be anyone else.'"

Downstairs at "First Ladies of New York and the Nation," an exhibition devoted to Kennedy and Eleanor Roosevelt, even Clinton couldn't resist the lure of a little glamour. Upon entering the exhibition and admiring a Carolina Herrera gown worn by Kennedy in the Eighties, she said, "Oh wow, that's great. That's wonderful. She was so amazing."

But during her luncheon remarks, the senator said she was more impressed with the substance featured in an adjunct exhibition, "First Ladies: Political Role and Public Image," which is on loan from the Smithsonian and on display at the Historical Society through June 4.

Contrary to some public speculation, the former first lady said she had nothing to do with the Smithsonian's 1992 decision to make its first ladies' exhibition more about substance than inaugural gowns. She said she was happy to provide its first pantsuit — much like the black one she wore Monday with a salmon-colored blouse.

On display, a Clinton pantsuit looked mannish compared with another outfit nearby, a silk brocade dress and jacket that Oleg Cassini designed for Kennedy in 1961. But Clinton made no bones about her non-nonsense attire, as evidenced by her quote that frames her display: "Sixty-two counties, 16 months, three debates, two opponents and six black pantsuits later, because of you we are here."

The exhibition doesn't skate over other steadfast women who helped steer their husbands into the Oval Office. Consider Abigail Adams, who was nicknamed "Mrs. President"; Edith Wilson, who decoded messages



Clockwise from top left, Hillary Rodham Clinton, Jacqueline Kennedy's Oleg Cassini outfit, Mamie Eisenhower's evening gown, Grace Coolidge's dress, Sarah Polk's gown, Dolley Madison's brocade dress and Mary Todd Lincoln's shawl.

for her husband; Sarah Polk, who was her husband's confidante and adviser; and Florence Harding, who famously quipped, "Well Warren, I have got you the presidency. What are you going to do with it?"

As eye-catching as many of the outfits and personal belongings are — where else might one see Eleanor Roosevelt's 1957 pistol permit or a Nancy Reagan-inspired "Just Say No" board game — the printed matter is often the most telling. Jackie Kennedy's Chapin School report cards — on loan from her family — hinted at her independent spirit. Referring to her social attitude, one teacher wrote in 1935, "She is very capable. She does not always work well with the group as she likes to have her own way."

Placards describe how George Washington purchased a serving set from the French minister to the U.S., and how Abigail Adams hung clothes to dry inside the White House. Another explained how Lou Hoover raised eyebrows when she sent the White House laundry to be done at a residential school for young black women in Washington. But that gesture kept the school financially solvent during the Depression.

Betty Ford is quoted as saying, "I do not believe that being First Lady should prevent me from expressing my views. Being ladylike does not require silence."

The Smithsonian exhibition also touches upon the precariousness first ladies face for being too well dressed. Calvin Coolidge reportedly would only abandon his frugal ways for his wife's wardrobe. One area highlighted how Reagan, who wasn't afraid to march out the designer labels, made light of her regal image. "I'd never wear a crown," she said straight-faced in a speech. "It would mess up my hair."

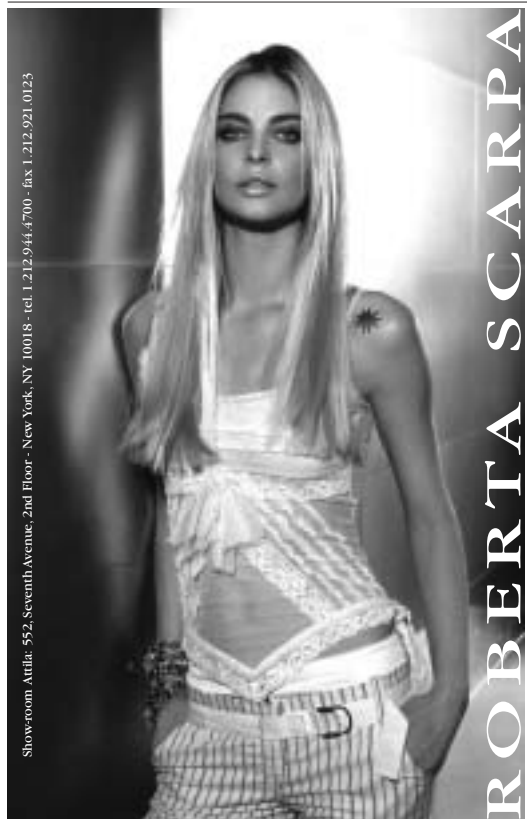
On another occasion, she said, "It isn't often that one is lucky enough to enjoy a second beginning, but during that five-minute period in the spring of 1982, I was able to make a fresh start with the Washington press corps."

Reagan was far from the first to clash with the press. During her remarks, Clinton recalled that Kennedy advised her "to stay away from the press as much as possible." A placard near a copy of a diamond necklace worn by Edith Roosevelt informed visitors that she detested "photography fiends."

And Mary Todd Lincoln lamented being in the public eye. Near a case with her red paisley shawl, which surprisingly looks like something shoppers would find today in Ann Taylor, a sign quotes her as saying, "I must dress in costly materials. The people scrutinize every article that I wear."

But a little glamour carried a lot of weight in the White House. A sign near Frances Cleveland's silk evening gown with black satin trim and a fur-lined hem informed passers-by how its former owner polished up Grover Cleveland's image by marrying him. Once the glamorous 21-year-old wed him in the White House, the public forgot about his being accused of having a child out of wedlock.

Lisa Kathleen Graddy, co-curator of "First Ladies: Political Role and Public Image," chalked up America's interest partially to "you can envision yourself a first lady in a way you can't imagine yourself royalty or a celebrity. Royals are born royal and celebrities make a conscious decision to be famous. These are women who don't necessarily try to be famous. They have to balance their political lives with their families and own beliefs — maybe with some, little or no practice. That's something a lot of Americans can relate to."



Show-room Antlia: 552, Seventh Avenue, 2nd Floor - New York, NY 10018 - tel. 1.212.944.4700 - fax 1.212.921.0123

MEMO PAD

HOUSE BEAUTIFICATION: It's the classic renovation story. Knock down a wall, and suddenly the wiring needs replacing. Tinker with the wiring, and next it's the pipes.

Ever since **Mark Mayfield** took over as editor in chief of House Beautiful three years ago, the shelter title has been undergoing a succession of visual and editorial tweaks. Now it seems that scaffolding won't be coming down anytime soon, not since Mayfield has retained former In Style design director **Rip Georges** to consult on a new round of changes.

A spokesman for the magazine downplayed the arrangement, saying, "At this time, there is no planned 'redesign'... We have been making some changes over the past year and will continue to do so in order to better meet the needs of our readers." A House Beautiful insider, though, said Georges has been given license to experiment with everything from the cover logo to the back of the book. Georges, who came aboard in January, will make his first formal presentation to Hearst this month, and then Mayfield will decide what to implement.

Thanks to the proliferation of lifestyle titles that cover the home market — from Real Simple to O to Shop Etc. — and new launches like Time Inc.'s Cottage Living, the shelter category is approaching saturation. Next up is Condé Nast's shopping magazine, Domino, which launches later this



The April 2005 cover of House Beautiful.

spring. (Like WWD, Condé Nast and Domino are part of Advance Publications Inc.)

House Beautiful, meanwhile, has been feeling the pinch. Ad pages are down 21.61 percent through April, to 208.5, according to Media Industry Newsletter, though the magazine's spokesman said they expect May and June to reverse that trend. In the second half of last year, the magazine also saw the end of a long newsstand slide. The title was flat for the second half, with an average of 100,087 single-copy sales. As recently as 2003, however, they were selling an average of 112,643 copies on the newsstand. — **Sara James**

BEST MAN FOR THE JOB: After casting a wide net in its search for an editor in chief for

Best Life, Rodale Inc. elected to go with an internal candidate, naming **Steve Perrine** to the job Monday. Perrine has been with Men's Health for four years, most recently as editorial creative director. In his new post, he'll continue to report to Men's Health editor in chief **David Zinczenko**, who's also Best Life's editorial director. A Rodale source said Perrine was chosen for his service-heavy background, which includes stints as co-editor of Maxim and executive editor of Cosmopolitan. — **Jeff Bercovici**

ERIN GO BRAUGH: Everybody's Irish on St. Patrick's Day, and that goes double for the magazine industry. **Martha Nelson, Janice Min, Bonnie Fuller, David Zinczenko, Atoosa Rubenstein, Susan Schulz, Brandon Holley and Steve LeGrice** were among those who turned up at Michael's restaurant on Thursday for a benefit held by the Kelly Gang, an informal club consisting of people named Kelly who work in the media. **Keith Kelly** of the New York Post, the gang's de facto leader, said raising money for charity (in this case, to help an Army veteran wounded in Iraq) was a way to combat trite stereotypes surrounding the Emerald Isle. "I don't think there's a leprechaun in sight," he said.

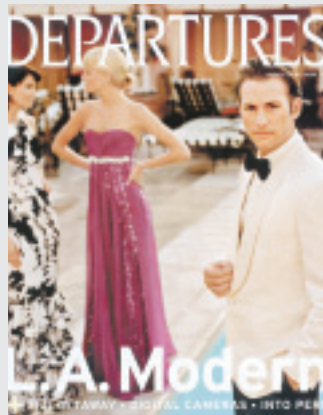
Bill Shapiro, Life's managing editor, offered his own Borscht Belt-influenced take on ethnic stereotypes. "I know what you're going to ask, and, yes, I'm scared of big, drunk Irish guys," he said. "It's like a pogrom. Or perhaps it's completely different."

At the other end of the room, Star creative director **Kelli Delaney** said she had convinced her boss, Fuller — a self-described "Jewish girl from Canada" — to don a green Versace skirt for the festivities. Yet Delaney, who is an

honorary Kelly Gang member, was clad in all black. "When your blood runs green, you don't have to wear it," she explained. — **J.B.**

EXITING DEPARTURES: Departures is dealing with a few, well, departures.

Senior editor **Kitty Morgan**, whose last day was Friday, left to be the editor of a new magazine being developed by



Reader's Digest. According to a source, The Food Network is also involved, though Morgan and a spokeswoman for Reader's Digest declined to comment.

Meanwhile, Departures' executive editor **Caroline Haberfeld** is moving to Washington, D.C., to get married. And vice president of corporate communications at American Express Publishing, **Elisa Shevitz**, is also exiting the company to explore new career options. — **S.J.**

Legal Notice

The well-known jewelers, Cartier and Jacob The Jeweler, Inc. have just resolved their lawsuit concerning the sale of Cartier-branded watches that had after-market diamonds added to them.

Jacob The Jeweler is joining Cartier in spreading the word that it is illegal for third-party jewelers to alter brand name watches with non-authorized parts, such as diamond bezels, and sell such altered watches to consumers.

This illegal conduct cheats consumers who spend money to purchase watches with void warranties and inferior performance specifications due to the unauthorized alterations.

JACOB & CO., INC.
48 EAST 57TH STREET, NEW YORK, NY 10022



Los Angeles Market Week StyleMax
New Mart Building, Merchandise Mart,
Showroom #807 8th Floor, Booth 5087
(Corina Collection) (Leshtz & Co Accessories)
March 17-22, 2005 March 19-22, 2005
Tel) 213.553.9290 Tel) 312.467.0777

Liz Palacios
SAN FRANCISCO

www.lizpalacios.com | 800.535.5548

Textile & Trade Report

Hyosung Plans Western Push

By Evan Clark

NEW YORK — Shoppers might not know the Creora spandex brand now or anytime soon, but mill owners and apparel manufacturers are about to get more acquainted with it.

Creora is owned by Seoul, South Korea-based Hyosung and appeared on the spandex scene in 1992. It is the number two producer in the world behind Lycra spandex maker Invista, with a production capacity of about 50 kilotons or a little more than 20 percent of the overall world capacity, said Gregory Vas Nunes, president of Hyosung's spandex division for Europe and the Americas.

Vas Nunes, who served as vice president of Asia-Pacific apparel at Invista before joining Hyosung, doesn't plan on trying to mimic his former employer's strategy in his new post.

"Invista has built its [Lycra spandex] model on a consumer brand," Vas Nunes said. "We will not be a consumer brand. We will chose to be the preeminent trade brand."

Vas Nunes will appeal to mills, trying to make their lives easier by adding more people to work with them and, when desired, promote their fabrics that incorporate Creora to the manufacturers. He described this as "trying to serve our customers the way they want to be served."

Vas Nunes' position is a new one and reflects the firm's desire to grow its position outside Asia. Additional services will also help Creora fend off pricing pressures, an area of intense interest to spandex producers given the rising price of petroleum, one of the fiber's key ingredients.

Vas Nunes will be hiring six to eight senior executives to oversee regions such as the U.S., South America and Europe, increasing advertising efforts and adding other production facilities to complement plants in South Korea and China.

"We're going to be adding not only in Asia, but here, Europe and North America," Vas Nunes said. The additions could come in the form of acquisitions or facilities built from scratch.

Vas Nunes, whose operation is based at 1 Penn Plaza in Manhattan, already has a large foundation to build upon with the parent company.

Last year, textiles, including spandex, polyester and nylon, constituted \$890 million of Hyosung's \$4.21 billion in sales from a diversified assortment of businesses such as chemicals, industrial materials and construction. Currency fluctuations and increased raw material costs held the division to an operating loss of \$12 million for the year. (Dollar figures were converted from the won at average exchange).

"Textiles is a place they want to be," he said.

The company will be boosting the business with a variety of new investments, Vas Nunes said, including a two to threefold increase in marketing spending over the next couple of years.

SWATCHES

GIDC AT 20: The Garment Industry Development Corp., a nonprofit group backed by the City of New York, the UNITE HERE union and the apparel industry, plans to mark its 20th anniversary with a fund-raising cocktail party Thursday night. The event will feature fashion presentations from five up-and-coming New York designers: House of Diehl, Selma Karaca, Derek Green, Little Prince & Piggy and Katie Zorn. Sarah Crean,

GIDC's executive director, said the five have all been in business at least four seasons and made the bulk of their apparel in New York.

The event will honor Michael Groveman, chief executive officer of Bill Blass; Edgar Romney, vice president of UNITE HERE, and the New York City Council. Crean said the event is projected to raise \$100,000, which will help support GIDC's education and training programs.



A look from Derek Green, which will be shown at Thursday's GIDC.



A Little Prince & Piggy style.

On the Fiber Front

PARIS — When it comes to fabrics, looks really can be deceiving. Take these samples from Expofil, a yarn fair that ran concurrently with Première Vision. These innovative yarns for fall 2006 do everything from regulate body temperature to provide antimicrobial properties. There is even one that adds a dash of perfume to the wearer, thanks to microcapsules embedded in the fiber.

— Daniela Gilbert



Textil Tearfil: This cotton is mixed with Seacell, a man-made fiber produced from seaweed, providing antibacterial properties.

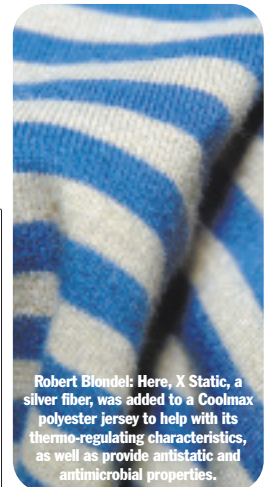


Luigi Boldrini & Figli: This knitting yarn features a flat nylon yarn unevenly twisted around a wool one that creates a slub aspect. The technique also adds a slight sparkle to the yarn.



Pozzi Electa: This cotton jersey is infused with flower pulp so when rubbed, it sends a fragrance (there are several scents from which to choose) that's encapsulated in the fiber straight to the wearer's skin.

Oji: This fabric combines Japanese Ojo paper, which is derived from the abaca plant and provides natural insulation, with Solutex's polyethylene fiber, giving the fabric elasticity.



Robert Blondel: Here, X Static, a silver fiber, was added to a Coolmax polyester jersey to help with its thermo-regulating characteristics, as well as provide antistatic and antimicrobial properties.



THE TIGER COMPANIES

Tiger Button Co Inc - New York
Tiger Button (hk) Ltd - Hong Kong
Tiger Button (India) Pvt Ltd.
Tiger Button BV - Amsterdam, The Netherlands
Tiger Trimming Inc - New York

Tel: (212) 594-0570 Fax: (212) 695-0265 Email: Tiger@Tigerbutton.com

ROBERT KAUFMAN
F A B R I C S

NOW FEATURING

PRINTS: Vintage Looks • Tropicals • Florals • Hawaiians • Novelties • Western
STRETCH: Yarn Dyes • Poplin Prints • Twill Prints • Corduroy Prints
COTTONS: Lawn Prints • Yarn Dyes • Volles • Eyelets • Denim • Canvas Peached
Tweeds • Corduroy • Flannel Solids & Prints • Velveteen • LINENS TOO!

CUSTOM DESIGN • PRINTING • DYEING
INTERNATIONAL SALES AND SHIPPING

NEW YORK SHOWROOM: TEXTILE ARTS MARKETING • 40 WEST 37TH STREET #802 • PHONE: 212-868-9040
LOS ANGELES HEADQUARTERS & SHOWROOM: 129 WEST 132 STREET • PHONE: 800-877-2066 • FAX: 800-788-5283



A Special
Sourcing
Horizons
Issue

Get in the Game.

Sourcing Horizons Winning the Sourcing Game

Section II: May 17
Close: April 29

The latest in a series of Sourcing Horizons features will identify the companies and countries pulling ahead in the post-quota era and their strategies for success – a road map to the future. Now more than ever, decision-makers across the entire supply chain rely on this kind of international intelligence that only WWD has the authority to deliver.

Advertise in the issue that will make you a player.

Bonus distribution 10,000 top-level decision-makers at international retailers and manufacturers.

For more information, contact Joel Fertel, associate publisher, at 212-630-4573, Elizabeth Haynes, European fashion director, at +33 1 44 51 1303 or your WWD sales representative.

WWDMediaWorldwide®

Douglas Sales Increase

BERLIN — Sales of Douglas Perfumeries increased 3 percent in the first five months of fiscal 2004-2005, which ended Feb. 28, the Douglas Group announced at its annual shareholders meeting last week.

Aided by "good Christmas business," the Douglas Group achieved group sales of 1.1 billion euros, or \$1.4 billion at average exchange rates, a gain of 4 percent. On a same-space basis, group sales rose 1.2 percent.

Chairman Hennig Kreke said the Group plans sales growth of 4 to 6 percent for the coming year, based on its existing portfolio. Profits from ordinary business activities are expected to hit 114 million to 116 million euros, or \$152 million to \$155 million at current exchange rates, up from 110 million euros, or \$132.7 million at average exchange, in fiscal 2003-2004.

The Group, comprising perfumery, book, jewelry, apparel and confiserie retail operations, has approximately 120 million euros, or \$160 million at current exchange, at its disposal for investments this year. Kreke added, "We'd like to invest even more — as soon as suitable locations can be found. We're also in the position at all times to further expand via acquisitions and will do so when the acquisition object fits our yield-oriented strategy."

Douglas is rumored to be eyeing the French perfumery chain Nocibe.

The Douglas board is proposing a dividend of 1 euro, or \$1.34 per share, compared with the 0.75 euro, or 83 cents at average exchange rates, paid in the shortened, nine-month business year of 2003, which ended Sept. 30, 2003.

— Melissa Drier

Lauder Honored by Junior League of L.A.

LOS ANGELES — Evelyn Lauder was honored earlier this month here by the Junior League of Los Angeles, which presented her with a Lifetime Community Achievement Award for her work in promoting breast cancer research. Dressed in a multicolored Bill Blass chiffon gown that Lauder dubbed her "rainbow dress," she accepted the award from actor Tony Shalhoub.

Lauder founded the Breast Cancer Research Foundation in 1993. "When I found out that twice as many women were dying at that time from breast cancer as AIDS, I was outraged," she said.

The foundation became the first not-for-profit organization dedicated to funding research on the causes of and treatment for breast cancer. Now the largest organization of its kind, the foundation contributes a minimum of 85 percent of all funds to

BEAUTY BEAT



Willow Bay and Bob Iger



Leonard and Evelyn Lauder along with Michael Eisner and his wife, Jane.

breast cancer research grants and awareness programs to achieve prevention and find a cure. Lauder was also instrumental in spearheading the pink ribbon campaign to support the cause, resulting in over 50 million ribbons distributed to date. The Estée Lauder Cos. is the foundation's largest corporate sponsor, and has raised \$100 million for research in the past 12 years.

Also on hand to honor Lauder was her husband, Leonard, as well as Disney chief executive officer Michael Eisner and his wife, Jane. Bob Iger, who will succeed Eisner on Sept. 30, was also seated at the same table with wife and Los Angeles-based CNN anchor Willow Bay, who was once the face of Estée Lauder.

Despite the sobering subject matter, the atmosphere was lighthearted, with guests bidding on auction items like a Marc Jacobs bag, a poker party — complete with dealer — and luxury getaways.

— Michelle Dalton Tyree

A New Place for Something Else

By Meredith Derby

NEW YORK — It might have taken more than 35 years for Something Else to open a second store, but it was well worth the wait — especially for Brooklynites looking for a taste of Manhattan closer to their neighborhood.

Four decades ago, Doug Grater's father bought a 6,000-square-foot retail space in Bensonhurst on 86th Street and opened Something Else. Two weeks ago, Grater opened the company's second store on trendy Smith Street in Carroll Gardens.

Already known for its diverse mix of sometimes quirky and upscale restaurants, Smith Street had lacked an equally hip apparel scene, according to Grater, a lifelong Manhattan resident who moved to Carroll Gardens about a year ago.

"We would hang out on Smith and just see all these funky young people," Grater said. After some prodding from his girlfriend, Grater decided that "we're going to give them a reason to shop."

Offering contemporary branded apparel for women and men from Adidas, Puma and Triple Five Soul to Kenneth Cole, Juicy Couture and Seven For All Mankind, the 1,000-square-foot Something Else, located at 144 Smith Street, opened on March 5. Its target demographic, according to Grater, is the "downtown Brooklyn chic customer." As such, the Smith Street store focuses on carrying specific pieces from branded collections.

"We're always looking for that special item — things you won't see anywhere else," said Grater, who took over running the company's Bensonhurst location from his father in 1999. For example, customers can find niche apparel from London-based BoxFresh, Subscript, a subbrand from Triple Five Soul, or the surf-inspired brand Cabral.

Aside from a handful of boutiques such as Watts, Frida's Closet and Flirt, each located on Smith Street, Something Else has relatively few competitors in the area. Even with a new Brooklyn Industries — catering to the same customer — located just three blocks away on Smith Street at Atlantic Avenue, Grater isn't fazed.

"I'm from the school of the more stores the better. I think it will keep customers on the block and prevent them from going into Manhattan," he said. "One store is not going to keep them on the block. By offering a variety of shops, [consumers] could spend an entire day on Smith Street. Pretty soon they've forgotten about Manhattan altogether. That's pretty much what our goal is."



Doug Grater outside Something Else.



Inside Something Else.

Elyse Kroll Honored by LIM

NEW YORK — Move over, TV survivors, the industry paid tribute to one of its own last week at the Rainbow Room here, where the Laboratory Institute of Merchandising honored ENK founder and president Elyse Kroll.

Kroll raised the bar for trade shows in 1979 when she launched the Designers' Collective, and introduced the women's version, Fashion Coterie, in 1986. Starting with 30 vendors at the Plaza Hotel, the Coterie has grown into a twice-yearly event featuring 1,000 vendors at the West Side piers.

Among those who turned out for the LIM event were Collective pioneers like Allan Ellinger, Joe Barrato and Sal Cesarani; Mark Mendelson, group president of Jones Apparel Group; Barbara Friedman, president of L.C.I. Licensing Inc., a division of Liz Claiborne Inc.; current exhibitors and ENK employees, and Elyse's mom. ("Does she take care of you?" comedian Tom Papa asked during his stand-up act. "You don't sleep on a cot in the back of Pier 94, do you?")

Gabriella Forte, the departing president of Dolce & Gabbana's U.S. operation and Kroll's first boss, recalled her former assistant as an extremely quick study. "Imagine," she said, "Elyse had the nerve to leave me! But now, I thank her for our partnership."

Kroll later thanked the crowd. "I'm grateful to have found love and loyalty in this tough business," she said.

— Stan Gellers



Gabriella Forte



Allan Ellinger



Elyse Kroll and LIM's Elizabeth Marcuse.



W Jewelry readers purchased \$42 million in products as a result of advertisements in W Jewelry.



W JEWELRY

THE WEIGHT OF DESIRE

Source: 2004 W Jewelry Reader Survey. From left: Cathy Waterman 22k gold, coral and diamond cuff at Birney's New York, Sharon Alouf 22k gold, ruby and diamond cuff at Sharon Alouf New York, Nancy Chapman 24k gold and rose-cut diamond cuff at Maxfield Los Angeles. Photo by Doug Rosa. Styled by Brooke Magnagli.

SUMMER ON-SALE: MAY 31 | AD CLOSING DATE: APRIL 18

Contact Jennifer Behre at 212.630.4904 | Visit us online at www.wjewelryonline.com

MARKETPLACE BUYERS' MART • REAL ESTATE • BUSINESS OPPORTUNITIES HELP WANTED • LINES • POSITIONS WANTED To Place An Ad Call: (800) 423-3314 or (212) 630-4610 Fax: (212) 630-4634

REAL ESTATE To Let For Business

For Space in Garment Center Helmsley-Spear, Inc. 212-380-0414 Showroom / Office / Retail We find you space-best deal-no fee

Showrooms & Lofts 7th Ave. Side Streets Great New Office Space Avail ADAMS & CO. 212-679-5500

SOHO - 10 Greene Street 1,200 sq. ft. Retail Space Dumann Realty (212) 505-6300

Sublease - 4500 FT. w/ Terrace Great Showroom, 6 Offices Prime Manhattan Scott 212-288-8043

Business Opportunities Contract Work Wanted

W 39th & Broadway Showrooms/Offices View of Bryant Park 1705, 2800, & 4600 Sq. Ft.

Children's Swimwear & Flame Resistant Sleepwear

Our specialty: PA factory line production available. Call Pat or Howard 717-653-1486

Business Connections

Men's apparel mfr. seeking a Financial Partner or Company for joint venture! Have tremendous license. Will do \$6M in sales next 12 months.

Business Services

PHOTOGRAPHERS ILLUSTRATORS 700 Fashion Design

PHOTOGRAPHERS ILLUSTRATORS 700 Fashion Design

PATTERN/SAMPLES

Reliable. High quality. Low cost. Fast work. Small Lg. production 212-629-4808

PATTERNS, SAMPLES, PRODUCTIONS

All lines. Any styles. Fine Fast Service. Call Sherry 212-719-0622.

PATTERNS, SAMPLES, PRODUCTIONS

Full service shop to the trade. Fine fast work. 212-969-2699.

Business For Sale

BUSINESS FOR SALE Major ladies apparel wholesaler retiring after 23 successful years.

Education



We provide outstanding education in job training, basic skills and work force development. We are currently seeking a F/T instructor to join our state of the art FASHION DESIGN & APPAREL TECHNOLOGY DEPARTMENT

Business Opportunity

Partner / Investor New hair care product line with patents pending & strong distribution is looking for investment partners.

Career Services

FASHION RESUME

Staff/Trn Executive-Wholesale/Retail Free Evaluation - Lifetime Updates GILBERT CAREER RESUMES (800)967-3846 amex/mvevisa

HELP WANTED

DESIGNER MERCHANDISER

Leading women's apparel co. is seeking a dynamic designer with 5-10 yrs exp. to join our NEW YORK design staff.

SPORTSWEAR DESIGNER

We are seeking a dynamic, talented design pro with 4-7 yrs. exp. to join our BOSTON staff designing for a major public, moderate contemporary co.

Production Coordinator

Women's Apparel Co. seeks person to help communicate between design & overseas. Knowledge of Excel/Word and strong communication skills req'd.

1st Patternmaker/Cutter

For cut & sew knits, handle (3) sample makers. Must have good organizational skills. Please forward resume to: Faxes: (973) 268-2806, Attn: Johnny

Help Wanted

Administrative Assistant For Head of Sales at est'd manufacturer of branded and private label clothing.

Administrative Asst. Help in managing A/R & A/P, invoicing, TRV, imports, and working with the factor.

W-I-N-S-T-O-N APPAREL STAFFING DEPT. SLIPSTITCH TECH ADMIN * TECH * PRODUCTION (212) 557-5000

APPAREL JOBS 1Artist: Girls-Boys-Juniors 2Spec Techs 3Designers-associate boys-girls-merch

Apparel Spec Designer Create Tech Packets for Woven & Knits. Communicate with overseas factories.

ARTIST NEEDED

Versatile Graphic Designer needed to work variety of exciting projects: Must have exp. in production packages, exp. with prints, create original artwork.

ASSISTANT MERCHANDISER

Novelty and lifestyle co. seeks creative individual for multi-tasking. Responsibilities include identifying emerging trends and hands on sourcing.

METROPARK USA Men's Asst. Buyer

Metropark is a new chain of mall-based specialty stores offering contemporary, multi-brand apparel & accessories for young men & women.

Merchandiser Assistant

Updated sportswear & dress manufacturer seeks entry level asst. Must be able to multi-task, be highly organized & detail oriented.

Patternmaker

3+ years experience in Knits and Wovens. First pattern through final pattern.

Production Asst

Organized individual with good computer and follow up skills.

Designer Assistant Embroidery Designer

Fast paced sportswear and dress company seeks embroidery designer with min 2 yrs exp in imports. Should be able to prepare product packs for Asia and follow up on all design details.

Designer/Merchandiser

Denim & Spswr. bottoms mfr. seeks dynamic, highly motivated indiv. with good communication & technical skills for Jr. Missy, Large Sizes & Kids Lines.

Help Wanted

DESIGNER OPENINGS CAD Mgr-UIA, Photo, Illustrator, Print Bkgnd Designer-Exp w/ Jr. Activewear

Designers AMIEE LYNN - established accessory co seeks Designers - 2 yrs exp for Costume Jewelry, Accessories & Handbags

DSNR- GIRLS 7-16 SPTS TO 80K Lic Impl/seeking designer for 7/16 BRAND ED girls'w product. Jr background a plus.

A.D. FORMAN ASSOC 450 7TH AVE (AGCY) 268-6123 Eveningwear Company Seeks: DRAPERS & SAMPLEMAKERS

Gal-Guy Friday/Amin. Asst. Work in a friendly, fast-paced atmosphere w/beautiful surroundings for an exciting, est'd Apparel Co.

GRAPHIC DESIGNER Novelty and lifestyle co. seeks creative individual w/ strong Illustrator skills

LICENSING MGR. Secaucus, NJ based apparel co seeks detail oriented Licensing Mgr with min 3 yrs exp working with or for licensors.

Menswear Outerwear Patternmaker ** \$110-\$200K ** 1st thru Prod'n. Run Brand New Sample Room. Hang with Burberry.

ASSISTANT MERCHANDISERS TAYLOR HODSON Immediate freelance-to-perm opportunities avail w/ wonderful co's.

MERCHANDISER \$150K+ WOMEN'S SWIM GREAT CO! Jobs@TheFashionNetwork.com

Merchandiser Assistant Updated sportswear & dress manufacturer seeks entry level asst. Must be able to multi-task, be highly organized & detail oriented.

Patternmaker 3+ years experience in Knits and Wovens. First pattern through final pattern.

Production Asst Organized individual with good computer and follow up skills.

PRODUCTION COORD \$40-50K + SWEATERS ** ToddWayne@aol.com Call 212-947-3400

PRODUCTION COORD \$50K Girls 7-16. Better Manufacturer. MayJessilyn@aol.com Call 212-947-3400

PROD'N COORDINATOR Rapidly growing Ladies Co. seeks prod'n coordinator with tech. design experience to handle all details from development to prod'n.

Patternmaker NYC swim mfr. Fax resume & salary requirements to: (917) 452-1730 or E-mail: asstpatternmaker@yahoo.com

Production Artist For fast paced screenshot co. Must be proficient on MAC, Illustrator, Photoshop & Freehand. Please forward resume to: E-mail: Artroom@pexp.com

Help Wanted

Established, edgy design driven 1'ween company is looking to fill the following positions: DESIGNER- Senior level, over 5 years experience.

ASSISTANT DESIGNER- Great opportunity for a design driven individual. Must have some junior background.

ORDER ENTRY/CUSTOMER SERVICE- Team Player, must be willing to work in all areas of company's operations.

SEND RESUME- Fax: 212-931-5709 or email: richard@betsyandbabs.com

PERRY ELLIS INTERNATIONAL TECHNICAL DESIGNER

Create technical packages in PDM knits/wovens/bottoms: construction sketches, graded specs. Communicate with overseas vendors. Follow up on production and fit samples.

www.perry.com Please fax resumes to: 781-221-8253 (Miami) or email: miami@perry.com

PHOTOGRAPHER/RETOUCHER PART TIME/IN-HOUSE

Dynamic women's footwear company, located in Greenwich, CT, is seeking a Photographer/Retoucher to join its team! Candidates must have experience with digital photography and must have own equipment.

Qualified candidates should send cover letter, salary requirements and work history to: Fax: (203) 302-3810 or tmacchia@vcsgroupllc.com

PATTERNMAKER Large sized womens outerwear mfr located in N.J. seeks patternmaker w/ at least 5 yrs exp.

PATTERNMAKER NORTH BERGEN, NJ LOCATION Fashion forward fast paced sportswear manufacturer seeks 1st to production patternmaker.

PRODUCTION DESIGNER Asst-1+ yrs doing tech spec/wrap sheets exp nec w/Photo/Illus/Excel. \$35-45K Les Richards Agcy. Call (212) 221-0870

Quality Control N Y Women's Spts Co seeks team player with quality control experience. Knowledge of colors, specs, fabrics, better garment construction and be totally computer literate.

RECEPTIONIST Est'd childrenswear co seeks an energetic and organized receptionist for fast paced office/showroom.

Product Development Asst. TIBI Leading Women's Contemporary Co., Tibi, is seeking an Assistant for Product Development.

Receptionist/Fit Model For Midtown denim manufacturer. Duties include basic clerical tasks, showroom reception & assisting during market weeks at fit model.

Production Artist For fast paced screenshot co. Must be proficient on MAC, Illustrator, Photoshop & Freehand. Please forward resume to: E-mail: Artroom@pexp.com

Help Wanted

marquee billing can be yours for the asking. call your word classified rep for introductory rates & more details. 1.800.423.3314

Established, edgy design driven 1'ween company is looking to fill the following positions: DESIGNER- Senior level, over 5 years experience.

ASSISTANT DESIGNER- Great opportunity for a design driven individual. Must have some junior background.

ORDER ENTRY/CUSTOMER SERVICE- Team Player, must be willing to work in all areas of company's operations.

SEND RESUME- Fax: 212-931-5709 or email: richard@betsyandbabs.com

PERRY ELLIS INTERNATIONAL TECHNICAL DESIGNER

Create technical packages in PDM knits/wovens/bottoms: construction sketches, graded specs. Communicate with overseas vendors. Follow up on production and fit samples.

www.perry.com Please fax resumes to: 781-221-8253 (Miami) or email: miami@perry.com

PHOTOGRAPHER/RETOUCHER PART TIME/IN-HOUSE

Dynamic women's footwear company, located in Greenwich, CT, is seeking a Photographer/Retoucher to join its team! Candidates must have experience with digital photography and must have own equipment.

Qualified candidates should send cover letter, salary requirements and work history to: Fax: (203) 302-3810 or tmacchia@vcsgroupllc.com

PATTERNMAKER Large sized womens outerwear mfr located in N.J. seeks patternmaker w/ at least 5 yrs exp.

PATTERNMAKER NORTH BERGEN, NJ LOCATION Fashion forward fast paced sportswear manufacturer seeks 1st to production patternmaker.

PRODUCTION DESIGNER Asst-1+ yrs doing tech spec/wrap sheets exp nec w/Photo/Illus/Excel. \$35-45K Les Richards Agcy. Call (212) 221-0870

Quality Control N Y Women's Spts Co seeks team player with quality control experience. Knowledge of colors, specs, fabrics, better garment construction and be totally computer literate.

RECEPTIONIST Est'd childrenswear co seeks an energetic and organized receptionist for fast paced office/showroom.

Product Development Asst. TIBI Leading Women's Contemporary Co., Tibi, is seeking an Assistant for Product Development.

Receptionist/Fit Model For Midtown denim manufacturer. Duties include basic clerical tasks, showroom reception & assisting during market weeks at fit model.

Production Artist For fast paced screenshot co. Must be proficient on MAC, Illustrator, Photoshop & Freehand. Please forward resume to: E-mail: Artroom@pexp.com

SALES REP Women's Bridge- Special Occasion This is an exceptional opportunity for a creative, highly motivated, think outside-the-box individual.

Production Artist For fast paced screenshot co. Must be proficient on MAC, Illustrator, Photoshop & Freehand. Please forward resume to: E-mail: Artroom@pexp.com

Seven Strives for Growth With Collaborations

By Nola Sarkisian-Miller

LOS ANGELES — Seven For All Mankind is trying to scale new heights of jean design in a collaboration with Great China Wall.

The partnership is the second for Seven, which worked with Swarovski six months ago to produce a line of limited-edition denim featuring crystal detailing on the back pocket. The line wholesaled for \$98 and fetched \$20 million in sales, said Rick Crane, Seven's national sales manager.

"It's fun to take people who are good at what they do and put them together,"

“It's fun to take people who are good at what they do and put them together. The pairings can usually deliver the cream of the crop in those respective fields.”

— Rick Crane, Seven For All Mankind

he said. "The pairings can usually deliver the cream of the crop in those respective fields."

Seven For All Mankind is raising its profile as it seeks to transform its hot jeans business, which pulled in \$200 million in sales last year, into a cohesive lifestyle brand. It brought on a financial partner, Bear Stearns Merchant Banking,

in a recapitalization deal and has hired a new chief executive officer, Andreas Kurz.

For its latest cobranding effort, Seven looked to Alfredo Settimio, founder and owner of Great China Wall with his wife Nilou Naderi. Their line, which generates about \$5 million in sales, is known for its reinterpretation of vintage rock 'n' roll T-shirts, army pants and sweatshirts into artier pieces heavily adorned with hand painting, embroidery and ornamentation. Before joining Seven in 2001, Crane was the financial backer and 50 percent partner in Great China Wall when it launched in 1999.

Settimio said reconnecting with his former partner was a way to generate buzz for his label.

"My line is very underground," he said. "I don't like to do advertising. I don't like to sell. I just like to make my product, so without changing my ways...I can reach more people."

Both companies will share billing on



A look from Seven For All Mankind's collaboration with Great China Wall.

the limited-edition collection of 30,000 pieces. The inside waistband label will include both names, as will a hangtag painted with one logo on each side.

The initial pairing yields 10 denim styles in distressed washes along with two denim jackets and an offering of solid and tie-dyed T-shirts popping with crystals. Seven gives Great China Wall the pieces for hand-painting or brass-studded touches in the shapes of paisley swirls and sunbursts on the front panels and pockets of the jeans as well down the legs of the jeans. The handiwork can take three hours to two days per pant, depending on the intensity: Level A for subtle work; Level B for less subtle details and Level C for over-the-top pieces.

And it's not for the financially weak. The line, which ships in June, starts at \$135 wholesale for the A grouping and may go up to \$443 for the C items.

Fifty retailers have picked up the line, including Kitson, Neiman Marcus, Saks Fifth Avenue and Bloomingdale's. Crane predicted the venture will pull in \$10 million in first-year sales.

"[Settimio is] the most talented man in the world I believe, so if you combine his talent with Seven's great fit, you have an ideal combination," said Kitson owner Fraser Ross, which carries Great China Wall and its line of sweatshirts that sell for up to \$1,000. "His line separates the men from the boys when it comes to price point."

Help Wanted

Seamstress/Tailor
Sewer needed to start ASAP for high end textile mfr. Ability to sew simple curtains, also cut, serge, and label fabric samples in bulk. Prior exp. working with fabric helpful. Good pay & excellent benefits. To set up interview or Fax Sample Mgr.: Tel: 718-752-9830 x 206 / Fax: 718-752-9419

Sewers - Leather
High-End Handbag manufacturer seeks experienced sewers. Must have strong experience in leather sewing. Must be detail oriented. Location is garment district in Manhattan. Please fax resume to 212-629-3212 during 9pm to 7pm ONLY. We will NOT take resumes faxed during other times.

SPEC ASST-1+ yr exp w/a Ladies or big Girls jeans or knit tops importer nec doing specs on Excl. etc. \$35-45K Les Richards Agcy; Call (212) 221-0870

SPEC TECH
Fast paced, Private Label Co. seeks a highly motivated individual to provide sketch & spec, fittings, and production packages. Will also communicate with overseas factories. Bilingual Chinese a plus. Please fax resume Attn: Mr G 212-869-2781

SPEC TECH
Fast Paced Women's Spts Co seeks exp/ professional spec tech. Excellent knowledge of garment construction, grading, fittings and ability to develop specs, a must. Candidate must be detail oriented, excellent communicator, organized, ability to focus, and be a team player. Computer literate. Benefits. Please fax to: 212-253-5710

SPEC TECH
Girls/Juniors swim importer needs person able to spec, fit and handle prod. packages. Must be experienced, detail oriented and organized. Fax resume to 212-695-1050

SPEC TECH
Boys swim importer needs person to spec, fit & handle prod. packages. Must be experienced. Fax resume to 212-695-1050

SOURCING ASSISTANT
Importer needs assistant. Good communication skills, organized and can deal with O'ceas offices. Fax resume to 212-695-1050

Help Wanted

Spec Technician
Missy import dress co. seeks candidate knowledgeable in pattermaking, garment construction, fittings, specs. Must be able to sketch & be computer literate to communicate detailed fit comments to overseas factories. Extremely organized & detail-oriented. Must have minimum five (5) yrs. import experience. Please fax resume, Attn: Casey @ (212) 719-0009

SWEATER COORDINATOR
Contemp dsign firm seeks detail orient, highly motivated, very organized swrd coord to work for design & prod depts. Min 2 yrs exp, must know sweater specs, costing & finan negotiations. Manage strict T&A cal, strong excel & have contemp eye for Design. Pls e-mail resume to: resumert@gmail.com

TECH DESIGN ASST
Major intimate apparel manufacturer seeks tech design assistant for midtown location. Must be organized & detail oriented. Responsible for fit approvals, creating & revising specs. Fax resume & cover letter including salary req. to Attn: Design (212) 684-3254 or email vannessavanmar@aol.com

Technical Designer
Better domestic dress co. seeks highly organized & detailed individual with exp. Must have full knowledge of garment construction & developing specs. Must have strong communication, organization & computer skills. Please fax resumes to: 212-997-3939

TEXTILE DESIGNER
Full time Contemporary textile design studio is looking for talented new designers to create prints for the apparel and home markets. Must know Photoshop and/or Illustrator. Great opportunity for growth in our original design department! Recent grads OK. Good Benefits. Please call Stephanie @ 212-594-0777 for a portfolio review

Help Wanted

TRIM BUYER \$55-60K
Must Know How to Measure Garments Strong Math Skills a Must. ToddWayne1@aol.com; Call 212-947-3400

SALES HELP WANTED

Sales Help Wanted

Account Executive
Children's Mfr. seeks exp'd. Account Exec for Mid-Tier/Dept. Store accounts. Must be highly motivated, detail oriented, and a team player. Fax resume: 212-273-3416

OTB ONE TOUCH BRAND

ACCOUNT EXECUTIVE
OTB jeanswear is seeking a highly motivated, energetic individual with 3-5 years exp. in BOTS/ACCESSORY field. Individual must be organized & detail oriented. Must possess strong selling skills, good verbal and written communication skills. Some travel is required. Please send resume and salary history to: Email: jett@m8-OTB.com Fax: 212-629-7018

Exciting Opportunity!!!
Established Women's Handbag & Hat Accessory company seeks an aggressive, experienced national salesperson. Please fax resume to: 305-596-4418

Outerwear Sales Mgr./Merchandiser
Minimum of 5 years experience. Strong relationships with dept. and Specialty chain stores. Excellent Salary plus commission. Full Benefits. Fax Resume: 212-736-9265 or email to: charlesw@verizon.net

Sales Help Wanted

Private Label Sales CHILDREN'S
NY based Co. seeks highly experienced aggressive seller for Private label sales. Must have strong established contacts with major retailers in newborn, infant & toddler. Ability to open and maintain new accounts. Strong negotiating skills Salary + Commission + Benefits. Please reply in strict confidence to: Box #1021 WWD, 7 West 34th St., NY NY 10001

Publicity Firm handling Fashion, Lifestyle & Entertainment Accts seeks Admin. Asst., Acct. Exec. & Jr. Acct. Exec. immediately. Strong contacts & portfolio a must. Salary based upon exp. Fax: (212)586 2234 or Email: gwenglam@ymindia.com

Sales \$75 to \$125K Missy sptsweat/actwear. Dept stores a must Jennifer "Just Mgmt" 800-544-5878 Jennifer@justmgt.com

SALES EXECUTIVE Charley Morgan Int'l Inc.
Seeks a professional with established relationships in the Department Stores/ Mass Chain Stores/ Discount Family's Chain Stores in underwear and lingerie markets. We offer attractive salary and bonus. (3) years minimum experience. In-house is preferred. Our products are similar to Jolie intimates, Renee LaGerie, Lady Princess, Erica James, and Teri. Please send resume to: E-mail: morgan1736@yahoo.com or Fax: (212) 747-5582

Sales VP \$175K+ Moderator/better loungewear, sleepwear only Allen "Just Mgmt" 800-544-5878 Allen@justmgt.com

SHOWROOM SALES
NY Junior Bottoms mfr seeks an exp'd salesperson with dept & specialty stores to bring in new business. Email loona22@msn.com or Fax 212-921-7817

Sweater Sales Pro
Established Canadian Swtr Mfr. entering U.S. market seeks highly motivated sweater exec. Must have strong contacts with dept. stores and chains. Merchandising skills a plus. Great opp. for the right ind. Salary commensurate w/exp. Fax resume to 212-736-0165 or email harris@bagatelleny.com

Textile Design Sales
Leading NY Textile Design Agent seeks commission based Sales Rep. Should be energetic, motivated, and enjoy working with our wide range of apparel & home furnishing clients. Please contact us at: printsales3@aol.com

Sales Help Wanted

VERTIGO
Better SportsWear Co. • Est'd. 1985 Seeking exp'd. Salespeople for national sales to Chains/Specialty Stores. Salary Commission/Bonus Pkg. commensurate with experience. Benefits + EOE Fax resumes to: 212-302-5279

Retail Sales Help Wanted

Retail Sales Help Wanted

High End Boutique
High end men's and women's boutique in Meat Packing District is looking for a sales associate. Responsibilities include assisting customers and maintaining daily store appearance. Good people skills and fashion sense a must. Fax resume to 212-924-3221

Lines Offered

Lines Offered

TOMMY HILFBERG

Sport Bags & Women's Handbags

INDEPENDENT SALES REPS

Tommy Hilferg Handbags and Accessories, Inc. is seeking experienced, Independent Sales Reps for our 2005 Men's and Women's Sport Bag division. We are seeking enthusiastic and motivated individuals with broad specialty store contacts and regional market experience.

Available territories include the Midwest, Northwest, Northeast and Southwest regions

Please E-mail resumes to: msodel@thhb.com

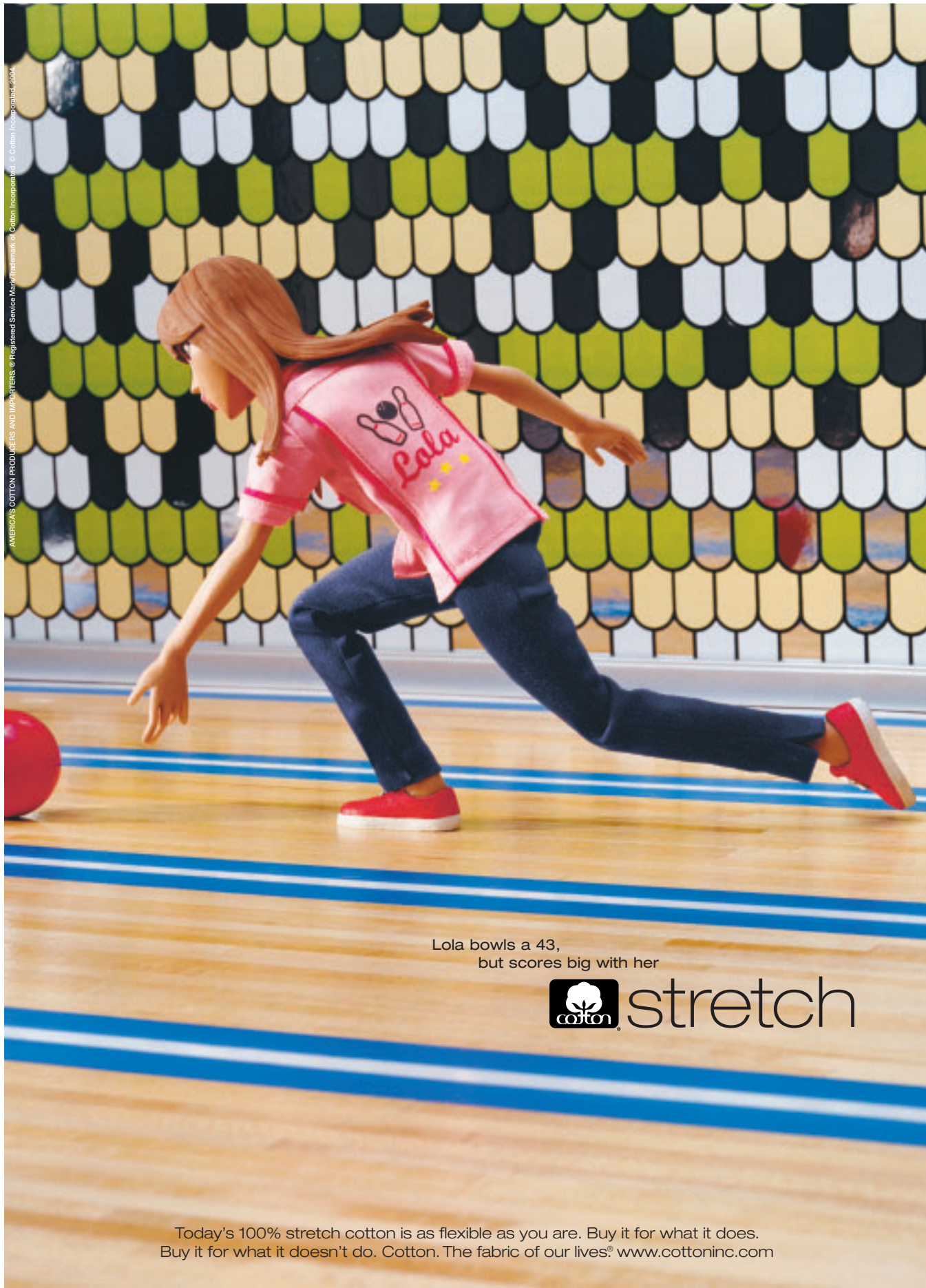
CONFIDENTIAL SERVICE: To answer box number ads and protect your identity: (1) Send your reply in an envelope addressed to the box number. (2) Use a separate note, but copy and pasted on the separate note, but copy and pasted on the separate note. (3) If you wish to be contacted by a second envelope, addressed to: CONFIDENTIAL SERVICE, WWD, Classified Advertisers, 7 West 34th Street, New York, NY 10001

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:
All replies to box number ads should be addressed exactly as indicated in ad copy. For those box numbers without a street address, mail to:
Box
WOMEN'S WEAR DAILY
7 West 34th Street, New York, NY 10001

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

AMERICA'S COTTON PRODUCERS AND IMPORTERS. © Registered Service Mark of Cotton Incorporated. © Cotton Incorporated, 2004.



Lola bowls a 43,
but scores big with her

 stretch

Today's 100% stretch cotton is as flexible as you are. Buy it for what it does.
Buy it for what it doesn't do. Cotton. The fabric of our lives® www.cottoninc.com

WWW**China**In**Depth**

SECTION II

Building the Future

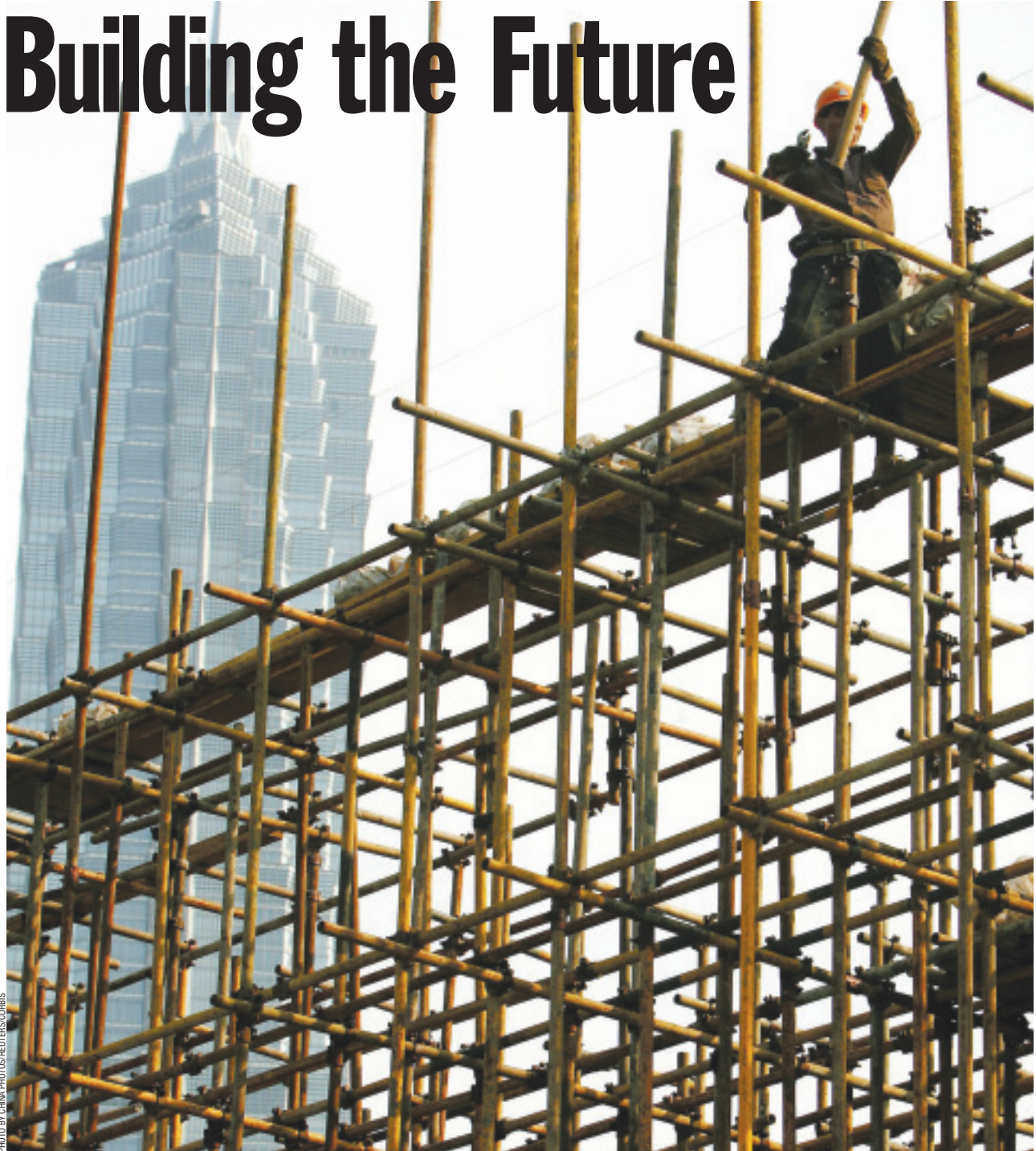


PHOTO BY CHINA PHOTOS/REUTERS/COBBIS

China's economy is booming — it grew 9.5 percent last year — and the country's rapid economic rise is reflected in the breakneck pace of construction in its major cities. The expansion can be seen in the Shanghai skyline, where construction is relentless — such as this building next to the 93-story Jin Mao tower. The country's manufacturing is expanding rapidly, capitalizing on low wages and a 1.3 billion population. The enormous populous also has attracted the attention of world retailers and apparel brands, which see a huge opportunity in the market. For now, though, there's more potential than actual sales — China's middle class is small and the average shopper can't afford expensive imported brands.

CHINA IN DEPTH



▲ Beijing shopping malls mix Western design with traditional aesthetic.

contents

4 Luxury Awaits

Western luxury brands in China are lying in wait for an expected new monied class of shoppers. So far, they've caught few.

8 Metropolis of Manufacturing

China is widely viewed as the 800-pound gorilla of the global apparel industry. Luen Thai is building a 32-acre plant in Dongguan that will be a giant within China.

10 Turning to the East

Having gotten a shellacking from their Chinese competitors over the past few decades, a growing number of U.S. textile manufacturers are setting up plants on their rivals' turf.

12 By the Numbers

China's population is a massive 1.3 billion people — one out of every five people on Earth. But marketing to the Chinese requires understanding how the population breaks down.

14 The Gates Open

In December, China lifted a requirement that foreign retailers sell

a majority stake in their Chinese operations to local investors, though experts said merchants face other barriers to entering the market.

16 In the Crosshairs

In a country where the average person doesn't have the money or inclination to buy Western branded merchandise, executives need to focus on the segments of the population that can spend.

18 Safeguard Showdown

For the moment, Chinese apparel and textile makers face the potential for unlimited growth, now that quotas have been lifted. But the threat of safeguard restraints remains.

18 Mainetti's Move

Hanger maker Mainetti is doubling its annual production with a series of factory openings in Shenzhen and Shanghai.

19 Texan Twist

The owners of the Dallas Market Center have teamed up with the owners of the Shanghai Mart to organize a new trade show.

The Middle Kingdom Takes Its Place

For most of their 2,200-year history, the Chinese have regarded their nation as the center of the universe. To understand this perspective, imagine the modern world without Chinese inventions such as gunpowder, the magnetic compass or silk.

The closing of China to outsiders during the 19th century and China's embrace of communism under Mao Zedong in the 20th century changed Western attitudes to China, with many foreigners believing China's greatest days were behind it.

In the last five years, that impression has changed markedly. China has embraced international commerce and since joining the World Trade Organization in 2001 has rapidly grown its manufacturing sector. For the leadership in Beijing, managing the breakneck pace of growth requires a delicate balance.

On one hand, China's private sector needs to create hundreds of thousands of new jobs a year to absorb the continuing migration of people from rural areas into the major cities, as well as the workers who are laid off as former state-run enterprises transfer to private ownership and restruc-

ture themselves in search of profitability. At the same time, authorities fear the pace of growth has become too fast — China's gross domestic product was up 9.5 percent last year — and could result in economic overheating and a sharp downturn.

In Washington, China's economic growth has become the subject of intense controversy, since the country's currency, the yuan, is pegged to the dollar at an exchange rate that economists assert undervalues it by 10 to 40 percent. Officials including Sen. Charles Schumer (D., N.Y.) have argued that the currency peg amounts to an unfair subsidy of Chinese exports and has called on the Bush administration to retaliate through tariffs.

But that complaint overlooks a key aspect of Sino-U.S. economic interdependence. Buying up dollars keeps the yuan low, but it has also helped to finance the U.S.'s chronic deficits.

Apparel makers see a dual opportunity in China. Following the lifting of quotas by the WTO, experts predict that China's current 25.4 percent share of the U.S. imported textile and apparel market could rise to 50 percent or even as much as 80 percent,

comparable to China's position in unrestricted sectors such as shoes and toys. The opportunity for low-cost production has prompted apparel makers like Gap and Liz Claiborne to shift at least some of their production into China, and has Chinese companies building massive factories that employ tens of thousands of people. They call them "supply-chain cities."

At the same time, as more of China's 1.3 billion citizens begin to climb into the middle class, Western marketers see the potential for a huge new consumer market. From LVMH Moët Hennessy Louis Vuitton to Walmart, Western brands are setting up shop in China. Right now few Chinese can afford their products, but experts said these companies are positioning themselves to take advantage of huge growth potential.

When adjusted to consider local buying power, China's \$6.45 trillion economy is second only to the U.S. In the next decade, executives in the U.S., China and elsewhere will be closely watching the changing balance of power between these two economic superpowers.

— Scott Malone

Vice President, Editor in Chief
Edward Nardoza

Editor
James Fallon

Managing Editor
Richard Rosen

Senior Editor, Markets
Arthur Friedman

Associate Sportswear Editor,
Denim and Textiles
Scott Malone

Contributing Editors
Kristi Ellis
Betsy Lowther
Lisa Movius
Vicki Rothrock
Rusty Williamson
John Zarocostas

Associate Art Director
Kim Svitic

Designers
Kara Hasson-Binnie
Mandy Lee
Amy Lomacchio

Copy Chief
Steven Hillman

Deputy Copy Chief
Peter Sadara

Copy Editors
Deborah Boylan
Doug Hennemeyer
Lisa Kelly
Maureen Morrison

President, WWD
MediaWorldWide
Edward Menicheschi

Senior Vice President,
Group Publisher
Ralph Erardy

Associate Publisher, Innerwear,
Legwear and Textiles
Joel Fertel

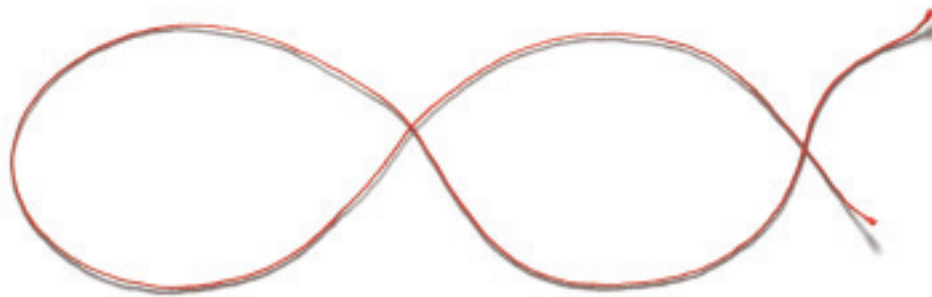
Associate Publisher,
Technology
Tia Potter

Regional Advertising Director
Susan Smith

European Advertising Director
Elizabeth Haynes

Production Manager
Michele Leung

Assistant Production Manager
Stephanie Olavarria



Infinitely more than just a fiber.

INVISTA turns fiber into competitive advantage.

If you think of us as a fiber supplier, you're missing the bigger picture. We can help you match the benefits of textile science to needs, get to market on time at the right price point and stimulate consumer interest in every part of the world. INVISTA innovation saves time; makes money. **Expect more from us.**

To help improve your competitive advantage, contact Ria Stern, North America Marketing Director, at 212-512-9393.



INVISTA™

SECTION II CHINA IN DEPTH

Luxury Awaits

By Betsy Lowther

BEIJING — ON A RECENT SATURDAY AFTERNOON IN THIS CITY'S high-end China World Shopping Center, the center-city mall was not exactly a madhouse.

There were the typical small groups of potential customers strolling the gleaming walkways between elite shops such as Fendi, Dior and Furla. But few made it inside the stores.

At Gucci, the saleswomen were chatting with each other in a corner of the empty store. At Marc Jacobs, three salespeople were hot on the heels of one lone customer. At Prada, another group of saleswomen stood around, waiting to pounce on the first person who walked through the door.

China is nearly universally considered to be the next big place for luxury sales. But if that's the case, where are all the customers? They're not here, yet.

Of China's 1.3 billion residents, only about 30 million people — about 2.3 percent of the population — can afford luxury merchandise, according to a Merrill Lynch report issued last year. That's a large number of people — it almost matches the population of Canada, which has 32.8 million residents — but it's not near-

“It really doesn't take a lot of sales to stay in business and all the while you're increasing your exposure to the Chinese consumer.”

— Chris Torrens, Access Asia

ly enough to fill the hundreds of high-end stores that are cropping up around the country, particularly since most of those 30 million shoppers can afford to make only a few high-end purchases a year.

But the foreign luxury labels now setting up shops in China are looking ahead, betting that today's empty stores will be filled in just a few years, as China's middle and upper classes grow in size. More important, they're figuring that Chinese shoppers who see a Western brand in their major cities today are more likely to desire its products as their incomes rise.

The same Merrill Lynch report projected that by 2009, Chinese consumers could represent 20 percent of the world's luxury spending, up from 11 percent of the \$82 billion luxury market at present.

Robert Triefus, an executive vice president at the Armani Group, said the Chinese market “could be as important as Europe or America in 10 to 20 years' time...We're here for the long term, and this is a very important investment phase.”

Armani is one of the brands leading the rampant retail development in China. The company, which currently has 13 stores in China, plans to open 20 by the end of this year and 30 by 2008. The firm's aggressive expansion plan, which includes outlets under the Giorgio Armani, Armani Exchange and Emporio Armani banners, will include shops in quickly developing second-tier cities such as Dalian, Hangzhou, Shenyang and Chongqing, in addition to its existing units in Beijing, Chongqing, Dalian, Shenzhen and Wenzhou.

Dozens of high-end brands, including Dolce & Gabbana, Christian Dior, Salvatore Ferragamo, Chanel and Cartier, are expanding all over China. Prada plans to have at least 20 stores in China by the end of this year. Tod's aims to open 20 stores in China in the next five years. Cartier has opened seven stores around China in the past six months, bringing its mainland total to 10.

While many of those stores are not teeming with shoppers, experts said that's a small concern at the moment.

Only about 2 percent of Chinese shoppers can afford Western luxury brands, according to a Merrill Lynch study.



Beijing's Oriental Plaza shopping mall.

PHOTOS BY DOUG KAMTER

“The fact is, when you have a luxury store, you don't need that many people to come in and buy to be profitable,” says Chris Torrens, editorial director at Access Asia, a consulting firm in Shanghai. “The main advantage to expanding in China right now is that costs here are very cheap. Developers are keen to get the big names into their malls, so they offer competitive deals to get well-known brands to open there. A company can lease a large retail outlet for not too much money, and the labor costs for salespeople are also very low. So it really doesn't take a lot of sales to stay in business and all the while you're increasing your exposure to the Chinese consumer.”

While few Western companies disclose their Chinese revenues, those that have been operating in the country for a long time assert their mainland China operations — excluding the already well developed Hong Kong and Macau markets — are profitable. Officials at Louis Vuitton, which has been operating in China for 12 years, said their Chinese ventures are profitable, as say those at Ermenegildo Zegna, which has been in the country for 14 years.

“We're not losing money in China,” said Maxime Elgue, managing director of Cartier's Far East operations, at the recent opening of the firm's Bund 18 flagship in Shanghai. “But every dollar we make is being reinvested here right away, in boutiques, in advertising, in looking for talent and creating a culture here.”

But with a flood of Western brands pouring into the country, a major challenge for marketers is making sure their image stands out in the crowded field.


“The main question is, how do brands differentiate themselves,” said Torrens of Access Asia. “How does a consumer with no previous knowledge of luxury brands learn the difference between Tommy Hilfiger and Prada? Clearly, there is a big distinction, but when they're both opening stores — along with so many other brands — it can be difficult to stand apart and make themselves known.”

Some top luxury brands — including Burberry, Louis Vuitton and Chanel — have found that Chinese consumers already recognize their names and trademarks — in part because counterfeiters have been hawkking their styles on the streets for years. But smaller luxury labels, such as Tod's, Celine and Lanvin, have more work to do to make their products known to the typical Chinese consumer who's just learning about foreign fashion brands. By opening stores now, many companies hope to begin building recognition so that they're familiar names by the time China's consumerism starts to boom.

“What's most important for us now is to develop the right message about who we are,” said Diego Della Valle, chairman and managing director of Tod's SpA, who came to China in December for the opening of a new Beijing Tod's boutique. “Right now, fewer people know us here, so our primary goal is to find ways to reach out to more customers.”

The other main issue for foreign retailers in China is convincing Chinese consumers to shop in their home country. A tariff on luxury goods has kept prices in China as much as 30 percent more than in Europe, the U.S. and even the neighboring special administrative region of Hong Kong, which has different tariffs

Continued on page 6



NEW COLOR

SILK

Introducing the new subtle, flesh-toned color of Silk. Soft and sensual, elegant and refined, it brings a glamorous sparkle to textile, jewelry and accessory designs. Find more detailed information on our Silk product assortment and other Swarovski innovations for season Spring/Summer 2006 in our brand new CRYSTALLIZED™ magazine, available as of March 1, 2005 and on www.swarovski.com/business



SWAROVSKI NORTH AMERICA LTD.
Crystal Components Business
1 Kenney Drive, Cranston, Rhode Island 02920, USA
Tel: +1 401 463 5132, Fax: +1 401 463 4707
Toll free: 1 800 463 0849
customerservicesccl@swarovski.com

SWAROVSKI CREATIVE SERVICE CENTER
29 West 57th Street, 8th Floor, New York, NY 10019
Tel: +1 212 935 4200, Fax: +1 212 935 8800
Toll free: 1 877 888 7980

Visit us at LA Textile Show,
Booth #E504 (April 4-6, 2005)

CHINA IN DEPTH

Luxury Awaits

Continued from page 4

and duties than the mainland. The extra expense has sent many Chinese who are looking for luxury products out of the country to make their purchases.

"Many Chinese come to Hong Kong to do their shopping because the price difference is generally at least 20 percent cheaper," said Balbina Wong, president of the Hong Kong-based company ImagineX, which helps manage the China expansion and distribution of more than 20 major foreign brands, including Marc Jacobs and Versace. "When you're buying luxury goods, that 20 percent can pretty much pay for your ticket and hotel, so why not take the trip?"

To combat the Hong Kong exodus, some companies have begun lowering the prices of their mainland merchandise to make shopping in China more attractive. Louis Vuitton adjusts the price of its merchandise to be within 10 percent of its Hong Kong pricing, said Christopher Zanardi-Landi, the company's general manager for China.

While the influx of brands in China may mean constant competition, it's also getting consumers to think of the mainland as a place to start shopping.

"The more luxury companies that come here, the more it helps the industry," said Cartier's Elgue. "People will start to see they don't have to go to Paris or Hong Kong for fashion. They can find the same things here."

If companies can lure customers back to China, the bigger question may soon be what will happen to Hong Kong retail as more Chinese stay home to shop, said Torrens.

"You've got brands in Hong Kong that say up to 70 percent of their sales are from mainland customers," he said. "With luxury goods, it's generally around 30 to 40 percent. As sales increase in China, are those people going to keep coming down to Hong Kong to buy? Are Hong Kong sales going to erode significantly and is that something luxury companies will want? This could be a significant issue in the future."

A major part of what is helping make the mainland more attractive to shoppers is the increase in high-end malls and other consumer-friendly retail locations around the country.

"Twelve years ago, stores tended to be environments that were very protected, like hotel lobbies," said Louis Vuitton's Zanardi-Landi. "It's really quite a recent phenomenon that we've felt a call to come out of hotel lobbies and started to build facades on the street like you would find in other markets."

Zanardi-Landi was interviewed at Vuitton's Shanghai flagship, a two-story, 14,200-square-foot megastore that opened last September in the Plaza 66 shopping mall. The shop is the brand's first "global store" in China, selling popular products like handbags and shoes, as well as its ready-to-wear line. The company plans to open a second global store in Beijing's China World Shopping Center this fall.

The Louis Vuitton Shanghai store is an example — along with the city's Three on the Bund Armani flagship and Bund 18 Cartier boutique — of the massive effort companies are making to attract and impress Chinese consumers. Shanghai is generally considered the top tier of Chinese consumerism and has emerged as the entry point for most foreign brands making their way into the country.

"Shanghai is the mecca for fashion in China," said ImagineX's Wong. "It's the most fashion-forward place in the country and also attracts a lot of shoppers from other cities around China who might not have the same selection at home."

Beijing is the country's second-biggest market and has been bolstering its retail position with massive development plans, including more luxury malls. Last fall saw the opening of the Golden Resources Shopping Mall in the city's university district — a 5.9 million-square-foot monolith of more than 500 stores, restaurants and attractions that the developers say is the biggest mall in Asia and one of the largest in the world. By comparison, the Mall of America in Bloomington, Minn., measures 4.2 million square feet.

Now nearly full, the Golden Resources mall has developed a mix of prices and brands in hopes of luring customers in the heavily populated and less developed area of the city. In a department store that anchors one end of the mall, big foreign names like The North Face and Balenciaga mix with local labels like Frogme Zila, Paluoppo and Nice, an apparel brand whose slogan is "Fashion Assuredly Fascination." The mall's designers planned the shopping center as an



China's shopping malls are packed with luxury retailers, but not always with shoppers.

all-in-one retail destination, where shoppers could browse a range of price points and then take in a movie and dinner or go ice-skating.

The convenience of megamall shopping is a relatively new concept in China, but one that other cities have been quick to adopt. Outside of Beijing and Shanghai, dozens of cities with populations of more than 1 million are now developing as retail hotbeds for foreign brands. Luxury brands are opening stores in provincial capitals and second-tier cities such as Harbin, in the far north of China, and Shenzhen, in the south just outside Hong Kong.

One of the major secondary markets to emerge is Hangzhou, a lakeside city about 110 miles west of Shanghai in the country's wealthy Yangtze River delta region. A longtime vacation destination for many Chinese, the city has welcomed dozens of foreign luxury stores looking to capitalize on the region's growing wealth and the city's proven tourism appeal. Last fall, Louis Vuitton joined the likes of Cartier and Ferragamo in the city's luxurious Hangzhou Tower mall, which is down the street from a Lane Crawford department store that sells labels such as Prada and Burberry. This spring, Armani and Dolce & Gabbana will both open high-profile stores in prime locations right on the bustling lakefront pedestrian walkway.

The development in Hangzhou is just the start of where brands are looking to expand. Last December, China lifted restrictions on where foreign retail outlets could open and how many shops they could have, a change that could dramatically affect expansion plans.

"Companies now have more options than ever," said Torrens. "Before, they were chafing under the restrictions, but when there's a lack of choice, it's also easier to decide where to go. Now that there are so many options, it will take much longer to work out where they want to be. But they will. After all, China is the focus for many companies right now and there are pockets of wealth to tap into all over the country."

Ogilvy & Mather Sees 100M Affluent Chinese in Future

BEIJING — THE IDEA OF NEWLY RICH CHINESE CONSUMERS ready to buy goods bearing almost any name in a bid to show off their wealth may soon be out of date, according to a recent report by the Beijing office of Ogilvy & Mather.

The report offers a comprehensive look at the Chinese luxury consumer, a key element for companies trying to understand the Chinese market and plan their brand expansions.

"In 10 to 15 years time, there will be about 100 million moderately affluent Chinese consumers," said Ogilvy researcher Edward Bell. "This is what the race into China is all about. This is why companies are coming now. It's all about a land grab."

The Ogilvy report studied several aspects of Chinese consumer patterns, including views and habits of China's "ultra-premium" customers. Through their research, they were able to identify three distinct stages of Chinese luxury consumerism.

The first stage is what the report calls "Any Status" — people who use their newfound money to buy the showiest, biggest, most expensive brands they can.

"One man we interviewed went to Hong Kong last year," Bell said. "He couldn't speak or read English, but he had [about \$3,500] in his pocket to buy the most expensive phone he could buy." He said people in this stage "are using money as a way to distinguish themselves."

Though the vast majority of China's new wealthy are still in stage one, researchers were able to clearly identify a second stage, which they called the "My Status" group.

"These people want to buy a premium brand, but they won't buy just anything," Bell said. "They want something that they feel represents them. We heard them saying things like 'I don't like other people wearing the same thing that I am.'"

The third consumer stage was called "My Experience," made up of a highly sophisticated consumer group mainly of

Chinese who had lived abroad and had a significant amount of exposure to luxury brands.

"These consumers are looking for details in their purchases," Bell said. "They want to know the history, the background, the context of brands. It's not all about the brand name. It's about history and authenticity."

These findings might start changing the way some foreign companies are approaching the China market, Bell said.

"It's really challenged the notion that to reach the new rich in China, you only have to talk about status. Clearly, you've also got to talk about experience as well," he said. "There is an evolution to buying in China. If you're going after luxury goods consumers in China, you just can't mirror the desires of that first type of customer. Because now we can see that they're aspiring to something else."

— B.L.



Or, you can go with us.

Wondering where your products are? Will they be delivered on time and in good condition?

With Maersk, nothing is left to chance.



maersksealand.com maersklogistics.com

CHINA IN DEPTH

Metropolis of Manufacturing

By Vicki Rothrock

DONGGUAN, China — WITH QUOTAS LIFTED, CHINA IS rapidly flexing its muscles as a powerhouse of apparel production.

But China's industry is by no means monolithic. The world's most populous country is home to hundreds of apparel companies, ranging from small shops to sprawling megafactories, from state-owned reminders of China's communist history to temples of the country's growing embrace of capitalism. With their exports — at least for now — unrestrained, these enterprises are fighting tooth and nail to grow their sales.

Luen Thai Holdings Ltd. is betting its future on a model of a superfactory the company calls a "supply-chain city." Its first such 32-acre complex is now operating here in Dongguan and will employ 14,000 workers in 15 buildings when it is completed in early 2007.

The Dongguan complex, which currently employs 7,300 workers, aims to be a one-stop shop for Luen Thai's customers, where apparel brands can source entire season's worth of merchandise, tops and bottoms, knits and wovens.

"We offer everything in one area," said Lewis Leung, vice president and general manager of the Dongguan facility.

Beyond simple cutting and sewing, the facility houses a robust design department, sourcing operations — with office space for Luen Thai's major suppliers and customers — and logistics planning.

So far, the company has invested \$51 million in the facility and plans to spend an additional \$16.6 million in its expansion. It already represents a hefty part of Luen Thai, which has more than 20,000 employees at 12 manufacturing facilities and 14 offices in nine countries. The Dongguan factory last year produced 65 million garments. In the year ended June 30, 2004, the company's turnover came to \$544.9 million.

But the Dongguan facility, massive as it is, will be dwarfed by the 115-acre complex Luen Thai plans to open next, in Qing Yuan, 30 minutes from Guangzhou.

Outside the Dongguan compound, one can feel overwhelmed by the noise and bustle of China's rapid industrialization.

Within the walls, the 24-hour facility has the feel of a college campus, where young, stylishly dressed workers can be seen taking their lunch breaks, and signs in English and Chinese offer directions to the various buildings.

The complex's centerpiece is a design and research center, where 22 designers — four from Hong Kong and 18 from China — work in a gallery-like area with a concrete floor and a central area for fabric displays. Graphics and prints for various clients serve as artwork on the walls.

Each season, the design department prepares trend forecasts that are tailor-made for each client, said Patricia Ho, senior manager of design and development. As well as design, the team works on sourcing and mock-up garments to show embroidery or beading options, Ho said. There also is a space for in-house training sessions and customer seminars.



Luen Thai's "supply-chain city" in Dongguan will employ 14,000 workers when it's fully operational.



To allow for quicker turn times, the Luen Thai facility holds extensive stocks of fabric.

The technical center is "the pentagon," where all the planning goes on, Leung said. This is where patterns are made and garments are fitted on mannequins that are shipped to Dongguan in different sizes from companies such as Liz Claiborne, Sears and Ann Taylor.

There are 452 staffers who work on patternmaking and samples. They produce 300 pieces a day and 2,500 styles a month.

The washing and color center is equipped with washing machines from all over the world, which Leung said allows the company to test how its garments will react to laundering, avoiding "surprise shrinkage" for consumers.

In some cases, completed samples are shipped out to potential customers, but two of Luen Thai's largest customers — Polo Ralph Lauren and Dillard's — have dedicated office space on site, with their own staffs.

Polo's space has carpets and wood floors that match the image. Leung said 105 Luen Thai employees whom he described as "baptized by Ralph Lauren" work in the 30,000-square-foot space, which includes a showroom, sales, merchandising and technical center.

Polo accounts for more than \$150 million of Luen Thai's annual sales, Leung said. Dillard's accounts for more than \$60 million in annual sales, and Luen Thai has assigned 80 people to work solely on that account.

The Dongguan facility also provides space for clients to set up temporary offices to

• Suits & Separates • Dresses • Casual & Sportswear • Intimate Apparel • Denim • Sweaters • And much more

2005 March 21-23 September 12-14

ShanghaiMart Spring & Fall Women's Apparel Fair

For more information and pre-registration, please visit www.shanghaimart.com

Organizer: ShanghaiMart
Co-organizer: Dallas Market Center (DMC)
Guangdong Association of Garment and Garment Article Industry
Zhejiang Garment Industry Association
Fujian Province Costume and Finery Association
Shanghai International Merchandising Center (IMC)

Support: China National Textile & Apparel Council (CNTAC)

Hotline: (86-21) 6236-6178 Shanghai, China / (1-214) 655-6160 Dallas, Texas, USA
F a x: (86-21) 6236-0268
E-mail: info@shanghaimart.com.cn / gdevis@DMCMail.com

Quality women's apparel products from hundreds of manufacturers collected in a single location for sourcing ease.

Make plans now to attend.

review samples if they wish. Leung noted that companies including Liz Claiborne have set up their own quality control offices in the city to allow for faster approval of garments.

For those who do make the trip to Dongguan, Building 15 of the complex is a 337-room hotel, from which they can walk to the sample room each morning.

For customers, it's a convenient setup. They can come to the supply-chain city and stay at its hotel as they follow a garment through its various stages. Amenities at the facility include a library, karaoke, gym with personal trainer and classes, computer room, snooker tables, mah-jong room, coffee shop, a theater that shows two movies a night — Chinese and English versions of "Alexander" and "Van Helsing" were on the schedule during a tour of the facility early this month.

The company's chief executive officer, Henry Tan, has the penthouse suite at the top of the tower, overlooking the complex of greenery and playing fields at the center of the complex, which Luen Thai calls "Central Park." Tan was not available for an interview.

In addition to offering work space to its customers, the complex features a Fabric and Trim Innovation Center, which serves as "a convention center" without the travel, Leung said.

This is a place where suppliers, such as Fountain Set Holdings Ltd., can exhibit their offerings in separate rooms. Luen Thai picked the 24 tenants, who don't pay for the space.

The complex's sewing buildings are designed to be focused and efficient. Each of the sewers has a "traffic light" — a collection of green, yellow and red plastic cards above their workstation. Green means all go; yellow means there's a quality problem and red means a "big problem" Leung said.

With this color system, a supervisor can simply look down a row to rate the producibility level. In addition, each row has a quality and efficiency percentage.

Dormitory buildings ring the property. When all are completed by the beginning of 2006, they will provide room for 14,000 workers.

Leung said 95 percent of employees live at the complex, though they are offered a housing subsidy of \$12 a month if they wanted to live outside. Leung acknowledged that sum in most cases would not be sufficient to pay for housing in the area.

Couples can live in the dorms, provided they both work for Luen Thai, Leung said, but children aren't allowed. Other rules include no smoking, no mixing of men and women in rooms and no gambling.

Staff also get a food stipend. There are four canteens at the facility, three of which



Workers apply heat transfers at the Luen Thai plant.

are run by Café de Coral, a Chinese fast-food restaurant group based in Hong Kong.

A typical daily shift runs from 8 a.m. until 6 p.m. with an hour and a half lunch break, Leung said. Each person works one shift and gets paid a monthly minimum wage, worth \$69. Those who work overtime receive additional pay, Leung said. There also are monetary incentives for high productivity and quality.

Leung insisted that managing a complex of 14,000 workers isn't a different challenge than managing a factory of 1,000. The essential task is to "make sure you preach the gospel" of the company culture, he added.

That gospel is plastered on walls throughout the complex, on signs that read "One Company, One Culture, One Team." It goes on to explain how unity is part of the corporate culture and how "luen" means "unity" in Cantonese and Mandarin Chinese.

Workers at the complex come from various Chinese provinces, as well as Hong Kong, Singapore, the Philippines, Mexico, Japan, the U.S. and the U.K.

To Luen Thai — and some of its largest customers — the advantage of the supply-chain city model is the economies of scale it allows.

Some of Luen Thai's competitors pooh-poohed that notion. "In general, my experience — and there are exceptions — is that big factories equal big prices," said Steve Feniger,

ceo of sourcing firm Linmark, which buys from a network of smaller factories. "The economies of scale we were all taught in business school turns out to be not so directly applicable to an apparel industry because of the changes in the last three years."

The changes hinge on timing. Previously, buyers might have bought twice a year, then four times a year to reflect the seasons. Now, Feniger said every single one of his clients is buying at least eight times a year and sometimes even as many as 12 times a year.

The increase, however, isn't necessarily reflected in the amount that is ordered.

"They aren't buying more, just smaller initial quantities, chasing what sells with repeats, changing to new styles where initial sales are weak," Feniger said. "All healthy for minimizing stock and increasing responsiveness, but very hard for megafactories to handle such small runs, without annual commitments."

But one Hong Kong apparel analyst suggested there are advantages beyond scale to the megafactories. By providing space and additional services to clients and suppliers, the analyst said, "You kind of lock up the relationship with your customers."

OFFICES : HONG KONG, NEW YORK, VANCOUVER, MILAN, MACAU, HANGZHOU-SHANGHAI, GUANG ZHOU.

LARK INTERNATIONAL

(est. 1963)

a Boutique Style Sourcing agency handling
Apparel, Footwear, Accessories

SERVICES: DESIGN, MATERIAL SOURCING, DEVELOPMENT, QA, SUPPLY CHAIN MANAGEMENT
PRODUCTS: WOVENS, LEATHER, KNITS, BAGS, FOOTWEAR, LINGERIE, CHILDRENS, LINENS
CUSTOMERS: MAJOR US RETAILERS, PINKO ITALY, IDENTIFY, FIRE TRAP, FULLCIRCLE, MASKA ITALY, TERI JON, HMA, CLIPS MORE ITALY

852-2-738-4492 ds@lark.com.hk

CHINA IN DEPTH

The Gates Open

By Kristi Ellis

WASHINGTON — LIFE IS STARTING TO GET A LITTLE EASIER FOR FOREIGN companies looking to sell their brands in China, as that country begins to lift some of the legal barriers they faced.

As part of its World Trade Organization commitments, in December China changed its law to allow foreign companies to open wholly owned retail operations within the country. Previously, they had been required to sell a stake in their Chinese ventures to local investors.

Even with the barriers in place, major U.S. firms, including Wal-Mart Stores Inc. and Nike Inc., have worked their way into the Chinese market, finding the allure of 1.3 billion consumers too much to resist.

U.S. officials and executives called the recent changes positive, but warned that foreign companies still face a thicket of regulations from China's 22 provincial governments that can slow their entry into the market. A wide gap exists between the central government's pronouncements of changes in business laws and the implementation of the formal regulations to carry it out.

"China did issue regulations that looked good on paper...but we haven't seen the follow-through and we've been pressing China on this to make sure the process works properly," said a U.S. trade official, who spoke on the condition of anonymity. "Foreign companies that establish in China are trying to work their way through the bureaucracy with the help of the U.S. government to find out how to obtain their new rights."

The trade official claimed the government and private sector are in a "start-up period and encountering some bumps."

"We're spending a lot of effort on these issues to get rid of these bumps but the process isn't completely functional."

Many experts claim it will be years before barriers to China's market are fully dismantled, as local governments continue to impose burdensome rules on foreign firms.

Among the concrete changes that the central Chinese government has made recently:

- Foreign retailers are now allowed to operate an unlimited number of stores in China and own 100 percent of their Chinese venture. Previously, single-brand and multibrand retailers had to sell a stake of their business to local investors.

This change is of particular importance due to a peculiarity in the way the Chinese retail industry operates. Chinese department stores are modeled more on U.S. shopping malls than on U.S. stores — the Chinese chains don't buy and sell goods, but rather lease space to brands, which are responsible for manning the space and selling their wares.

One important exception to the rule is that foreign retailers that have more than 30 stores selling certain sensitive products, including chemical fertilizer, coffee, sugar, grains and refined oil, have to sell a majority stake in their business to local investors. Apparel is not on the list of sensitive products, according to the U.S. trade official.

- Foreign companies are now allowed to own their distribution centers and distribute goods produced outside of the country.

- Foreign companies can now produce goods in China to sell to the Chinese market. Previously, foreign companies that manufactured in China had to have hard-to-obtain licenses to sell to the domestic market. That barrier, coupled with China's 30 percent duties, made it difficult for foreign brands to sell in China.

"There are some important unanswered questions in those regulations and we are pressing China to clarify them," the trade official said. "We have had a lot of exchange with the Chinese government on this and we are trying to fix the problem but we are not there yet."

Frank Badillo, senior economist at consulting firm Retail Forward Inc., said, "A lot of formal barriers are being eliminated as China complies with the WTO, but informal and political barriers remain...Domestic companies seem to have the advantage of getting government approvals over foreign companies, even though on paper China is prevented from treating foreign operators differently."

He said it appears the Chinese government is still trying to protect domestic retailers to ensure they remain competitive against foreign operators.

Badillo noted that Wal-Mart has operated in China for years despite the hurdles and created a successful model through joint partnerships. To illustrate the difficulties in cutting through China's red tape, he noted that the Bentonville, Ark.-based company in mid-2003 disclosed plans to open stores in Shanghai.

"Eighteen months later, they are only now getting formal approval to open stores in Shanghai," Badillo said. "It's clear Wal-Mart found it difficult to get regulatory approval over the past 18 months."

A spokesman for Wal-Mart said the company has taken advantage of one recent change in China's business laws that prevented it from building stores in certain communities.

"We have a lot more flexibility in where we choose to build stores," he noted.

Wal-Mart, which operated 43 stores in China at the end of 2004, plans to continue operating with joint venture partners in China this year and build an additional 15 to 20 stores, according to the spokesman. Wal-Mart has no plans to terminate its relationships with joint partners.

"We have said we intend to continue [joint ventures] because it is helpful to us and our partners are Chinese and understand the business," he said.

Badillo said Wal-Mart's Chinese partners find locations and develop properties around the country, which is half the battle in terms of expansion.

The Wal-Mart spokesman said the firm holds trade fairs through its own U.S. export office to help U.S. brands make forays into international markets through its stores.

"We hold trade fairs and invite area suppliers to come in and talk about what they make and what countries they might be interested in," he said. "A lot of times smaller companies just don't know how to do it because it is so complicated...What we found is that some companies have been able to start out with us [in foreign markets] and the expertise and knowledge they gain enables them to take the next step to not only sell in Wal-Mart but in other stores, as well."

Apparel manufacturers, many of which source in China but export everything they make there, are also closely watching how China implements its new laws and issues regulations.

Kevin Burke, president and chief executive officer of the American Apparel & Footwear Association, said U.S. companies

are assessing the prospects of selling to the Chinese market. He noted that while Chinese law now allows U.S. branded products to be made and sold in China, the government has not issued regulations instructing local governments how to allow foreign companies to sell apparel locally.

"There is a concern that without regulations on the books, there is the risk the Chinese government will say you can't do it that way and fine you or force you to ship the goods back to the factory," said Burke. "Our hope is that the Chinese government will quickly institute regulations on distribution rights to give guidance to members who produce in China and want to sell in China."

In addition, intellectual property violations are rampant in China and many companies are reluctant to expose their brands in the market, Burke said.

China presented an "action plan" at a joint U.S.-China meeting last April to address the intellectual property problems in China. It calls for improved legal measures to facilitate increased criminal prosecution of intellectual property violations, increased enforcement activities and a national education campaign.

Nike is one of a few U.S. apparel and footwear companies that has been selling to the Chinese market since the mid-Nineties.

"We have been expanding our retail presence in China," said a Nike spokesman. "It is the fastest-growing region for us in the Asia-Pacific."

Nike product is sold in about 1,500 locations throughout China, of which 1,000 stores operate as Nike-only managed space. "We are very pleased with our growth in China," the spokesman said. "We are opening 1.5 doors a day."

He said Nike executives have cited China as the key growth driver for Nike in Asia-Pacific in fiscal year 2004 and the first half of fiscal year 2005, which ends in May. Nike's second quarter revenue in China doubled year over year, he said.

Liz Claiborne Inc., on the other hand, has limited experience in China and relies on a Chinese partner to distribute its Mexx brand, according to Jorge Figueroa, president international at Liz Claiborne.

"We have a partner in China that really handles all of the logistical challenges in the Chinese marketplace," said Figueroa.

He drew a parallel with Europe when explaining the difficulties associated with distributing product from one region to another.

"Every region in China has its own laws, regulations and customs practices. There are climate differences, cultural differences and consumer preference differences," said Figueroa. "To be successful in China, you need a series of partners to understand each region's difference."

The Mexx brand for the past two years has been sold in department stores, primarily in shops within shops, in Shanghai and Beijing, he said.

"We view China with great interest but we're really in a more studying stage," Figueroa said. "We do believe it will be a significant market over time but clearly it's in the beginning stages."

He noted the repeal of restrictions has resulted in an influx of more international brands in China that set up their own shops, largely with Chinese partners.

"As China gets more engaged in the international community and as the business community gets more interlocked, I think things will continue to progress," he said. "We will see a further revolution and perhaps at a quicker pace."



Foreign retailers are now able to build their own stores in China, now that ownership restrictions have been lifted.

“Ed, it’s time to try on a new shipping line!”



“MOL is continually reinventing the traditional techniques of their craft, the same way the fashion industry does everyday. MOL’s transpacific service options easily conform to your supply chain strategies. You can choose from a 23-day, all-water service from Hong Kong to New York or a Pacific Northwest mini-landbridge connection to all U.S. markets. MOL also offers services from Shanghai that reach the U.S. west coast in as few as 12-days. MOL’s powerful network provides a perfect fit for your valuable line because, in this business, there’s no such thing as fashionably late. Call 1(800) OK GATOR today.”



MOL
Profit From The Global Power
www.molpower.com

Atlanta 404/763-0111 • Chicago 630/592-7300 • Long Beach 562/983-6200 • Edison 732/512-5200 • Seattle 206/444-6900

SECTION II

CHINA IN DEPTH

By the Numbers

By Scott Malone

NEW YORK — ANY DISCUSSION OF CHINA'S SCALE involves huge numbers. The country is home to 1.3 billion people, has an adjusted gross domestic product of \$6.45 trillion and includes 22 provinces — with as much landmass as the U.S.

But China is also a land of great diversity and many contrasts that can get lost in those figures. The small pockets of wealthy people in its major cities are miniscule in comparison with the vast numbers of poor rural residents.

China is also a country of great contradictions. The ruling Communist Party controls every aspect of government and the legal system, yet those outsiders who still think of the country as communist would do well to listen to Western executives praise the competitiveness of Chinese businesses.

The leading party is also counting on private employers to continue to create millions of new jobs a year to absorb workers who are losing their former posts at the country's massive state-run enterprises that are privatizing as China adjusts to its World Trade Organization commitments.

According to the National Bureau of Statistics of China, the country's GDP last year came to \$1.65 trillion, up 9.5 percent from the prior year. That growth rate is so high that Beijing authorities are trying to put the brakes on the country's economic expansion, for fear of it overheating. When adjusted to account for local purchasing power — a common technique in com-

paring economies — China's GDP comes to \$6.45 trillion, second only to the U.S.'s \$10.99 trillion economy.

In the U.S., China has recently been the subject of growing criticism for the way it manages its exchange rate, pegging the yuan at a rate of about 8.28 to the dollar. China last year invested \$206.7 billion in U.S. dollars and U.S. debt to keep the currency, sometimes also called the renminbi, trading at that level. That brought its total foreign currency holdings to \$609.9 billion. Advocates of U.S. exporters complain the peg undervalues the yuan by as much as 40 percent, which they assert gives Chinese exports an unfair competitive advantage. Economists counter that China's dollar holdings have made it possible for the U.S. to continue its economic growth, despite a growing trade deficit.

While China is often perceived as an exporting powerhouse, Chinese statistics show that its exports last year of \$593.4 billion were just 5.7 percent higher than its \$561.4 billion in imports the previous year, leaving a modest \$32 billion surplus.

Its balance of trade with the U.S. is more lopsided, though Beijing and Washington disagree just how lopsided it is. Chinese figures show the country running an \$80.2 billion trade surplus with the U.S. last year, while numbers from the U.S. Census Bureau put the imbalance at \$161.98 billion.

The overall poverty of the Chinese populace is illustrated in Chinese government statistics that show all retail sales in China last year came to \$652.6 billion. That's a 13.3 percent increase from 2003, but still works out to less than \$500 a person.



The average income in China's cities, such as Beijing, is \$1,140, more than triple the average earnings in the countryside.

PHOTO BY DOUG KAMBER

CENTRAL FABRICS

Central Fabrics is your denim specialist backed by 50 years of spinning and weaving expertise.

Our products integrate trend with advance technology. With our stretch technology we cater to the diverse needs of the modern day comfort driven consumers. Our customers are major denim brands in the US and Japan.

Central Fabrics Ltd.
 LG/F, Kong Nam Industrial Building, 003-009
 Castle Peak Road, Tsuen Wan, N.T., Hong Kong
 Tel: (852) 2402 3456 Fax: (852) 2413 1085
 E-mail: sales@centralfabrics.com

www.centralfabrics.com

Hong Kong Intimate Apparel Industries Association

Your Gateway to China

Visit us at
www.hkiaia.org
 Hong Kong Intimate Apparel Industries' Association

A Mixed Picture

Economic Differences Between Rural and Urban Chinese Households

	Rural	Urban
Percentage of Overall Population	58.2 percent	41.8 percent
Per Capita Income	\$355	\$1,140
Change from 2003	6.8 percent	7.7 percent
Portion of Income Spent on Food	47.2 percent	37.7 percent

ALL FIGURES FOR 2004
SOURCE: NATIONAL BUREAU OF STATISTICS OF CHINA

Growth in Retail Spending

By Sector

Telecommunications equipment	41.7 percent
Building and decoration materials	27.1 percent
Motor vehicles	23.4 percent
Cultural and office goods	22.7 percent
Furniture	21.8 percent
Apparel, textiles and accessories	18.7 percent
Food, beverages, tobacco and liquor	17.9 percent
Consumer electronics	13.7 percent

ALL FIGURES FOR 2004
SOURCE: NATIONAL BUREAU OF STATISTICS OF CHINA

Textile Industrial Output

2004

	OUTPUT	GROWTH
Synthetic fibers	14.3 million tons	20.6 percent
Yarn	11.2 million tons	13.9 percent
Fabric	45.9 billion yards	18.8 percent

ALL FIGURES FOR 2004
SOURCE: NATIONAL BUREAU OF STATISTICS OF CHINA

Trading Relations

China's Balance of Trade With Major Partners

	Exports	Imports	Balance of Trade
U.S.	\$124.9 billion	\$44.7 billion	\$80.2 billion surplus*
EUROPEAN UNION	\$107.2 billion	\$70.1 billion	\$37.1 billion surplus
HONG KONG	\$100.9 billion	\$11.8 billion	\$89.1 billion surplus
JAPAN	\$73.5 billion	\$94.4 billion	\$20.9 billion deficit
ASEAN NATIONS*	\$42.9 billion	\$63.0 billion	\$20.1 billion deficit
SOUTH KOREA	\$27.8 billion	\$62.2 billion	\$34.4 billion deficit
RUSSIA	\$9.1 billion	\$12.1 billion	\$3 billion deficit

* NOTE: CHINA'S FIGURES ON U.S. TRADE BALANCE CONFLICT WITH U.S. NUMBERS. THE MEMBERS OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS: BRUNEI DARUSSALAM, CAMBODIA, INDONESIA, LAOS, MALAYSIA, MYANMAR, THE PHILIPPINES, SINGAPORE, THAILAND AND VIETNAM.
SOURCE: NATIONAL BUREAU OF STATISTICS OF CHINA



strength.

A strong partner meets your needs on multiple levels adding value to your products as they flow along the global supply chain. At International Textile Group, we are committed to building on existing capabilities to further our reach and expand our services.

today.

ITG companies create competitive advantages through global manufacturing platforms, state-of-the-art systems, innovative products and a dynamic team of forward-thinking professionals. Our expanding global resources are currently operating in Hong Kong, Shanghai, India, Turkey, Mexico and the United States.

tomorrow.

Committed to growth and strategic investment, ITG is developing resources in the world's emerging manufacturing regions to align with your changing needs. Just on the horizon are exciting, bold initiatives in China and Guatemala to support and grow your brands.

Financial strength, innovation and heritage unite to create endless opportunities.

itg
international textile group™

itg-global.com

open the future.™

CHINA IN DEPTH

In the Crosshairs

By Lisa Movius

SHANGHAI — WHEN ELITE GOLFERS LINE UP A PUTT, THEY DON'T JUST AIM for the hole, they zero in on a particular blade of grass along the rim of the hole. By aiming that precisely, they greatly improve their chances of getting the ball into the cup.

Marketers are finding they need to take a similarly pointed approach to entering the Chinese apparel market. With 1.3 billion residents, China seems to offer a vast pool of potential shoppers. But the vast majority of Chinese shoppers live in poor rural areas and lack the disposable income to pay for branded clothing and the interest to seek it out.

To find attractive consumer segments, marketers focus on shoppers in urban areas, where per-capita incomes are more than triple those in the countryside.

Experts vary on how to define apparel market segments in China. In general, any garment priced at \$50 or higher is considered high-end, but many studies use more international standards.

Ivan Kwok, a fashion industry analyst with Boston Consulting Group's Shanghai office, said many international brands jack up their retail prices or offer only their most premium products in China. Coupled with the effects of import and luxury taxes, this can make their products about 30 percent more expensive in China than in the U.S. or Europe.

"People are brand-driven in this market, so brands can't sell at the midprice range because of the perception of poor quality," Kwok said. "There is a big gap in the comparative middle, with no equivalent of the Gap or Old Navy, which is what it takes to be sustainable."

Kwok added that Esprit, which is considered a high-end brand in China, is the international label with the most substantial penetration of the Chinese market.

Qin Guoliang, president and design director of Hangzhou Hallowell Garments, which sources China production for international brands such as Fubu, said he believes most foreign brands selling in China are slowing their growth because their prices are too high.

"The rich in China are too few in number and most people's incomes are too low to afford luxury goods," he said. "In China, the interest in brands is the highest, but the ability to buy them the lowest."

Susana Chen, China director of Swatch Group, said the Swatch brand in China mostly appeals to white-collar, well-educated, 20- to 30-year-olds, mainly women, who are more concerned with style than status. The group's Omega brand appeals mostly to wealthy, status-conscious men in their 30s and 40s.

Bruno Sälzer, chairman and chief executive officer of Hugo Boss, described a similar constituency of young-to-middle-aged businessmen as its "core customer" in China.

Tong Mingqiang, director of Hangzhou Tower, one of China's most profitable luxury brand malls, said the mall's clientele is "mostly the upper management of companies, banks and the government, plus the bosses of private companies, mostly aged 30 to 40. Women shoppers outnumber the men, but the sales values are about the same."

Ye Kangxia, an analyst at CTR Market Research, which conducts one of the country's largest consumption and lifestyle surveys, said the biggest spenders in China are urban men aged 35 to 45.

He said they work as "senior teachers, doctors, lawyers, managers, chief executives...in all kinds of enterprises or government departments. They are not only the decision-makers in their own workplaces, but also [play] determining roles in expensive household buying activities."

Another group growing in importance as consumers are young, educated, white-collar urban dwellers, who make up the so-called "aspirational middle class."

Boston Consulting's Kwok defined this group as 20- to 35-year-olds who have lower incomes than their elders, but spend more of their cash and are most interested in fashion. College graduates entering the workforce earn starting pay of roughly \$200 to \$400 a month, a figure that can double after a few years on the job. The overwhelming majority continue to live with their parents until they get married, which means their spending on basic needs like food and housing are minimal.

Chinese families traditionally pool their financial resources, but the current generation of pampered only children is under little pressure to contribute to the family account. They are expected to save some, but large future investments such as property and education will mostly come from parents' income or savings.

"Chinese in general spend 8 to 10 percent of their disposable income on clothing, including footwear, hats and accessories," Kwok said. "But young people spend 20 percent or more."

Twentysomethings are the most brand-conscious, as they grew up during a more capitalist milieu and have had greater exposure to mass media advertising and susceptibility to peer pressure. Wang Lan, an editor at *Exquisite Life*, a luxury lifestyle magazine in Zhejiang Province, said fashion consumers in their 20s spend a lot of time browsing, but are cautious buyers.

In its latest study, conducted in the second half of 2004, CTR found that 49.3 percent of respondents aged 25 to 34 considered dressing fashionably as "quite important" and devoted a large proportion of their expenditures to it. A majority agreed with statements such as they "love to pursue fashion trends" and "wearing famous brands is part of my charm." Only 38.4 percent professed indifference to current trends.

Respondents said they primarily buy middle-range casual and sportswear brands, primarily local labels. In the prior 12 months, 16.7 percent of survey participants in this age group had purchased apparel by Shi Pai, 12.3 percent by Baleno, 9.9 percent by Giordano, 8.2 percent by Crocodile and 7.9 percent by Adidas.

Young, white-collar Chinese entering the workplace spend their first few pay-



Few Chinese shoppers can afford to spend \$50 on a garment.

SHOPPERS PHOTO BY DOUG KANTER; CONSTRUCTION BY CHINA PHOTOS GETTY IMAGES

checks on clothing, electronics and entertainment like going to restaurants, tea-houses and bars. The CTR survey found that 92.9 percent had dined out recently, and while Chinese food remains predominant, 48.8 percent had been to a Western restaurant in the previous month. Dating and socializing account for the relatively large entertainment spending among this group.

Beyond entertainment, apparel's biggest competitor for young Chinese shoppers' yuan are small electronics. Most middle- and upper-class Chinese have their own mobile phone by high school, if not sooner, and many will trade up for newer, trendier models with more advanced functionality. Better-off Chinese will buy a new mobile phone every year or so, and now cameras, online gaming, short messaging and e-mail functions are *de rigueur*.

According to the CTR survey, 99.7 percent of young white collars have mobile phones, 82.3 percent have personal computers and 91.6 percent use the Internet.

BCG's Kwok identified a significant gender gap in how recent graduates spend their first few paychecks.

"Guys will spend more on gadgetry and maybe a good pair of athletic shoes," he said. "Young women will use their first paycheck to buy clothing, particularly maybe a good bra for themselves," which their more practical parents previously would not have subsidized.

Young middle- and upper-class Chinese are willing to spend the bulk of their income on nonessentials like fashion, but those incomes, while high by Chinese standards, remain comparatively low by international standards. Many young women will save several months' income to purchase, for example, a single Louis Vuitton bag, often to accessorize a wardrobe of knockoffs of the same brand.

According to data from China's National Bureau of Statistics, last year the average per capita income among urban residents was \$1,137, while rural dwellers made about \$354.

Fashion preferences among Chinese shoppers also vary greatly by city. Generally speaking, young white-collar Chinese in the so-called "first tier" cities of Beijing,

China's economy is growing rapidly, as seen at this Chongqing construction site.



Shanghai, Guangzhou and Shenzhen enjoy higher salaries and exhibit a more sophisticated approach to fashion. They are highly brand-aware and know their Givenchy from their Gucci. This sophistication, however, means that they are not easily impressed and do not exhibit as much blind enthusiasm for famous brands as many of their country cousins. Rather, they will pick and choose to establish their own personal style and image. In particular, young Shanghaiese are willing to support emerging local designers, and have embraced rebellious styles like hip-hop and grunge.

China's 40 to 50 "second tier" cities are defined as such by population size and economic conditions. They include massive municipalities such as the coastal Tianjin, with a population of 10 million, and inland Chongqing, population 30 million, as well as smaller but prosperous provincial capitals like Hangzhou, home to 1.7 million, and Nanjing, population 6 million.

Tastes are more conservative in the second-tier cities, even among young people. Twentysomethings in the secondary cities dress similarly to the thirty-somethings in the main urban centers. This is in part because of more slowly adapting social attitudes and traditional tastes, and in part because the young professionals in secondary cities are more likely to work in manufacturing and state-owned en-

terprises, compared with the small companies and creative and service fields predominant in the large cities.

As college-educated, professional, middle- and upper-class Chinese enter their 30s, their place in society changes, as do their consumption habits. Either promoted to management or founding their own businesses, their incomes rise substantially. As they marry and move out from their parents' home, they enjoy the double income but also confront significantly higher expenditures, such as the purchase and furnishing of a home.

Instead of splurging on imported, brand-name Italian shoes, they will splurge on an imported, brand-name Italian toilet for their posh new condominium.

Similar to other countries, Chinese professionals in their 30s and 40s have less leisure time to spend shopping or thinking about fashion. For some, this combines with rising incomes and a growing need for status to push them toward international luxury brands and brand loyalty.

"People aged 30 to 50 do not spend much on clothing," said BCG's Kwok. "It depends on their occupation and stage in life, but for their clothing needs, comfort and durability matter more than brands, compared to the kids who just care about brands."

Especially once they have children, middle-aged Chinese are more concerned about saving for and spending on their offspring. A study by Horizon Research Group found that 31 percent of Shanghaiese reported school fees for their children as their biggest expenditure increase in 2004.

The children of the well-off are an important but often overlooked consumer demographic in China. Kwok asserted that the 10 to 20 age group is one of the main markets for luxury goods, including apparel, in China. Families will spend significantly more on luxuries for their children than for themselves.

Despite all the demographic variety within China's middle and upper classes, and despite their high profile, they remain a tiny proportion of what remains a developing, largely poor nation, where 60 percent of the population still lives in rural settings. Behind the per capita gross domestic product of \$1,094 lies a huge wealth gap between rural and urban residents. China's National Bureau of Statistics estimated that the middle class represents 5 percent of the population, roughly 65 million people.

For the time being, however, 95 percent of Chinese consumers are far from able to afford foreign fashion. Even mid-range domestic and Hong Kong brands like Baleno and Giordano are beyond their usual range. The mainstream Chinese consumer will rarely spend more than \$5 on an item of apparel and will splurge on something costing \$15 to \$30 only once or twice a year. Their preferences run toward low-end local brands and knockoffs of foreign luxury brands.

That leaves many foreign brands engaged in marketing efforts that they hope will pay off over the long term, when more of China's population can afford their products.

"Interest in brands is high, but the ability to buy is low," said Wang. "Here, it's maybe 3 to 5 percent [of the population] that can afford the top products."

New Stretch.

New Science.

Not a spandex. Not a polyester.

New Design Freedom

like you've never seen before.



DOW XLA™

The Freedom Fiber™

See us at Première Vision, Hall 5, Stand 5E46-5F45

Visit www.dowxla.com, or call U.S. and Canada: 1.800.441.4369, Mexico: +95.800.441.4369, Europe: +32.3.450.2240, Asia Pacific: +603.7.958.3392.



*Trademark of The Dow Chemical Company

CHINA IN DEPTH

The growth of China's apparel manufacturing industry has prompted some U.S. textile companies to make their own investments in Chinese production.



PHOTO BY AP PHOTO/STR

Turning to the East

By Scott Malone

NEW YORK — U.S. TEXTILE FIRMS HAVE CONCLUDED they can't beat their Chinese competitors, so they're joining them.

Fabric and fiber makers such as Invista, International Textile Group and Malden Mills Industries have established manufacturing presences in China over the past few years, and the list of firms looking to follow their lead is growing.

The deals so far have primarily come in the form of joint ventures, which have required domestic textile firms to come to terms with rivals they've been struggling against — and loudly complaining about — for years.

Two major shifts in the industry have smoothed the way for this change. One is an influx of new investors who don't necessarily share the isolationist attitudes of the old guard of the textile sector. A second and closely related change is the realization that China's dominance in the world textile market has been all but assured now that the nations of the World Trade Organization have dropped their quotas.

"China already is about the largest apparel-producing country and I see no reason to think that it won't gain market share," said Wilbur Ross, the investor who bought Burlington Industries and Cone Mills to create the \$800 million ITG, and who is an example of the industry's new blood.

He said China, with the huge workforce that comes with a population of 1.3 billion people, is "destined" to remain the world's largest producer of apparel and textiles, "the only question is how big."

China's leading position as a supplier of imported textiles and apparel to the U.S. is unquestioned. Last year, Chinese suppliers shipped \$14.55 billion worth of those goods across the Pacific, a 25.4 percent increase that pushed China far ahead of its nearest competitor, Mexico, which saw its shipments slip 2.1 percent to \$7.78 billion. China has more than doubled its U.S. apparel sales since 2001, the year it joined the WTO, and

its pace of growth has accelerated since the lifting of quotas. According to recently released U.S. government figures, in January imports of Chinese textiles and apparel were up 29.4 percent.

In December, Greensboro, N.C.-based ITG inked a deal with China Ting Group, a major Chinese textile producer, to invest a combined \$20 million to build a dyeing and finishing plant in the city of Linping, about 100 miles southwest of Shanghai.

Ross emphasized that the move was just a first step in ITG's expansion in the world's most populous country.

Invista, Koch Industries Inc.'s Wilmington, Del.-based fiber business, last month broke ground on a \$128 million spandex plant in the city of Foshan, located in Guangdong Province, north of Hong Kong. Foshan Plastics Group Co. owns a 10 percent stake in the facility, which will produce 12,000 tons of spandex annually when it comes on line in the third quarter of 2006.

The facility will be Invista's third spandex plant in China. Invista also operates a factory outside Shanghai — its first Chinese fiber facility that began operating in 1997 while the business was still under the DuPont corporate umbrella — and another joint venture in the city of Lianyungang, in Jiangsu Province.

Bill Ghitis, president of apparel for Invista, said the Foshan plant will give Invista the capacity to produce more than 50,000 tons of spandex a year in China, representing about half the Chinese market for that fiber. He added that Invista plans further expansion in China.

"We will be looking at opportunities across the board, beyond spandex," he said.

Invista also produces polyester and nylon. The world's largest fiber company, with an estimated \$9 billion in revenues, Invista has 32 factories across North and South America, Europe and Asia, and has been operating globally for decades.

While not on the scale of Invista, many other U.S. textile companies had tested foreign manufacturing platforms over the past two decades. Malden Mills has long operated a satellite manufacturing plant in

Germany to serve the European market, and in the mid-Nineties, a slew of major U.S. mills — including Burlington, Cone, Guilford Mills and Galey & Lord — opened factories in Mexico to take advantage of the North American Free Trade Agreement.

But the surge to China has taken on a new urgency in light of that country's growing dominance of the garment industry. Textile production is highly automated, and modern mills with the right equipment can turn out hundreds of thousands of yards of fabric with just a handful of staffers, whose main function is keeping the looms and dye vats running.

But garment manufacturing remains labor-intensive. A modern apparel factory, with rows of workers seated at sewing machines, would look familiar to a garment worker from the early 20th century. That has made China's enormous workforce and low wages a huge competitive advantage, and with apparel production concentrating in China, it behooves textile makers to have a presence there.

Malden Mills, based in Lawrence, Mass., during its stint in bankruptcy in 2002, set up a joint-venture fabric plant in Shanghai, operated with Shanghai Challenge Textiles, where it makes its Polartec polyester fleece.

Atlanta-based Galey & Lord, which in November was acquired by investment firm Patriarch Partners, has joint-venture operations in Tunisia, the Philippines and Mexico. It's now exploring options for expanding into China, which president and chief executive officer John Heldrich called "a major consideration for us, both in denim and twill."

The growth of China's textile and apparel industry has come at a time when the domestic U.S. industry has been in sharp decline. According to the Labor Department, U.S. textile mill employment at the end of 2004 stood at 230,400, down 4.4 percent from 2003, while there were 272,500 apparel manufacturing jobs, down 8.5 percent. Those figures are less than half the level reported in 2001, though the government in 2003 changed the way it counted manufacturing jobs, which



“China already is about the largest apparel-producing country and I see no reason to think that it won’t gain market share.”

— Wilbur Ross, International Textile Group

is a major reason for the sharpness of the decline.

That makes the advantage to U.S. firms of joining with the Chinese clear. Experts and executives said even with their explosive growth, Chinese firms also gain by combining their efforts with U.S. partners.

Peter Liu, chairman of the textile and apparel committee of the American Chamber of Commerce in Hong Kong, said in addition to gaining access to U.S. firm’s fabric technologies and production expertise, Chinese firms who join forces with U.S. companies also gain access to U.S. brands, which can make it easier to break into the market.

“It’s one thing to make the product, you also have to design, you have to have the technology, the marketing — you need a brand,” said ITG’s Ross. “Just making the goods is not the whole answer. So what a relationship with a big U.S. company does is, it gives them instant marketplace access and gives the most up-to-date technology and marketing.”

He added that working with well-funded U.S. firms can give Chinese mills easy access to capital, which is critical to funding expansion plans. Over the past year, the Chinese banking system has been tightening credit terms in a bid to curb speculative investments and prevent the fast-growing economy from overheating.

China’s rapid economic growth — last year its gross domestic product rose 9.1 percent to \$6.449 trillion, adjusted to reflect purchasing power — has also attracted the interest of Western firms that see its potential as a consumer market. The country is estimated to have a middle class of 100 million people.

Ghitis said by boosting Invista’s presence in China now, the company will be well positioned to market its branded products — particularly Lycra spandex — to the Chinese shoppers.

“We are absolutely interested in the Chinese consumer,” he said. “We believe that the Chinese consumer will progress quicker than any other consumer in the world’s history. From that perspective, China



“We believe that the Chinese consumer will progress quicker than any other consumer in the world’s history.”

— Bill Ghitis, Invista

will become very important, indeed.”

To market their brands in China, U.S. companies are taking some novel approaches. Ghitis noted that in China it’s still common for brands not only to sponsor but to produce their own TV shows — a step beyond the cigarette packs dancing in the background of “Your Lucky Strike Hit Parade” on U.S. TV in the Fifties.

To get its Lycra brand name — locally known as Laika — in front of Chinese viewers, Invista produces a program called “Lycra My Show,” which the company described as similar to “American Idol” in the U.S., and a regular style awards show.

“We’re doing stuff in China that we’ve never done before,” Ghitis said. “China has got its own soul and it’s got its own style, and if you want to grow in China, you will have to grow by Chinese values.”

He noted that the firm has also named a local executive, William Yeoh, to the new post of vice president of apparel for China and Hong Kong. A former Gillette regional manager, Yeoh is the first Invista executive charged with promoting the company and its brands in China.

ITG is also taking an unconventional route to reach out to Chinese consumers. In addition to the joint-venture dyeing plant, its deal with China Ting calls for a rollout of 25 Burlington House stores across China. The stores will sell home textiles, such as sheets and bedspreads.

Ross acknowledged that it could seem “strange” for a company that has never operated stores anywhere else in the world to take its first stab at retailing in China, but said the move fits into his plan to build the Burlington name worldwide.

Executives assert that joining forces with a Chinese partner can smooth the way to moving into China by serving as a guide through the nation’s labyrinthine bureaucracy, for instance. But choosing a company to go into business with is never easy and the challenge can be steeped in China by language and cultural barriers.

Greensboro-based Unifi Inc., a \$746.5 million fiber

maker, has been trying to open its first manufacturing plant in China for about two years. In July 2003, Unifi executives started negotiations with Guangdong Kaiping Polyester Enterprise Group about building a joint-venture polyester factory in the city of Kaiping, the government of which owned Unifi’s perspective partner.

In April 2004, the firm revealed to investors that it had decided to pull out of the talks due to the slow pace of their progress. It was a setback to Unifi’s planned entry to China, but Bill Lowe, the company’s chief operating and financial officer, said it turned out to be “very fortuitous.”

“We were contacted shortly thereafter by different firms,” Lowe said.

One of those firms was Sinopec, one of China’s largest petrochemical companies. Sinopec and Unifi officials are now finalizing plans for a polyester plant in the city of Yizheng, near Nanjing.

“We are working toward having a joint venture signed and submitted for government approval by the end of March and hope to be on the ground working by the first part of July,” Lowe said.

Ira Kalish, global director of consumer business at Deloitte Research, said it’s not uncommon for U.S. firms to have trouble finding partners in China.

“The biggest challenge when doing that is to find the right people,” he said. “The right partner is one that you can trust and one where your intellectual property is going to be protected.”

For major manufacturing joint ventures, executives said one of their biggest challenges in working with Chinese firms is doing financial due diligence. Accounting practices and financial controls in China are not always up to the standard U.S. firms expect, which can make it a challenge to assess the stability of a potential partner. Likewise, China lacks the major credit ratings services that many U.S. and European companies rely on.

Unifi’s Lowe said negotiations with Sinopec have seemed to go smoothly because that firm has “done other transactions with other Western companies. The parent company is familiar with Western contracts.” In addition, he noted that Sinopec uses an internationally known auditor, KPMG, to do its books, a fact that increased Unifi’s comfort level.

Sinopec, a public company with its stock listed on the New York and Hong Kong Stock Exchanges, reported 2003 profits of \$2.29 billion on revenues of \$53.48 billion. Its fiber business alone was a \$1.51 billion entity that year. It also has chemical joint ventures with BP and BASF.

The proposed Unifi-Sinopec deal calls for Unifi to invest a so-far undisclosed amount of money into an existing Sinopec polyester plant that currently produces about \$120 million worth of fiber a year. Unifi plans to begin making some of its branded specialty yarns at the facility to sell to local yarn and fabric mills.

Deloitte’s Kalish said in general, U.S. firms seem to have greater success in setting up ventures with Chinese companies that are owned by private investors — or by private stockholders on a major exchange — than with those that are still owned by the state or regional governments.

“The efficiencies of the private Chinese companies are far greater than the state-owned companies,” he said.

In a recent research report, he noted that China’s state-owned textile and apparel factories last year produced average output of \$1,786 per worker, while those owned by private investors had output of \$3,771, more than double their state-owned counterparts. Private firms produced an average return on assets of 5.9 percent last year, while state-owned ventures on average reported losses.

Until three months ago, foreign companies looking to do business in China were required by Beijing to form joint ventures and have local investors. In recent years, China has been relaxing its rules on what foreign investors may do in the country to bring China in line with its WTO obligations. On Dec. 11, Chinese law changed to allow foreign companies to set up wholly owned subsidiaries on Chinese soil.

Whatever challenges they encounter along the way, U.S. textile executives said they’ll remain focused on building their presence in China because they have to. China already produces more than 90 percent of the shoes and toys sold in the U.S., and following the lifting of textile and apparel quotas its U.S. market share in those categories is expected to soar.

“We do believe there is a textile industry that will remain in the U.S. We’re working to stabilize that operation,” said Unifi’s Lowe. “But you have to recognize, and we do, that the growth for polyester is in China. That’s our growth platform.”

CHINA IN DEPTH

Safeguard Showdown

By John Zarocostas

GENEVA — WHILE CHINESE APPAREL AND TEXTILE MANUFACTURERS FACE the potential for enormous growth now that their business has been freed of quota restraints, they still face one major wild card.

That is the question of which nations will act to take advantage of the safeguard provision that China agreed to when it joined the World Trade Organization in 2001. That measure allows importing countries to impose temporary, product-specific limits on Chinese products through 2008, if China's shipments are causing market disruption in the importing country.

So far Turkey and Argentina have activated their safeguard mechanisms, which will allow their imports of select Chinese products to rise no more than 7.5 percent this year.

But all eyes remain on the the biggest importers — the U.S. and European Union — to see whether those parties opt to restrain their trade with China.

In the U.S., a court fight over the safeguards has been going on since late last year, when organizations representing domestic manufacturers suggested the Bush administration slap safeguard restraints on China on Jan. 1 — the day the old quotas expired — based on the threat that Chinese imports would hurt the U.S. market.

That battle drags on, though earlier this month the U.S. released the first trade data of 2005, showing that in January imports of Chinese textiles and apparel were up 29.4 percent — a faster rate of growth than the 25.4 percent recorded last year. With those numbers released, it's possible that the domestic industry could submit new petitions based on actual data, rather than just threat. But that has not happened yet.

Meanwhile, authorities in Brussels are facing mounting pressure from EU producers to act on China.

This month EU Trade Commissioner Peter Mandelson said a safeguard action would not be "one that should be resorted to lightly or automatically."

That Brussels is in no rush to act was reinforced Thursday, following EU Commission President Jose Manuel Barroso's meeting with visiting Chinese Foreign Minister Li Zhaoxing. Barroso said he was concerned about Chinese imports, but that the 25-member bloc "wants to avoid the use of safeguards on textile imports from China."

On March 10, the European Apparel and Textile Organization filed a request for safeguard action on 12 categories including trousers and women's and girl's blouses

based on Chinese export data, which revealed sharp increases.

A senior EU official said Mandelson has made it quite clear and is adamant that there has to be "a clear case of market disruption" backed by solid customs data before he decides to act.

According to sources familiar with the preparations of the EU safeguard guidelines, Brussels is expected to give some assurances and predictability to both domestic producers and importers by specifying areas in which it considers there would be no risk of safeguard action.

Trade diplomats said it's likely that calls for safeguard restraints may emerge in other major capitals as the year wears on. In 2004, trade organizations from some 50 countries formed a last-ditch alliance to call for the extension of the quota system. Their campaign, called the "Istanbul Declaration" was unsuccessful.

So far, Turkey and Argentina have activated their safeguard mechanisms, though most observers are waiting to see what the U.S. and European Union do.

It's easier for poor developing countries to make a case against China than the rich industrialized nations that for decades were shielded from global competition by quotas, diplomats said.

Indeed, on March 17, Mandelson said his mission is to endure "the needs of the poorest are at the forefront of our European policy."

However, for developing countries that are competing with China, the issue is less the effect of Chinese shipments to the developing world than what happens if apparel-export-dependent economies lose access to the U.S. and EU markets as a result of China's growth.

On Friday, the Congress of South African Trade Unions in response to plant closures that put 1,000 people out of work in the Western Cape called on the South African government to immediately implement the China safeguard and to mobilize other developing countries to demand fairer terms.

Mainetti's Move

By Vicki Rothrock

SHENZHEN — RESPONDING TO THE GRAVITATIONAL PULL OF CHINA'S growing apparel industry, hanger manufacturer Mainetti Group is boosting its presence here.

The company last week opened factories in Shenzhen and Shanghai, and plans to open another facility to make wooden hangers here in five to six weeks.

"We are confident in the future of China," said Paul Withers, regional managing director of Asia.

The company said its Chinese operations will allow it to produce hangers at a lower cost and to deliver faster to its customers who produce in China, said Michael Stakol, group chief executive officer. Mainetti's client list includes a wide range from Nike and Old Navy to Prada and Hugo Boss.

The Shenzhen factory, the privately held company's largest by far, will produce 700 million hangers a year and increase the Mainetti's overall production capacity in Asia by 25 percent.

The 500,000-square-foot site houses a 250,000-square-foot manufacturing area, as well as a warehouse, dorms and a canteen. Currently, the factory employs 560 people, though at full capacity its staff will number 650.

The Shanghai factory will produce 300 million hangers a year. Combined, the two China factories have doubled Mainetti's annual hanger production to about 2 billion. In addition to hangers, the company also produces accessories such as security tags.

The wooden hanger factory is expected to produce 10 million hangers a year. Most of the products from the Shenzhen and Shanghai factories are slated for America, which is where Mainetti is focusing its attention.

"The U.S. market is where the volume comes from," said Andrew Rupp, newly appointed president of Mainetti's operations in the U.S., as well as Central and South America.

Mainetti's stronghold has been Europe, where it asserts its market share approaches 45 percent. It's hoping to boost its 10 percent market share in the U.S. to more closely resemble its European business.

That will entail convincing U.S. retailers that a hanger is part of the garment package and can help set them apart, said Rupp.

"Mainetti can offer some twist to the standard," he added.

The investment for the Shenzhen facility comes to \$15 million, while Shanghai



Mainetti's new Shenzhen factory will produce 700 million hangers a year.

cost less than \$4 million, Stakol said, adding that the company has invested \$100 million in new equipment and molds in the past four years.

The company has seven designers who churn out 50 new hanger designs each year. They are supported by Mainetti Tecnologie, the design and research arm, which has about 32 workers who design the automated machinery for the factories.

The manufacturing floor currently has 120 presses, but 100 more will be moved in during the next three months, said Roberto Peruzzo, regional manager of the Mediterranean. There's room for a total of 240 if demand rises, he said.

Mainetti previously had in place six factories throughout Shenzhen and also had operations in Shanghai.

Mainetti, which is owned by the Mainetti and Chandaria families, has operations in 31 countries, Stakol said. It aims to expand into Brazil, Guatemala, the Dominican Republic, Estonia, Lithuania, Russia and Israel in the coming years.

The group also is building a factory in Egypt, which is expected to open June 1. It is modernizing and updating its facilities in Turkey and Morocco, while its future development lies in India and Romania, where the company has bought land.

Texan Twist

By Rusty Williamson

DALLAS — MARKET CENTER MANAGEMENT CO. HERE IS WASTING NO time in capitalizing on post-quota China at the Shanghai Mart, which it says is the biggest permanent wholesale trade center in China.

The Shanghai Mart, located in the Shanghai Hongqiao Economic Development Zone, is led by chairman and Chinese industrialist S.P. Tao, who is one of four owners. Shanghai Mart is managed by MCMC under a multiyear partnership agreement.

MCMC is owned by Crowe Holdings of Dallas. Crow has a global portfolio that includes ownership of the Brussels International Trade Mart in Belgium. Crow is part owner, along with CNL Income Properties in Orlando, Fla., of the sprawling Dallas Market Center campus and its FashionCenterDallas and India Pavilion.

At Shanghai Mart, MCMC has embarked on a pioneering program that highlights and centralizes China's diversified manufacturing resources under one roof, making it easier, faster and more cost-effective for foreign retailers to source products.

Shanghai Mart contains 2,200 permanent showrooms with more than 3 million square feet of exhibition space occupied by vendors from three key industries: apparel, fabrics and home textiles; giftware, and building and home decor.

Shanghai Mart's first post-quota women's apparel trade show opened Monday and runs through Wednesday, with a second show scheduled for Sept. 12-14. Called the International Trade Fair for Textiles & Apparel, the event will feature hundreds of exhibitors from provinces around China showcasing a wide range of apparel products and home textiles.

Store chains such as Wal-Mart, Kmart, Sears, J.C. Penney Co. and U.K.-based Tesco are opening or dramatically expanding their buying offices at Shanghai Mart in light of the revved-up retail programs. Wal-Mart, for example, recently expanded by more than 50 percent the size of its buying offices to 35,000 square feet.

"Overseas buyers increasingly need assistance identifying new resources, and we anticipate that, in the post-quota world of global sourcing, this need will increase dramatically," said Bill Winsor, president and chief executive officer at Market Center Management Group. "The goal is to offer a focused set of prequalified resources to overseas buyers who normally travel from factory to factory throughout China. We want it to be a one-stop service for retailers, from product to shipping, factoring to quality control. The entire scope of operation should help retailers expertly navigate through the previously complex waters of international sourcing."

MCMC has managed and operated Shanghai Mart since July 2002.

"The timing of our engagement with Shanghai Mart is strategically right on target as the trade system in China shifts from a direct export model into a more multilayered, controlled marketplace," said Cindy Morris, chief operating officer at MCMC. "As more wholesalers and retailers in the U.S. look to foreign product, global sourcing from international market centers such as Shanghai Mart will become a major structural change."

The Shanghai Mart's infrastructure closely mirrors that of the Dallas Market Center, especially its myriad buying pro-



Exterior view of the Shanghai Mart.

grams that can be tailored to specific retailer needs.

"The major-stores programs, long successful in Dallas, was one of the first programs implemented in Shanghai Mart and has met with success there," said Winsor. "The major-stores programs offer custom sourcing options and efficient buying events for major retailers looking for specific product categories."

"The private-buy program allows for Shanghai Mart to gather a wide range of resources from temporary and permanent vendors based on lists provided by the major stores. The new resource service offers major stores the efficient option of reviewing resources from existing Shanghai Mart tenants and then set appointments with vendors. Companies such as Wal-Mart, Target, J.C. Penney and Sam's Club are already using these Shanghai Mart services."

Winsor said he's been pleasantly surprised by China's proactive stance to create at Shanghai Mart a free-market wholesale and retail economy, and to move quickly toward its market goals of being a one-stop shop for stores.

"Shanghai Mart is a next-generation marketplace that will see tremendous opportunities for 2005 and beyond," said Winsor. "The pieces have been assembled by our team, the marketplace is growing and the show we are launching in 2005 will offer major retailers from the U.S. and Europe, as well as those second-tier retailers, a chance to do business in China efficiently."

When was the
last time you took
a good look at your
supply chain?

End-to-end supply chain solutions from Waitex.

With over 2 million square feet of modern distribution facilities in NY, NJ and LA, and more than 800 service specialists, Waitex can make sure every link of your end-to-end supply chain is solid—from warehousing distribution to Internet mail-order fulfillment. And now we can even offer you the latest IT solutions including remote access, EDI and order processing. So why not link all your supply chain needs together with Waitex? We'll make sure your supply chain is unbreakable.

To learn more about how Waitex can help your business or to arrange a free assessment of your company just contact Candice or Leslie.



P: 212.967.8100 ■ F: 212.967.8266 ■ WAITEX.COM ■ INFO@WAITEX.COM
135 W. 36TH STREET, 4TH FLR. NEW YORK, NY 10018

let inspiration flow

timeless innovation.

timely service.

the world over.

www.symphonyfabrics.com

229 West 36th Street
New York, NY 10018
p 212.244.6700 | f 212.736.0123

Symphony West
860 South Los Angeles Street
Suite 702
Los Angeles, CA 90014
p 213.627.7381 | f 213.228.1943



Trendsetting takes vision.



One Meadowlands Plaza
East Rutherford, NJ 07073
P: 201-896-6200
F: 201-896-6342

What does P&O Nedlloyd know about trendsetting?

We know that while creative genius starts at the drawing board, successful campaigns start with superior global transportation and integrated logistics. What do we know about retail branding and marketing campaigns? We know that projecting, planning and guarantees mean nothing if your inventory doesn't arrive on location, on time.

Where does P&O Nedlloyd get all that power?

We begin with over 150 fast, modern vessels; outstanding global and domestic logistics; efficient warehousing and distribution; tactical flexibility; and visibility to every link in the supply chain. Add that to a team of dedicated specialists—with expertise throughout all markets—and you have *retail magic!*

How can my company make retail magic?

Let P&O Nedlloyd's fully-integrated supply chain services and North American store delivery program be your competitive advantage.

www.ponl.com

P&O Nedlloyd

Your shipment, our commitment