

WWD **SPECIAL** REPORT

SECTION II

MADE IN AMERICA

In a development few ever expected, a range of economic and political factors and circumstances have come together for nothing less than a revival of the U.S. textile and apparel manufacturing industry.

**PRESIDENTIAL FOCUS ■ TEXTILE TALK
THE CONSUMER VIEW
N.Y. AND L.A. REV UP ■ RETAILERS REACT**

MADE IN AMERICA

U.S. Jobs in Campaign Spotlight

By KRISTI ELLIS

WASHINGTON — Made in USA is proving to be a key battleground of the presidential campaign and some experts are predicting that a shift in sourcing back to the U.S. has just begun.

As job growth wavers between anemic and modest every month—the overall economy added 163,000 jobs in July and the unemployment rate edged up to 8.3 percent from 8.2 percent — the government is trying to find ways to jumpstart the economy, while President Obama and Republican presidential candidate Mitt Romney work feverishly to convince voters their plans will bring jobs back to the U.S.

The fashion industry is watching the political debate over job creation closely and pressing for a wide range of proposals, ranging from government stimulus intervention and tax breaks to a more aggressive trade policy and overhaul of the tax code.

Apparel and textile manufacturing has contracted significantly over the past two decades. In 2011, the apparel and textile manufacturing sector employed a combined 506,000 workers, according to the Labor Department, less than half of what it was a generation ago. Combined apparel specialty store, department store and discount store employment was 4.41 million.

“I’m very optimistic about this onshoring or reshoring move you hear about,” said Edwin Keh, a lecturer at the Wharton School at the University of Pennsylvania and former chief operating officer and senior vice president of Wal-Mart Global Procurement. “We went offshore because the American dollar was so valued overseas that it made everything more affordable for 30 years. In the last couple of years, chiefly in the relationship of the U.S. dollar to the Chinese renminbi, it became less. Coupled with stubbornly high oil prices, suddenly the question became why take on so much risk to offshore when you are not getting the value you wanted to create in the first place?”

“The challenge now is we don’t have a supply chain that can respond to the turbulent times we live in. But I think it is a lot more feasible to think about high-quality products that can be made onshore and that can respond to much faster marketplace turbulence,” Keh continued. “How fast onshoring happens will depend on the momentum. If one or two big brands decide to make a commitment and bring the whole supply chain ecosystem with them, from zippers, button and thread suppliers, then all of a sudden this becomes much faster in terms of velocity.”

The economy is a centerpiece of this year’s presidential election and Obama and Romney have put forth their economic and job growth plans in a bid to woo voters at the polls in November.

Obama’s plan places an emphasis on the middle class and American manufacturing, extending tax cuts implemented by former President George W. Bush, which expire at the end of the year, only for families making less than \$250,000 and individuals making less than \$200,000; giving tax breaks to small businesses and companies moving production back to the U.S., and opening more markets abroad for U.S. exports with an emphasis on trade enforcement.

Romney’s plan focuses on repealing regulations and laws enacted under the Obama administration, including the

President’s signature health care plan and the Dodd-Frank financial regulations; shrinking the size of the government through federal spending cuts; extending tax cuts for everyone, including the wealthy, and passing more

of 2014. For the year ending May 31, U.S. exports of textiles and apparel to the world rose 7.5 percent to \$22.6 billion, compared with the year earlier period, according to Commerce’s Office of Textiles & Apparel. U.S. tex-

suppliers available to produce apparel and other products in the U.S.

“This is a result of brands and retailers constantly coming to our office over the last six months to a year looking to source products closer to home,” Glas said. “They want Made in USA labels in their stores because customers are demanding that. This project came as a direct result of companies asking about it.”

Commerce also joined forces with the Sourcing at MAGIC trade show for the second installment of the “Sourcing in the Americas” pavilion and summit, highlighting U.S. apparel producers, as well as those in the Western Hemisphere, at the Las Vegas Convention Center last month.

“I think what Francisco Sánchez [undersecretary for international trade at the Commerce Department] is doing is great,” said Kevin Burke, president and chief executive officer of the American Apparel & Footwear Association. “He is promoting jobs in the U.S. and the Western Hemisphere....And we fully support that. We think that is good for the industry.”

Burke said even though the majority of apparel consumed in the U.S. is imported, the combined industry still supports 4 million jobs in the U.S. and he said the government should place more of a positive emphasis on imports as it does with exports.

“Don’t try to make imports look bad because certain parts of the American base are not doing as well as before,” said Burke, addressing the government. “The economy as a whole has to be balanced. If we can make things in the U.S. terrific. But if we bring value [he estimated that 75 percent of a product’s value is added in the U.S.] to the American economy by importing, we will continue to do it.”

The Obama administration also pressed Congress to pass two trade measures in early August that could help maintain or stimulate more jobs at home. One in particular helps U.S. textile producers and apparel importers doing business in Central America. The bill closed a loophole in the Central American Free Trade Agreement that allowed companies to substitute a fine yarn as sewing thread and get around a requirement that sewing thread be made in the U.S. or Central America.

“There are 1,800 [employees making] sewing thread in the U.S. alone,” Glas said. “This will have an impact on their jobs. I am starting to hear from companies that are actually looking to hire more workers to produce the sewing thread.”

Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, said: “By closing [the loophole], we are confident that U.S. thread producers can begin to recapture market share in the CAFTA region, leading to more jobs and increased U.S. exports.”

“I think the apparel and textile manufacturing industry is really on the cusp of seeing significant growth for many years if the right policies are put into place, because you see this increase in costs in China and a greater interest in buying goods made in the U.S. by consumers,” said Cass Johnson, president of the National Council of Textile Organizations. “So you have two great drivers and you have already seen some manufacturing come back. Whoever is in the government needs to put in trade, economic and regulatory policies that help to ensure that growth actually occurs.”



President Obama and Republican challenger Mitt Romney have made U.S. job creation a key issue in the election.

free trade deals, while cracking down on China’s undervalued currency.

As the two presidential candidates battle it out in the final stage of the election, the White House and Congress have passed and implemented some policies and programs aimed at job creation.

The Obama administration, through the Commerce Department and U.S. Trade Representative’s office, has placed the fashion industry at the center of its Made in America campaign, which has trade officials promoting U.S. jobs and visiting several apparel companies from coast to coast.

The focus on the fashion industry is part of the Obama administration’s initiative to boost U.S. manufacturing and meet its goal in the National Export Initiative to double exports by the end

of 2014. For the year ending May 31, U.S. exports of textiles and apparel to the world rose 7.5 percent to \$22.6 billion, compared with the year earlier period, according to Commerce’s Office of Textiles & Apparel. U.S. tex-

suppliers available to produce apparel and other products in the U.S. “This is a result of brands and retailers constantly coming to our office over the last six months to a year looking to source products closer to home,” Glas said. “They want Made in USA labels in their stores because customers are demanding that. This project came as a direct result of companies asking about it.” Commerce also joined forces with the Sourcing at MAGIC trade show for the second installment of the “Sourcing in the Americas” pavilion and summit, highlighting U.S. apparel producers, as well as those in the Western Hemisphere, at the Las Vegas Convention Center last month. “I think what Francisco Sánchez [undersecretary for international trade at the Commerce Department] is doing is great,” said Kevin Burke, president and chief executive officer of the American Apparel & Footwear Association. “He is promoting jobs in the U.S. and the Western Hemisphere....And we fully support that. We think that is good for the industry.” Burke said even though the majority of apparel consumed in the U.S. is imported, the combined industry still supports 4 million jobs in the U.S. and he said the government should place more of a positive emphasis on imports as it does with exports. “Don’t try to make imports look bad because certain parts of the American base are not doing as well as before,” said Burke, addressing the government. “The economy as a whole has to be balanced. If we can make things in the U.S. terrific. But if we bring value [he estimated that 75 percent of a product’s value is added in the U.S.] to the American economy by importing, we will continue to do it.” The Obama administration also pressed Congress to pass two trade measures in early August that could help maintain or stimulate more jobs at home. One in particular helps U.S. textile producers and apparel importers doing business in Central America. The bill closed a loophole in the Central American Free Trade Agreement that allowed companies to substitute a fine yarn as sewing thread and get around a requirement that sewing thread be made in the U.S. or Central America. “There are 1,800 [employees making] sewing thread in the U.S. alone,” Glas said. “This will have an impact on their jobs. I am starting to hear from companies that are actually looking to hire more workers to produce the sewing thread.” Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, said: “By closing [the loophole], we are confident that U.S. thread producers can begin to recapture market share in the CAFTA region, leading to more jobs and increased U.S. exports.” “I think the apparel and textile manufacturing industry is really on the cusp of seeing significant growth for many years if the right policies are put into place, because you see this increase in costs in China and a greater interest in buying goods made in the U.S. by consumers,” said Cass Johnson, president of the National Council of Textile Organizations. “So you have two great drivers and you have already seen some manufacturing come back. Whoever is in the government needs to put in trade, economic and regulatory policies that help to ensure that growth actually occurs.”

OTEXA expects to have the database operational this year, although there is not currently a target date, she said. On request from brands and retailers, the office will share the list of

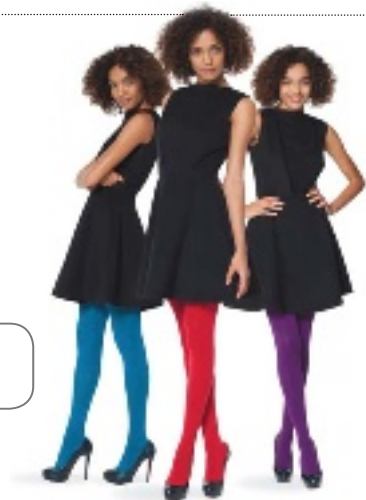
OBAMA PHOTO BY NICHOLAS KAMINIA/GETTY IMAGES; ROMNEY BY MELINA MARA/THE WASHINGTON POST

No nonsense®

lipstick for the legs



A splash of color. A world of style. No nonsense tights. Made right here in the USA.



MADE IN THE USA

MADE IN AMERICA

Back in the U.S. They Are

By ARTHUR FRIEDMAN

LIKE A PHOENIX, the American textile and apparel industry could be rising once again.

The crest of a new beginning has emerged from the scrap heap of the import era that spanned a generation and the emergence of offshore production and dominance of China as the world's factory.

A confluence of factors and circumstances — from the Great Recession and protectionist politics to higher labor rates in Asia and technological advancements — have come together to create one of the most surprising developments the fashion world has seen in decades: Made in America is back and likely here to stay. Nobody thinks it will even come close to its heyday of the Fifties and Sixties, when factories flourished from Midtown Manhattan to the Carolinas and the industry employed more than one million people, but experts believe a need and a niche for fast-turn, high-quality, low-risk goods and production for American brands has found a new sourcing spot, right where it used to be.

"There is a certain amount of apparel we can and should be making in this country because we can make it in a matter of days, giving us quick response and test-marketing abilities," said Gail Strickler, assistant U.S. trade representative for textiles and apparel. "We have yarn spinners in this country that have the most sophisticated equipment in the world and that are paying 4.4 cents per kilowatt hour of electricity. That's globally competitive."

Those U.S. yarn spinners and knitters said interest in more domestic manufacturing is high and some new business is coming their way. Lenzing Fibers, the Austrian cellulose fiber producer that also has a manufacturing facility in Mobile, Ala., featured 10 U.S. mills — Fessler USA, Buhler Quality Yarns, Laguna Fabrics, Design Knit Inc., Texollini, Ecotex, Mansfield Textiles Inc., SG Knits Inc./United Pacific Group, JH Textiles Inc. and Tuscarora Yarns Inc. — in its pavilion at Texworld USA in July, all reporting renewed interest in domestic sourcing.

"As a U.S. manufacturer, it's one of our advantages when people want things to replenish their lines and keep them updated and be innovative every season," said Brian Meck, vice president of sales and marketing at Fessler USA, based in Orwigsburg, Pa. "We can handle that and turn that very quickly."

Meck said his firm, which makes yarns and knit tops, is receiving "very strong interest...from the larger brands and retailers" that are evaluating working with the company and testing small orders. Fessler already works with retailers such as Dillard's and Nordstrom. (For more on Fessler, see page 6.)

"People have made the decision to establish some vendors and factories in the U.S. and find a way for it to work for them as a percentage of their sourcing strategy for flexibility and replenishment, and to reduce risk and create diversification," Meck added.

Linda Corby, a sales representative for Texollini, a Long Beach, Calif., knitting mill, said the interest in Made in America is there, "but the big players have not committed yet." Corby said, "It's just a matter of time before they enter the market, too. It's becoming a necessity because people are finding it's not as easy to do business in China anymore



PHOTO BY KYLE BRICKSEN



and manufacturing in the U.S. can be done and it has its advantages."

David Sasso, vice president of international sales at Buhler, said the revival of interest in Made in USA "is definitely real, but the real question is, 'is it sustainable and how will it evolve?'" He noted that there is already a niche in sourcing for Made in the Americas, where goods are produced in other Western Hemisphere countries using U.S. yarns and fabrics.

"The U.S. manufacturers that are left have to make good products," Sasso said. "We can always cheapen the product, but then we're not going to compete."

With all the talk about a resurgence of Made in America apparel, many question whether there is enough capacity to meet the need or enough trained workers to do the job.

Beth Hofer, senior manager for customer relations and educational resources for the Stoll Fashion & Technology Center, a three-year-old facility the German machine manufacturer set up on West 39th Street in Manhattan, said, "The timing is right because we see people who have a vision come into our facility. We have new designers coming in and saying, 'We want to make it here and support the industry here.'"

Stoll conducts training classes on its knitting machines for students at the Fashion Institute of Technology, Parsons The New School for Design, Savannah College and Kent State University, and production managers from companies that either have purchased or plan to purchase Stoll machines.

The owners of Keff NYC, which installed the first six of 20 Stoll machines they have purchased in their new factory at 142 West 36th Street in the Garment Center last month, noted that without Stoll's fully automated machinery, they would have had to employ many times more people than the number they plan to hire, and they never would have contemplated their new endeavor without the labor-saving technology.

"With the old hand-knit machines we had 10, 20 years ago, it would have been impossible," said Leonard Keff, a co-owner of Keff NYC.

Experts agree that the fabric and

Fessler's knitting machine.
Left: Texollini touts Made in USA.

materials of a garment make up about two-thirds of the cost, with the balance consisting mostly of labor, along with shipping and incidentals. They also stress that any mills or factories looking to open or expand in the U.S. must use modern machinery to be able to compete with foreign imports.

Mike Hubbard, vice president of the National Council of Textile Organizations, said, "Plant capacity utilization is not full. The industry could ramp up pretty quickly."

Hubbard said if the only factor considered is wages, the scale tips toward China for apparel production. But with wages and other costs rising in China, he said the U.S. becomes a more viable alternative. The American Apparel & Footwear Association said average hourly earnings for production and nonsupervisory workers at U.S. apparel manufacturers in 2011 was \$11.96, compared with about \$5 an hour in China, which has seen wage rates more than double in the last three years.

"If you are an importer and sourcing closer to home, it is easier to turn the tap on and off," said Hubbard. "Whereas, if you are importing from Asia, there is so much more of a lead time."

Howard Silver, who owns and operates Jasco New York with his wife, Madia, said his company, based in White Plains, N.Y., produces all its fabrics within a 200-mile radius of Manhattan and has been able to survive the import onslaught because "we specialize in servicing boutique, high-end designers and emerging talent, thus our production is not volume-driven; rather, quality and service are our main focus."

Silver said he's encouraged by the revival of Made in the USA because Jasco is predicated on domestic fabric production and it works with U.S. knitters, dyers and finishers.

NCTO said the U.S. textile industry might have been forgotten, but it's far from gone, noting that textile firms last year employed 238,000 workers, who make an average salary of \$575 a week. Overall textile shipments were \$53 billion in 2011, with exports growing 13.4 percent to more than \$17 billion in 2011, making it the third-largest exporter of textile products in the world.

Hubbard at NCTO also pointed out that U.S. textile firms invested \$16.5 billion in new plants and equipment from 2001 to 2010, and recently producers such as Unifi Inc. and Dupont have opened recycling facilities to convert textile waste to fibers, yarns and resins.

For some brands, the strategic ad-

vantage of U.S. sourcing includes a broader picture.

"Having our clothing manufactured in the USA is very important to our brand DNA, allowing us to consistently give our consumers the color and quality of clothing they have come to love and associate with our brand," said Mary Ellen Vernon, chief executive officer of Fresh Produce, a Boulder, Colo.-based company that makes about 80 percent of its garments and purchases 90 percent of its fabrics in the U.S. "Made in the USA is good for the bottom line. Fresh Produce's U.S.-based production model enables higher sales and requires less working capital. Higher sales as reorderers of the fastest-selling items can be accommodated over the course of the season. Less working capital is needed because more production is matched to actual orders instead of building speculative inventory based on guesstimated forecasts made up to six months in advance. With better inventory control, there are fewer markdowns and fewer markdowns result in lower overall costs."

Vernon noted that two-thirds of shoppers at Fresh Produce — which has 400 independent retail accounts, 25 company-owned stores and an online business and employs about 400 people — say Made in the USA is an important factor when buying apparel.

No nonsense, a division of Kayser-Roth Corp., produces 95 percent of its products in the U.S. The company's "Made in USA" presentation on its Web site explains how this goes hand-in-hand with being more efficient and eco-friendly in its manufacturing plants in North Carolina. "When you buy No nonsense socks, you're helping keep jobs at home," the company says.

Comparing Wages

Workers in the apparel manufacturing sector earned less per hour on average than workers in some of the top U.S. manufacturing industries.

JUNE 2012

Apparel Manufacturing:	\$17.72
Computer and Software Manufacturing:	\$40.37
Aerospace Products/Parts:	\$37.89
Chemicals:	\$27.88
Motor Vehicles/Parts:	\$23.57

SOURCE: BUREAU OF LABOR STATISTICS

Edward Chapman, ceo of Marchesa, said all of the collection is made in its New York atelier. He said it's important to designer Georgina Chapman and business partner Keren Craig to be involved with every step of the production process.

"Georgina is incredibly hands-on and oversees every last detail of design," Chapman said. "New York's Garment District has manufacturing capabilities with a very high level of expertise and craftsmanship. Additionally, we like to do as much here as we can to support local manufacturing, which is key for the preservation of our garment industry here. I think that many businesses are recognizing the importance their consumers' place on USA-made product, but ultimately it has to make sense from a business and creative perspective. We find it makes good business and creative sense for us due to the quality of handcraftsmanship and level of artistry that goes into Marchesa's couture collections. The factories in New York are able to manufacture at the highest level so we can be sure our product is of the highest quality when it reaches the shop floor."

TRUE RELIGION
BRAND JEANS®

TRUERELIGIONBRANDJEANS.COM



MADE IN AMERICA

If They Can Make It Here...

By ROSEMARY FEITELBERG

AS MADE IN the USA products continue to gain ground with consumers, domestic manufacturers are stepping up their commitment.

New York's Garment Center, once the hub of American apparel manufacturing, is at the heart of the revival movement, as well.

The nonprofit Save the Garment Center now lists an assortment of resources for apparel labels that want to manufacture in New York, and the new Web site, keepinitlocal.org, was created to help emerging designers do just that.

Even at trade shows like Designers & Agents, locally made lines promote themselves as Made in the USA labels. At this month's Sourcing at MAGIC show, the U.S. Department of Commerce dedicated more space to and an even bigger focus on Made in USA, with 40 companies represented. Save the Garment Center executive director Erica Wolf, who also works for Nanette Lepore, another big supporter of U.S.-made goods, was among the speakers at a one-day seminar there geared to stimulate manufacturing.

Gary Wassner, co-chief executive officer of factoring firm Hilldun Corp., which works with 350 fashion firms, said, "More than ever, people are asking us for local resources. They are finding it more expensive and more difficult to source overseas, and the quality of production in China is going down. They also need to be in their factories more frequently to get their products quicker. Every day somebody is asking us how they can bring production or some part of their production back."

The U.S. is expected to see a manufacturing renaissance within the next five years, according to a report released this spring by the Boston Consulting Group. With wages in China climbing at an annual rate of about 17 percent and the value of the yuan also on the rise, the gap between American and Chinese wages is narrowing. In addition, government incentives in Mississippi, South Carolina and Alabama are making these and several states more competitive alternatives for companies with U.S. clients.

There are 7,100 apparel manufacturers within New York's Garment District and 284 contractors for all different kinds of production, according to Susan Chin, executive director of the Design Trust for Public Space. Citywide, there are about 28,000 manufacturers, making fashion the leading manufacturing sector in the city. Having just completed the final part of its "Made in Midtown" study, Chin's group hopes the results will help to preserve, maintain and improve the 1.1 million square feet in the Garment District that are earmarked for apparel manufacturing.

The neighborhood has also gotten a lift from an influx of different firms.

Fashion Center Business Improvement District executive director Barbara Randall said, "The good news is that there has been a growth in Fashion District jobs that has outpaced the growth in both Manhattan and New York City [overall] — that includes fashion- and nonfashion-related jobs. There are currently about 4,500 manufacturers in the district, according to a survey commissioned by the FCBD."

In the wake of the dust-up over Ralph



A Stoll knitting machine being delivered to Keff NYC's factory on West 36th Street.

Lauren's Made in China opening-ceremony uniforms for American athletes at the London Olympic Games and the brand's — as well as the U.S. Olympic Committee's — commitment to make the 2014 team's uniforms domestically, U.S. Sen. Sherrod Brown (D., Ohio) has introduced a "Buy America" plan to ensure that the federal government purchases apparel that is 100 percent American made. Lepore, an Ohio native who has helped champion New York-made goods for years, is lending her support.

Far from the city but symbolic of the revival mood, Faribault Woolen Mill Co., which reopened last year after a two-year hiatus, has hired 80 workers since October and will add 50 more this year. Dating back to 1865, the company's Minnesota factory was revived by cousins Paul and Chuck Mooty, who both came out of retirement — Paul was an attorney and Chuck served as chairman and ceo of Dairy Queen — to help re-charge the local economy.

"This was a vacant mill. Everything

was tagged and ready to be shipped to Pakistan," said Mich Berthiaume, vice president of sales. "Before our looms were even running again, I had calls from clients saying, 'Promise me that we can get everything domestically. We need Made in America products.'"

A sign of the increasing interest in Made in the USA goods, Keff NYC, a 7,500-square-foot knitting factory owned by industry veterans Ricky Schiffer and Leonard Keff, opened a knitting factory last month in the Garment District at 142 West 36th Street, feeling the time had come to bring such manufacturing back to the city.

Caravan Stylist Studio houses an array of locally made labels, including Tucker, Callula Lillibelle, Dana-Maxx, Primary NY, Synderla, Quincy and Kim Hicks. After people started requesting Made in the USA clothing, owner Claudine DeSola rounded up 20 celebrities to shoot a video encouraging others to support New York manufacturing and the Save the Garment Center campaign.

Fessler: An Oasis Grows in Orwigsburg

By ARTHUR FRIEDMAN

ORWIGSBURG, Pa. — Nestled along the rolling hills of eastern Pennsylvania lies an oddity — at once a vestige of a bygone era and a beacon pioneering the potential of a new age in American manufacturing.

It's a family-owned, fully integrated, state-of-the-art knitwear factory called Fessler USA. Owned and operated by the Meck family, the 155,000-square-foot facility serves as company headquarters, manufacturing plant, warehouse distribution site and hub for shipping goods to satellite sewing factories in the area.

The factory houses a computerized design and patterning department run by Gerber systems, cutting rooms for its array of knit tops and medical and health-care goods made and packaged on site, and a bar-coded inventory control system that integrates functions from shipping and receiving to sales and manufacturing. The system also accounts for every yard on every spool of yarn that goes onto the diversified selection of Vanguard/Monarch knitting machines.

A trip up to the roof during a tour of Fessler's sprawling facility on rural Route 61 reveals a year-old array of 160 solar panels that provides the full energy capacity for the plant, generating 0.5 megawatts annually, with the excess put back into the East Coast power grid.

"At times, the meter runs backward," said Walter Meck, 61, the patriarch and chief executive officer of the firm, noting that the solar panels were paid for in part by a federal grant in the form of tax credits.

"We did the solar project to keep

jobs in the area and as a commitment to sustainability," Meck said.

"We also did it to remain competitive with foreign manufacturing by keeping costs down in the long term," said his son, Brian, who is vice president of sales and marketing. "It's going to allow us to be more profitable, and maintain and hopefully add jobs."

Fessler employs 130 people directly, and another 150 to 300 indirectly at any given time, including sewing shops in nearby Allentown and Reading, and contracted dyeing and other service jobs in the area. Bonnie Meck, Walter's daughter and the company's chief operating officer and chief sustainability officer, has discussed job training programs with local government officials because she said if Fessler and other companies in the area are going to expand, more skilled workers are going to be needed.

Walking into the nearly pristine building, Fessler proudly displays signs depicting its key customers, including Dillard's, Nordstrom, Pendleton and Michael Stars. The family and company are strong advocates of Made in USA textiles and apparel, for the obvious reason that it would help their business, but also with a broader agenda for which they passionately advocate — bringing back a business that sustained jobs in the region and country, and was a more efficient way for brands and retailers to operate.

Interest in U.S. manufacturing has been revived in the last few years because of frustrations over delivery, reliability and dependability of foreign manufacturing, brought to light by the recession and China's shifting sourcing dynamic, contended Walter. Bonnie

said the key to turning the interest into reality is the retail mind-set.

"For most retailers, the right price is what they paid in the past," she said. "Our challenge is to educate the retailers to understand what the value is to be able to replenish within season, to not have those excess markdowns at the end, and that's been the ongoing challenge for our company."

Brian added that one of the most difficult conversations with potential customers is the cost-to-risk ratio of U.S. manufacturing versus foreign production.

"One of the things we go through is to explain...what's the cost of them having to go out and buy yarn, fabric, contract a knitting factory, all the things that need to be done if you're not buying from a vertical operation — you don't have control," he said. "We tell them, 'If you buy from us, we have the team in place and the capability, we're going to manage that all for you and take away that risk and lack of control. You might pay a little more for the finished product, but in the long run it's not going to cost as much.'"

Walter feels there are more companies that want to either create a percentage of their manufacturing domestically or increase what they are already doing.

"The problem right now is that not enough companies have figured out how to do it, but several have and many are still trying," he said. "There are a number of companies who think they are just going to take their sourcing structure from offshore and impose it on the USA, and you can't just do that."

Fessler has been successful by focusing on areas that are less price-conscious and where being quick to react to trends




Walter and Brian Meck

and where the use of better quality fabric is important — fashion, children's wear, activewear and performance wear. Its full-package manufacturer's price averages \$7 to \$9 a garment.

In general, textile manufacturing is easier to bring back than garments because, while it's more capital intensive, there are less peripheral supply chain issues and less labor is involved, he said.

"There are no more Chinas," he added. "About five companies have 'reshored' with us in a so-called China Plus One strategy, and the fact is we shouldn't be the replacement."

Walter noted that one of the positives of the industry's near extinction and now slow rebirth is that "on the yarn and fabric side, anything that comes back is state-of-the-art, it's brand new. We're rebuilding a world class textile industry in the U.S."



WE WOULD LIKE TO TAKE THIS OPPORTUNITY
TO THANK ALL OF OUR LOYAL CUSTOMERS
IN THE UNITED STATES.

You have stayed with us through the ups and downs of
the last decade, and for that we are truly grateful.

We would also like to welcome our new customers. You
have joined us at an exciting time—and together we will
pioneer the rebirth of the **Made in America** movement.

Stoll technology has made its statement about the future
of knitting in America by basing our Fashion & Technology
Center in the heart of Manhattan's Garment District.

WE ARE HERE TO SUPPORT YOU. JOIN US!

STOLL
KNIT AHEAD

ADORE
AMERI-TEX, INC.
ANDARI FASHION, INC.
ANDREWS KNITTING MILLS, INC.
ANPECA CORP. DBA
BINGHAMTON KNITTING CO., INC.
BLANKET BOSS
CATIA'S FASHION KNITWEAR, INC.
CRAVE KNITS
ESCAPADE KNITWEAR, INC.
FLECK KNITWEAR CO, INC.
J&J GARMENT KNIT, INC.
J-MAR TEXTILES, INC.
JOY KNIT INC.
JYTTE
KEFFNYC
KNITCRAFT CORPORATION
KNITWORK PRODUCTIONS CORP
KUSTOM KNITS
LIAMOLLY
M&M EMBROIDERY & KNITTING
MACHINIT INC.
MYRRHIA RESNECK
NORTH STAR KNITTING MILL, INC.
PHOTO THROW, INC.
RISE KNITTING
SAMBO, INC.
SARUG, INC.
SIMPLY KNITTING
ST. JOHN
SWIFT KNITTING
TRIM KNIT, INC.

Stoll Fashion & Technology Center, New York
250 West 39th Street (Ground Floor)
New York, NY 10018
Tel: (212) 398-FTNY (3869)

MADE IN AMERICA

L.A. Looks to Gain as Apparel Hot Spot

By KHANH T.L. TRAN

LOS ANGELES — If there were a poster child for the movement to make clothes here, a prime candidate would be Heidi Merrick.

Shortly after starting her namesake contemporary label in 2007, the fashion designer could be seen treading the downtown sidewalks here between her studio and the nearby buildings housing the contract factories that produce her colorful, carefree sportswear. Having inherited her dedication to domestic production from her father, Al, who hired scores of local residents for the Channel Islands Surfboards company he started in Santa Barbara in 1969, she would stick to a one-mile radius for her clothing production.

"I was only using people I could walk to," she said. "Driving and parking is a total nightmare. It's so much easier to just roll fabric over and put it in a big bin and go back and forth from your cutter and sewer to pressing. It just made more sense."

One season, Merrick decided to experiment with importing knit sweaters from Portugal. The results were dismal.

"The samples came in totally wrong," she said. "I thought it would be easier overseas. I don't think that's the answer."

Los Angeles is burnishing its title as the nation's apparel manufacturing hub thanks to people like Merrick. As part of a resurgence, she joins a growing circle of designers and executives who pick the city and its surrounding area as the preferred provenance for making accessories, beauty products and apparel.

Katin USA, which began making surf trunks in Huntington Beach, Calif., in 1954, continues to produce beach gear, as well as out-of-the-pool togs for the U.S. men's national water polo team in Southern California. American Apparel often touts its downtown Los Angeles factory in ads. BB Dakota, after seven years of manufacturing its young contemporary clothing overseas, opts to make its new denim line, called Dakota Collective, in Los Angeles because buyers consider domestically made denim a better product than the imported version. Michele Bohbot, who already makes her activewear line Electric Yoga in the U.S., is considering increasing the number of domestically made items for Bisou Bisou after recently producing two knit tops in L.A. for the mostly imported contemporary brand.

What's more, L.A. represents the bastion of manufacturing for other contemporary labels, including Odilon, Wren, Amber Sakai and Black Halo. Seven For All Mankind, J Brand, AG Adriano Goldschmied and Citizens of Humanity are among the premium denim companies that maintain their competitive edge by manufacturing and washing their jeans in Southern California.

Government officials are eager to encourage local production. L.A. Mayor Antonio Villaraigosa kicked off a "Made in L.A." initiative to boost the wholesale apparel and manufacturing businesses that generate \$13 billion in annual revenue in Los Angeles County. In addition to sponsoring a Made in Los Angeles pavilion at last month's Sourcing at MAGIC trade show in Las Vegas, he created a team that focuses on connecting small businesses to capital. He's also working to extend the tax holiday that exempts any company that moves to the city from paying business taxes during its first three years of operation.

In response to the Obama administration's National Export Initiative, launched



Three generations of the Remy family make leather clothing and accessories in downtown L.A.: From left: John Remy, Nicole Goodwin, Zoltan Remy and Justin Remy.



Mayor Antonio Villaraigosa tours Lucky Brand's new headquarters in downtown L.A.



Tarina Tarantino is converting this building into a factory and store.

in 2009 to double U.S. exports by the end of 2014, Villaraigosa formed the Los Angeles Regional Export Council last October to streamline export services in the area. Apparel exports from L.A. total \$870 million, including \$178 million worth of goods shipped to Japan alone, according to the Los Angeles County Economic Development Corp. Villaraigosa added that less than 1 percent of L.A.-based companies export. Of those, more than half export to a single country.

"Made in the USA means something to people," Villaraigosa said. "But I've traveled enough around the world to know that made in L.A., in some ways, has even a stronger draw. It's Hollywood. It's glitz and glamour but also casual and free. It's eclectic and I think that is something that we want to market more and promote more."

In neighboring Vernon, the five-square-mile home to apparel companies including True Religion and BCBG Max Azria Group and wash houses such as Denim-Tech LLC, city officials are hammering out a rebate program for businesses whose electricity bill surpasses \$1 million a year. Alex Kung, assistant to the city administrator, said the city hopes to implement the rebate by December.

"We want to provide incentives for the larger manufacturers to stay in Vernon," Kung said. "What we're trying to incentivize is if you're able to bring in more business into Vernon, you use more electricity and sell more clothing, the discount gets bigger in a sense."

True Religion said what helps drive

its 10-year-old business is the quick turnaround of small orders. The company can make it from conception to production in just six weeks, compared to a minimum of six months if it were to manufacture overseas.

"Right now we do not receive benefits from the city of Vernon," said True Religion founder Jeffrey Lubell. "We just added a second facility in Vernon and are continually committed to keeping business in the city even without incentives."

The recent uptick in domestic manufacturing won't completely reverse the decades-long mass migration of manufacturing from L.A. to foreign factories in places such as China, Vietnam and Honduras. The majority of companies that choose to make clothes here charge higher prices for their wares, which are produced in smaller quantities.

Despite the heightened interest in domestic production of clothing and textiles, the number of jobs continues to decline. In Los Angeles County, the number of textile mill employees decreased 4.3 percent to 6,600 in July, the most recent month that the state's Employment Development Department compiled such statistics, from a year ago. In the same period, the number of workers in apparel manufacturing fell 1.1 percent to 44,800. In July 2000, by contrast, the county tallied 14,300 people working in textile mills and 93,000 in apparel manufacturing.

There lies an opportunity for entrepreneurs to build more state-of-the-art vertical manufacturing facilities in L.A., according to fashion executives.

"The demand is way over the capacity right now," said Brian Weitman, chief executive officer of Security Sourcing, a full-package provider based here. "There are not a lot of good operators to fill the demand. When you find a good contractor, you find gold."

Remy Leather Fashions Inc. opened the doors to its downtown factory in 1971. While one sewing manager retired after 40 years of employment, the average worker clocks 18 years with the company, which employs more than 75 people who produce close to 1,000 leather jackets, pants, skirts and bags a week for its namesake brand, private label business and a contemporary line called 1020 by Nicole.

"You can't have someone walking off the street," said Justin Remy, grandson of founder Zoltan Remy, who works in the family business alongside his dad, John, and his sister, Nicole Goodwin.

Being made in Los Angeles sets their business apart, said Goodwin, adding, "It's a selling point for salespeople, especially now, in the last few years, with the economy not being good. The fact that we maintained our integrity and stayed here is meaningful."

Speed to market is also important. Consider Pretty Rebellious, which caught the trend for pastels after seeing European fashion wash in the subtle palette earlier this spring. The L.A.-based juniors company asked local factories to switch the color for a trendy polyester chiffon top with a key-hole back from neon pink to blush, pale pink and mint green. Six weeks later, it shipped the \$29.50 blouses to Macy's, which sold out of everything.

"It was good for them," said Debbie Batanides, president of merchandising for Pretty Rebellious. "[Retailers] need to react fast. With business being so bad, nobody has that crystal ball [for predicting trends]."

Joie Rucker got a quick reaction for her new line, Calvin Rucker, which she formed with Caroline Calvin in just eight months. After Calvin, the former senior vice president of global design at Levi's, moved to Southern California in January, the duo started partnering with local vendors such as Security Sourcing, Atomic Denim, Monte Christo Trade Corp. and Blue River Denim. They began manufacturing the Edwardian-inspired lace tops and hand-painted jeans by March, and signed up boutiques such as Ron Herman and Guild in L.A. and Dressed in Montecito to launch the collection, which retails from \$275 to \$650, this fall.

"All of these people are our partners," said Rucker. "It creates a synergistic relationship. That creates a better product, too."

A key pitfall in growing local manufacturing is that costs, which run 20 percent to three times higher than overseas production, is inching up, and in a struggling economy, many retailers prefer a lower price to an American pedigree.

"The buyers care more about the bottom line," said Alfonso Campos, ceo at Tarina Tarantino. "They think all consumers want is cheap. We don't look at manufacturing and our people as numbers."

Campos and Tarantino cemented their roots in the city by buying a seven-story building on Broadway in the fashion district for \$4 million. They plan to move Tarina Tarantino's corporate office, factory and design studio into the top three floors in October. Three other levels will be leased to other businesses such as art galleries. Next summer, they aim to open a store on the ground floor, where they'll sell Tarantino's own designs and other U.S.-made clothing and home furnishings.

< there's a distance between them & US >

SPEED-TO-MARKET / VALUE / TRANSPARENCY
SERVICE / QUALITY CONTROL / OVERSIGHT
LOCAL JOB CREATION / COMMUNICATION
SUPPLY CHAIN EFFICIENCY / PRIDE

20 years of facilitating high-quality garments through supply chain expertise, manufacturing efficiencies, and our innovative yarns has proven the value of premium U.S. suppliers to our partners. Our experts will illuminate the possibilities within your supply chain—we bet you'll be surprised.

APPAREL BY THREE DOTS
SUMMER 2012 COLLECTION
THREEDOTS.COM



MADE IN USA



US Supima Cotton is superior in length, strength and fineness—forever achieving a high-quality product. Dedicated to conservation and carbon neutrality, it is preferred by luxury brands for its comfort and durability.



Lenzing Micro TENCEL® offers strength, softness and comfort. Made from FSC-certified pulp on a closed loop processor and certified by the Oeko-Tex® Standard 100, Micro TENCEL® moves moisture and reduces bacterial growth.



Lenzing MicroModal® with Edelweiss technology is the ideal fiber for flexible, graceful clothing. Thanks to Edelweiss technology, it's now more sustainable, biodegradable, and renewable, while retaining its soft and brilliant properties.

MADE IN AMERICA

USA: Consumers Say They Will Pay

By ARNOLD J. KARR

THE SEVERE economic challenges of the 21st century have Americans thinking about jobs, and that's got them thinking differently — and far more positively — about American-made apparel.

With the unemployment rate hovering above 8 percent since February 2009, many unable to find full-time work matched to their skills and jobs in a manufacturing sector that has been decimated not only by hard times but also by improved productivity, Americans are reflecting more on where their cars, clothing and other consumer products are coming from.

A survey conducted by The NPD Group exclusively for WWD revealed that more than half — 54.9 percent — of the 1,600 adults responding are either “much more aware” or “somewhat more aware” of the country of origin of their apparel than they were five years ago, before the onset of what is now termed the Great Recession and what is certainly perceived as a turning point in the economic fortunes of the country. In addition to the 25.1 percent who said they were much more aware of where their apparel is being made and the 29.9 percent who described themselves as somewhat more aware of it, 37.5 percent said their awareness was about the same as it had been five years ago. Just 7.6 percent indicated they were somewhat or much less aware of where their apparel originated.

Americans have spent the better part of 40 years watching production migrate from the U.S., which now produces only about 15 percent of its own apparel, to China and other low-cost production markets. According to the NPD data, col-

The trajectory of those attitudes surprised Marshal Cohen, chief industry analyst for NPD.

“I wasn't surprised that the attitude had changed, but I was surprised by just how much more supportive it was,” he told WWD. “When you ask people to pinpoint their feelings about something, you have to take the numbers with a grain of salt. If 40 percent of the people say they care, maybe just 20 percent would act on that. The jobs market has had a big effect on conscious consumer priorities, but the wallet doesn't always follow when it comes to purchasing.”

“Still, that doesn't mean that it's not an opportune time for brands and stores to explore the opportunity to build and sell more American product,” Cohen continued. “The companies that are building product in the U.S. and those selling those products need to exploit it; and those who aren't sourcing here or using product sourced here need to explore it. Who can overlook the opportunity to address what might be even a 20 percent level of greater passion about the products they're offering?”

Whether they'd back their opinions up with cash, checks or credit cards might remain to be seen, but Americans say that they're ready to buy American even if it costs them more. More than one in five — 21.4 percent — said they'd pick an American-made shirt or blouse over a comparable import as long as the price wasn't 25 percent higher; and another 17.3 percent said they'd go with the American option as long as the price was no more than 10 percent higher. To those figures, you can add another 9 percent representing those who'd pay a premium of no more than 10 percent. Three in 10 — 30.4 percent — would buy American if

Should the government provide businesses with incentives to help rebuild apparel and textile manufacturing in this country?

YES
74.2%NO
8.1%NOT SURE
17.3%

tion but with a certain degree of pride.”

Michael Klein, William L. Clayton professor of international economic affairs at the Fletcher School of Tufts University and senior fellow at the Brookings Institution, said, “There's a parallel between this and social consuming. People talk about green consuming

they products they purchase were made, dropping to 87.9 percent for those 55 to 64 and 81.1 percent for those between 45 and 54. There's an uptick, to 81.6 percent, among those between 35 and 44 and then a drop for those 25 to 34 (72.9 percent) and 18- to 24-year-olds (70.9 percent).

Tufts' Klein believes that this trend

“People are more likely to pay for ‘Made in America’ if there was a value proposition tied to it.”

— BARBARA KAHN, UNIVERSITY OF PENNSYLVANIA

How important is it to you now to buy apparel made in the U.S.? And how important was it to you 10 years ago?

	TODAY	2002
Extremely important	24.7%	13.1%
Somewhat important	51.5%	33.3%
Of little importance	15.7%	32.6%
Of no importance	8.0%	21.1%

lected and analyzed by the research firm last month, brands and retailers may be lagging somewhat behind in market presence than what consumers have embraced in their attitudes. The firestorm that erupted following the disclosure that Ralph Lauren Corp.'s attire for the U.S. Olympic team was made in China would suggest there's more of a market for U.S.-made apparel — and more emotion about it — than some apparel marketers may realize.

Asked to evaluate the importance of U.S. origin in their purchasing of apparel, 24.7 percent said it was “extremely important” and fully 51.5 percent said “somewhat important,” meaning more than three in four of those surveyed — 76.2 percent — placed some importance on it. Asked how important U.S. origins were to them 10 years ago, less than half considered them important — 13.1 percent “extremely important” and 33.3 percent “somewhat important.”

the prices were roughly the same, while 21.8 percent, about the same percentage who'd accept a premium of up to 25 percent, would buy American “under any conditions.”

“Consumers are telling us that they're willing to pay at least a bit more, and occasionally quite a bit more,” Cohen observed. “The tolerance [for higher prices on American products] is there and the consciousness is there, but so far there hasn't been a move in that direction.”

The NPD analyst considers domestic origins among any number of selling points that retailers and brands have yet to fully leverage, similar in ways to environmentally sustainable practices.

“There could be an added benefit to marketing the product that way, as in shapewear products that can claim they make you feel better and look better. If you add, ‘And they're Made in the USA,’ it's a more attractive sell, something people could purchase not just with satisfac-

or Fair Trade, and it's a similar reflection of social concerns that are reflected in people's purchasing.”

Similarly, Barbara Kahn, director of the Jay H. Baker Retailing Center at the Wharton School of the University of Pennsylvania, sees an opportunity for domestic manufacturers to promote their American roots, as American Apparel Inc. and a number of premium denim brands, such as True Religion, have done.

“People are more likely to pay for ‘Made in America’ if there was a value proposition tied to it,” she said. “The Italians have done that, and in that kind of a trade-up, people are willing to pay extra money for something. You can market to the economic recovery, the need for more American jobs and social responsibility, but it takes on greater meaning if it's coupled with emphasis on quality, as some of the premium denim brands have seen.”

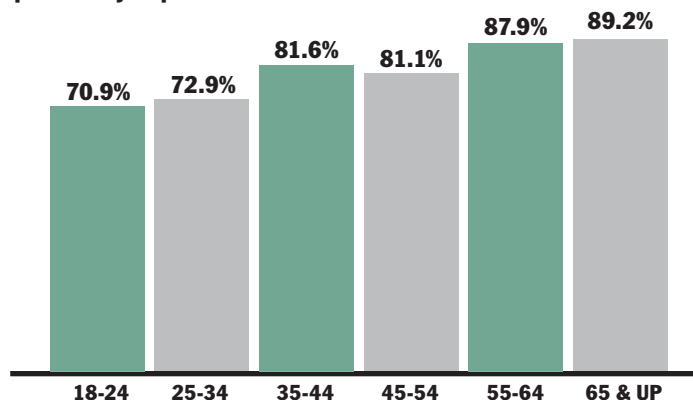
The NPD numbers indicate that dedication to domestic derivation increases with age. Nearly nine in 10 — 89.2 percent — of those 65 and over said they always or usually pay attention to where

might have more to do with disposable income than it does with strongly held social attitudes, adding, “It could simply be that older people have more income and are willing to pay a bit more because they can afford to.”

Consumers might have mixed feelings about how much more they want to pay for U.S.-made apparel, but, without respect to the effect it could have on prices, they approve of government intervention to rebuild U.S. apparel manufacturing. Nearly three-quarters — 74.2 percent — supported incentives for companies that help rebuild apparel and textile production in the U.S., with just 8.1 percent opposed. Support for new trade barriers to discourage imports was less solid, with 55.7 percent of respondents in favor, 14 percent opposed and 30.3 percent unsure of their position.

However, when asked about the past, 75.9 percent felt that the government should have been “more diligent” in protecting apparel and textile jobs in the U.S. as imports from China and other countries grew. Just 5.3 percent felt otherwise, while 18.8 percent were unsure of what the correct approach might have been.

Do you always or usually pay attention to where the products you purchase are made?



SOURCE: THE NPD GROUP

MADE IN AMERICA

U.S. Stores Eye Domestic Goods

By DAVID MOIN and
SHARON EDELSON

SLOWLY THEY TURN.

A growing number of U.S. retailers are taking a closer look at or increasing their purchase of domestically made apparel.

Brooks Brothers, with its classic American style, is fortifying the reputation by advancing its U.S. production.

"There's been tremendous growth," said Paulette Garafalo, president of wholesale manufacturing and international at Brooks Bros. "We feel we are just at the beginning."

Brooks Bros. has acquired three factories since 2007: one in Haverhill, Mass., called Southwick, where 80 percent of the brand's suits are made; a plant in Long Island City, N.Y., where all the ties are made, and a third factory in Garland, N.C., where all of the luxury and made-to-measure shirts and shirts under the Black Fleece label are produced.

"The strategy is to become more and more vertical and to really enhance the made in America portion of the Brooks Brothers product line," said Garafalo, adding that the flip side of the strategy is to become a more important domestic supplier to other U.S. retailers, including current clients Club Monaco, Jack Spade and Orvis.

For other U.S. retailers, such as Nordstrom Inc., Abercrombie & Fitch Co. and Target Corp., sourcing domestic is a quietly growing strategy. Boston Consulting Group has reported that changing economics are starting to favor manufacturing in the U.S. and that 15 to 20 percent annual increases in Chinese wages and other factors were "rapidly eroding China's manufacturing cost advantage over the U.S. and that the advantage would end completely in five years." Abercrombie is pursuing more U.S. and Central American sourcing as a means to help reverse sagging sales, while Wal-Mart Stores Inc. continues to promote the "Made in America" theme, though lately much of the effort seems tied to groceries, not apparel.

Retailers source domestically for greater speed to market, flexibility in the size of production runs, quality control and to a lesser degree, the prestige associated with a Made in USA label. They acknowledge that with consumers, it's quality, style and value that matter most; country of origin is secondary.

Since October 2011, Club Monaco has been offering men's wear bear-

ing the Made in USA label, and while representing a small percentage of the overall collection, it's a growing piece. The offering includes neckwear, woven shirts, topcoats, suits, sports coats, chinos, denim and shoes, while a domestic sweater manufacturer is being sought.

"It's considered a capsule collection," said Aaron Levine, Club Monaco's vice president of men's design. "We design it separately from the regular collection, but it always talks back to whatever we are doing."

Levine said the U.S.-made products are merchandised separately in the stores, and working with a domestic supplier provides the flexibility to be cautious by ordering a handful of pieces, or to write a bulk order when the demand is perceived. He also cited the shorter production cycle — two months or sometimes less from design to delivery.

"We want to support domestic production," Levine said. "There is a trend into domestic production. It's getting bigger in men's wear."

"Definitely, I would say there's a movement," agreed Garafalo. "How long it lasts and how strong it gets I don't know. Many American brands would like the synergy of being made in America if they can figure out all the dynamics."

Brooks Bros. did just that, assembling a team of seasoned executives, including a senior vice president of manufacturing, a head of production planning, a chief financial officer, a customer service manager and others in quality control and engineering. The company has about 1,000 employees in total at its three factories, which have been automated to have flexibility to handle small or large quantities, to transition more quickly to different products, and to lessen the risk of interrupted production.

Brooks Bros. is growing its third-party manufacturing business and participated at the MAGIC trade show for the first time in August.

"This is a freestanding business unit, geared to make profits," Garafalo said. "As we bring up the volume, we should see our prices become very competitive. We are already starting to see that. Our tie factory and Southwick are at full capacity and growing."

Nordstrom thinks its customers want more U.S. products, which are readily found on nordstrom.com.

"We hear from customers that Made in USA is important, so we are looking for more opportunities," said a Nordstrom spokeswoman.

Some Nordstrom private label

products are made in the U.S., including Halogen accessories, Classiques Entier women's apparel and John W. Nordstrom ties, though Nordstrom manufactures private label in 38 other countries.

"Generally, when we decide where to manufacture or partner with a vendor, we are looking at price, quality, design and delivery, and so whether it's made in the U.S.A. or another country, those are things we are considering," the spokeswoman said. "I wouldn't say there is a conscious program" to carry U.S.-made products. "But we are always looking for opportunities, because our customers say they want Made in the USA."

The search engine on target.com pulls up U.S.-made items such as velvet retro armless chairs and Just One You baby clothes by Carter's. Target's sourcing, domestic or overseas, depends "on a number of factors, including demand, production quality and capacity, speed to market, price and risk," said a spokeswoman. While Target declined to discuss any new U.S. initiatives, Natural Advanced Technologies, the maker of Crailar Flax, said in July it partnered with Target to test the fiber for an array of home products.

J. McLaughlin, a vertically integrated retailer known for colorful, classic and preppy styles, produces some 30 percent of its collection at its Greenpoint, Brooklyn, central office that includes an 8,000-square-foot manufacturing space that is contracted and employs 40 sewers, pressers and cutters. The factory is owned by Dynotex.

"They are our only domestic supplier and we are their primary customer," said Steve Siegler, chief executive officer of J. McLaughlin. "We call it a partnership. We can control the product, the quality, the consistency, and we can react quicker."

The factory manufactures cut-and-sewn wovens and generates 2,400 stockkeeping units, or about 150 styles each year. McLaughlin's knitwear is produced offshore.

Siegler said producing locally means eliminating the two to six weeks it takes to ship to the U.S. by plane or boat, and eliminates the unpacking and repacking of overseas shipments before distribution. Asked if customers care if an item is made in the U.S., Siegler replied, "It certainly is a positive. Customers first look at the garment, its color, its silhouette. Then they touch it, try it on, and if they love it, they will buy it. Made in USA has a positive connotation, a quality connotation, just like Made in Italy. It adds value, but we don't market toward that. We think great product is great product. We love the idea of Italian cotton, which we use to make men's shirts in Portugal. Certain products we can't make here, like sweaters, knitwear and socks because you can't get the raw materials. Our store people think customers feel better when they buy made in USA but I don't think it's a big determinant."

Designer Juliana Cho said at her company, Annelore, "Each of our garments is inspired by, designed and manufactured in New York City," adding, "It totally makes sense for us to keep our production here, where we have complete control over the quality."

Cho, who has a store in the West Village and another in TriBeCa, said



The Southwick factory.

A Brooks Brothers suit.



her hands-on involvement in the production "absolutely mitigates the extra cost of production. Being able to oversee production daily ensures that every garment is manufactured to the highest specifications."

Her TriBeCa store houses a design studio that's visible behind a glass wall.

"Customers are definitely impressed, but it's not a gimmick," said Cho. "It makes economic sense" since she can design and see how the garments look and fit on customers at the same site.

"There are a lot of advantages to buying things made domestically. Speed to market is a big one," said Susan Davidson, ceo of Scoop and Zac Posen. "You cut out all the transportation from Asia, probably a good two weeks, as well as the transportation costs. It's about buying the right product and being able to get back into it. The manufacturing cycle is a lot faster."

Davidson said about 20 percent of what's sold at Scoop is from U.S. manufacturers, with plenty of the store's jeans, T-shirts and dresses sourced in Los Angeles. She also said Zac Posen manufactures evening gowns in New York.

Zella's seamless tanks and sports bras.



SECTION II

MADE IN AMERICA

Accessories Council Leads Initiative for Made in USA

By ALEXANDRA STEIGRAD and
RACHEL STRUGATZ

ABOUT A YEAR AGO, Karen Giberson, president of the Accessories Council, noticed something unusual — countless vendors, weighed down by rising costs from their factories in Asia, began calling to inquire about making their goods in the U.S.

"When we started hearing the topic repeat itself, we knew this was an important issue," said Giberson, who formed a group to promote the production of Made in USA fashion jewelry and other accessories.

"Twenty-five years ago, 85 percent of fashion jewelry was produced in the United States. Now, 95 percent is manufactured abroad," she said. "We are looking to regain at least a small portion of this market, focusing primarily on jewelry."

Facing rising labor costs in China, high transportation expenses and decelerating speed-to-market, 32 vendors joined Giberson's movement to bring back production to the States.

"We were always curious about creating our pieces in the U.S., especially because of Rhode Island's history as the

Making a product in the USA is not easy....It still isn't necessarily cheaper to make things here, but we want to get designers to think about what can be made here competitively.

— KAREN GIBERSON, ACCESSORIES COUNCIL

costume jewelry capital of the world," said Celeste Greenberg, who started Tuleste with her sister Satu five years ago. "However, because the industry has shifted so dramatically, with most of our competitors producing overseas, we mistakenly assumed the cost of producing Stateside would be too astronomical. Fortunately, once we began working with the Accessories Council and exploring more options, we realized that there was actually a cost-effective way to make this happen."

New York-based Tuleste, which had made all of its contemporary jewelry in Asia, recently moved all of its manufacturing to Providence, R.I. Starting with

spring 2013, the brand will carry only U.S.-made products.

"It's night and day in terms of quality," said Greenberg, who noted that before it took about eight to 12 weeks to get product shipped from her factories in China, and even in that time span, the merchandise wasn't perfect. Now, it takes just three weeks and she can be more involved in the quality-control process, as Providence is just a few hours from New York.

Still, designers, including Greenberg, said that while shipping times are faster and the product is better, the cost of manufacturing in the U.S. is still higher than making goods abroad, which can be a stumbling block for smaller brands. Higher production costs usually translate to pricier wares. Prices on some of Tuleste's baubles have increased up to 50 percent, Greenberg noted.

But for some brands, that's a trade-off worth making.

"Domestic production gives us the ability to produce at a faster pace than if it were to be done overseas," said Michael Saiger, who founded men's jewelry line Miansai in 2007.

Although Miansai is not part of the Accessories Council initiative, the brand makes its signature leather and rope "hook" and "anchor" bracelets from its home base of Miami.

"The best part about it is it allows us



A Miriam Haskell necklace.

to control everything that goes on from start to finish, including the pace of deliveries," Saiger added. "Ensuring that we deliver to our retailers and e-commerce business on or ahead of time is extremely important to us."

This also gives the brand the ability to control its overhead and maximize profits because the company is never stuck with excess inventory.

"This is part of the reason we never have sales," he said of the company's full-price model, adding that the higher costs for manufacturing in the U.S. are "relative," if other expenses such as shipping, duty and customs fees are factored in.

Another benefit for brands manufacturing domestically is that they aren't at the behest of committing to minimum orders. Unlike smaller factories in the U.S., larger factories in China will require 500 to 600 piece minimums, which can be difficult for upstart brands to juggle. All of this is further exacerbated in tough economic times.

But putting aside costs and production issues, brand identity may just trump any financial concerns.

Companies steeped in American history such as Miriam Haskell, place a high degree of importance on remaining made in the USA.

According to Gabrielle Fialkoff, president and chief operating officer of Haskell Jewels, the parent company that acquired all of Miriam Haskell's assets in 1990, keeping the made in New York element is an integral part of the collection's heritage.

"So much of what we do is about intricate workmanship, from each



A Carlos Falchi handbag.

PANTONE®

FASHION+HOME
pantone.com/colorfullcolor

Color Full Color
Now with 2,100 shades to choose from

PANTONE® and other Pantone trademarks are the property of Pantone LLC. Clariant is a registered trademark of Clariant International Ltd. and has a strategic partnership with Pantone. Pantone LLC is a wholly owned subsidiary of X-Rite, Incorporated. © Pantone LLC 2012. All rights reserved.

Clariant
f t



Miansai's anchor necklaces.

bead being hand-picked and wired like embroidery onto the filigree, then backed with a second filigree, all the while manipulated by hand," Fialkoff said. "This is how jewelry used to be made in the U.S., but it largely does not exist today. Our goal is to continue the training of this lost art."

Jewelry designer Alex Woo said many American workers have "lost" some of the plating and sculpting skills required in making jewelry, noting that as those jobs have moved overseas,

workers here have lost that expertise.

"It was really important to me when I started the brand that everything is made in New York," the native New Yorker said. "It's part of the values my parents instilled in me. We had an American car growing up. I'm very proud that I'm born and raised here."

The significance of being made in America isn't just restricted to jewelry brands. For example, milliner Albertus Swanepoel and handbag makers such as Michelle Vale and Carlos Falchi, craft

their wares here.

According to Vale, who makes totes, clutches and purses, "saving" New York's Garment Center is of the utmost importance. The designer has not only penned a blog called Make It in Manhattan, but she's also filmed a documentary of the same name on the topic.

Longtime New York-handbag designer Falchi is also adamant about keeping his production for his couture collection in New York, even though he inked a licensing deal with the U.S. division of Hong Kong-based Li & Fung last year. Falchi's entire couture collection, which is carried at Saks Fifth Avenue and Bloomingdale's, has been made here since 1970, and that isn't about to change.

Kate Falchi, senior director of design and development and daughter of Carlos, who calls the artisans that work for the brand "like family," said operating a factory in the city has perfected her father's craft.

"Because of my father's deconstructed approach, it is important to work one-on-one with our pattern makers. The process is as important as the initial design in achieving a luxury product," she said. "True luxury is

“Domestic production gives us the ability to produce at a faster pace than if it were to be done overseas. The best part about it is it allows us to control everything that goes on from start to finish, including the pace of deliveries.”

— MICHAEL SAIGER, MIANSAI

not mass-produced.”

Giberson of the Accessories Council added: "Making a product in the USA is not easy. The fact of the matter is, it still isn't necessarily cheaper to make things here, but we want to get designers to think about what can be made here competitively."

hanky
panky

35 YEARS
www.hankypanky.com

PLEDGE ALLEGIANCE

to pretty panties

BORN IN THE U.S.A.

We were not only born in the USA, we grew up here, and still call it home.

Hanky Panky products are designed and manufactured in New York, using domestic materials. That makes us not only thoroughly red, white and blue, but green as well!



MADE IN AMERICA

Men Seek Heritage, Craftsmanship in U.S. Product

By DAVID LIPKE

ON HIS MEN'S BLOG, A Continuous Lean, Michael Williams has compiled an authoritative list of brands that manufacture in the U.S. It's full of heritage names such as Pendleton Woolen Mills, Woolrich Woolen Mills and J. Press, along with newer designers like Alexander Olch, Ernest Alexander and Rag & Bone.

"I don't want to live in a country that doesn't know how to make anything," said Williams of his fixation on domestic manufacturing, which reflects a similar increased interest in the topic among men in general.

Williams pointed to a confluence of factors for the trend, including the recession that glaringly highlighted the loss of American manufacturing jobs here, a natural backlash to the spread of mass-produced fast fashion, heightened environmental and workplace concerns among consumers and a masculine zeitgeist that embraces a genuine interest in authentic craftsmanship.

Men are often interested in the history and functionality of garments, added Williams, which has helped drive the

ongoing popularity of heritage brands. That trend parallels the uptick in interest in American manufacturing, as many heritage brands produce domestically. Further, newer brands that aim to capture the veneer of heritage are finding that producing in small quantities in the U.S. is economically and logistically sensible while appealing to the sensibilities of consumers newly conscientious of where their suits, jeans and leather goods are made.

At the most recent Project men's show in New York in July, the centerpiece of the first floor was an installation of independent, hand-crafted product that was made in the U.S., such as Julian Boots footwear, Westbrook Maker hats and Etwas leather bags.

This Sept. 15 and 16, the next edition of Northern Grade will be held in Minneapolis, a three-year-old pop-up men's fair dedicated solely to American-made goods. Participating brands include Red Wing Heritage, Leather Works Minnesota, Aurora Shoe Co. and Defiant Bicycles. The show has expanded this year to Chicago, which will host a Northern Grade fair on Oct. 27.



A Joseph Abboud ad.

As Detroit heralds the revival of American-made automobiles, it's not a stretch to say men's wear is enjoying a renaissance in American-made clothes, shoes and accessories. Individualized Apparel Group, which owns 12 tailored clothing and furnishings brands and makes 95 percent of its product in the U.S., will grow sales over 25 percent this year, said chairman and president Joe Blair.

IAG owns seven factories in the U.S., which produce tailored clothing and furnishings for its brands such as Oxford Clothes (made in Chicago),

Gitman Bros. (Ashland, Pa.), Corbin (Shippensburg, Pa.) and Individualized Shirts (Perth Amboy, N.J.). The company calls its Westminster, Md. factory, which produces between 400 and 500 custom suits a day for its English American brand, the largest custom suit facility in the world.

"We do many trunk shows and we hear from consumers how important it is to them that we are made in America," said Blair.

The biggest challenge to IAG is the high labor costs at its 100 percent unionized plants. However, Blair noted the company has been profitable for every one of the past 34 years and it plans to further invest \$10 million between the next three and five years, upgrading its manufacturing capabilities.

Other tailored clothing brands that produce in the U.S. include Hickey Freeman in Rochester, N.Y., Hart Schaffner Marx in Chicago and even Germany's Hugo Boss in Brooklyn, Ohio. The JA Apparel Corp. has made its Collection suits and sport coats in its company-owned New Bedford, Mass., factory since the Joseph Abboud brand was founded in 1986. The 350,000-square-foot facility employs 500 people and

churns out 1,200 tailored jackets and 700 pants a day.

The facility also enables Joseph Abboud to operate a made-to-measure program with Nordstrom, where a salesperson using an iPad app can show a customer all the available choices of fabrics, styles and details and send an order directly to the factory, which can make the requested suit in 10 working days, between \$845 and \$1,300.

"To do a made-to-measure suit from Italy would take six to eight weeks," said Anthony Sapienza, chief executive officer of JA Apparel.

"We're always looking at ways to make things faster and more efficiently, while maintaining our level of quality," said Sapienza, noting that while labor costs are higher than overseas, those are offset at least in part by savings on shipping costs, import tariffs, insurance and quality control.

Carhartt has manufactured in America for 120 years, and this fall has created a special label and marketing initiative to identify some of its most iconic pieces, including its classic ring-spun cotton duck jackets.

— WITH CONTRIBUTIONS FROM JEAN E. PALMIERI

Over Sixty Years Serving the Design Community

[Est. 1949]



Left: Maggie Barata, Sales Agent; Make up by Kristy Gaslin, CANVAS boutique & gallery; Photo by Tadashi Tavarayama.

Right and top: Jacqueline 'Jac' Forbes, Arlington Forbes, Owners, Jac and Arlington shirts by CANVAS, MALIBU.

Over three million yards of shirting weight cotton wovens stocked in the New York area—making designers dreams come true!

PHILIPS-BOYNE CORPORATION
135 Rome Street
Farmingdale, NY 11735

P (631) 755-1230 F (631) 755-1259
sales@philipsboyne.com



**BUSINESS
& FASHION
TOGETHER**

IS NEVER TOO

**MATCHY
MATCHY**

www.limcollege.edu/wwd

LM
LIM COLLEGE
ESTABLISHED 1939

Business and fashion come together in a unique way at LIM College. With hundreds of the industry's top companies as partners, and with expert faculty, a rigorous curriculum, and our prime location in the world's fashion capital, this is a hands-on, professional education — **WHERE BUSINESS MEETS FASHION®** — unlike anywhere else.

www.limcollege.edu 800.677.1322 12 E. 53rd St. New York, NY

MADE IN AMERICA



Alan Ennis

PHOTO BY STEPHEN LEEK

Beauty Sector Builds Domestic Foundation

By MOLLY PRIOR

IN NEW JERSEY, a toll bridge that spans the Delaware River proclaims, "What Trenton Makes the World Takes."

It's a reminder of America's industrial heritage that now seems outdated as most manufacturing has left Trenton, and more broadly the U.S., in search of cheaper labor abroad.

The beauty industry, however, bucks the trend, with New Jersey and New York serving as the hub of local contract product manufacturing.

U.S. cosmetics and beauty product manufacturing is on track to generate \$54.9 billion in 2012, said Nikoleta Panteva, senior analyst at IBISWorld Inc., a market research firm. By category, the three biggest segments are hair care, accounting for 24 percent of the products, followed by skin care at 23.7 percent and cosmetics at 18.6 percent.

The industry has rebounded from a slight downturn during the recession — revenue dropped 0.1 percent in 2009 for the first time in five years. This year, it's expected to gain 2.2 percent, bringing the average annual growth rate to 1.3 percent over the five years to 2012, according to IBIS. What has dropped off are the number of people the industry employs, as manufacturers worked to sustain a profit. Its workforce has contracted to 53,619 people in 2012, from 58,474 in 2007, said IBIS.

Despite competitors from abroad, particularly in Italy and France, the industry is poised to grow steadily over the next five years at an average annual clip of 3.3 percent to \$64.5 billion. But as beauty firms expand their global reach, manufacturing will become more global, as well. For instance, Procter & Gamble Co. has manufacturing facilities in 42 countries. That said, the level of exports is expected to also rise. Over the next five years, exports are forecast to increase an average of 6.3 percent a year to \$9.5 billion, according to IBIS.

The firm said areas of opportunity for U.S. firms include men's products, eco-conscious packaging, formulas with a natural bent and sun protection.

As sun care products — and their regulations — have grown more complex, the category has presented an opportunity for some American beauty product manufacturers with the wherewithal to sift through the regulatory paperwork.

Mana Products, a beauty supplier and contract manufacturer based in the Long Island City area of Queens, N.Y., is one of them.

Nikos Mouyiaris, the founder and owner of Mana, said, "In the past few years, [U.S. Food and Drug Administration] regulations and those from other agencies are becoming more demanding. We've had to hire four to five people to handle the regulatory paperwork needed to satisfy the authorities."

Mana develops products across skin care, hair care and cosmetics, and its expertise and investment in sun care has become a competitive advantage, said Mouyiaris. The independently owned, contract manufacturer has been working with some of the most well-known beauty firms and retailers in the industry since 1975, and currently employs about 800 people. It's also helped to incubate smaller, niche cosmetics lines by developing formulas for them from its private label business, Your Name Cosmetics.

Mouyiaris acknowledged that as beauty companies expand overseas, particularly in Asia, they will source more formulas from international manufacturers.

"For U.S. consumption," he clarified, "most of the products are made in the U.S. and Europe."

During a presentation at the WWD Beauty CEO Summit in May, Revlon Inc. president and chief executive officer Alan Ennis said he hopes to see more manufacturing return to America, especially as regulations for beauty products become standard across the industry.

"We are all striving to produce high-quality products at affordable prices that are safe for the consumer and that work," he said. "The issue with regulation is that it's disintegrated, that there is no common set of standards around the world. There is no common set of standards in the U.S. There is a real opportunity to harmonize what's considered to be the acceptable regulations."

ACCURATE BOX COMPANY



"Made in the USA!"



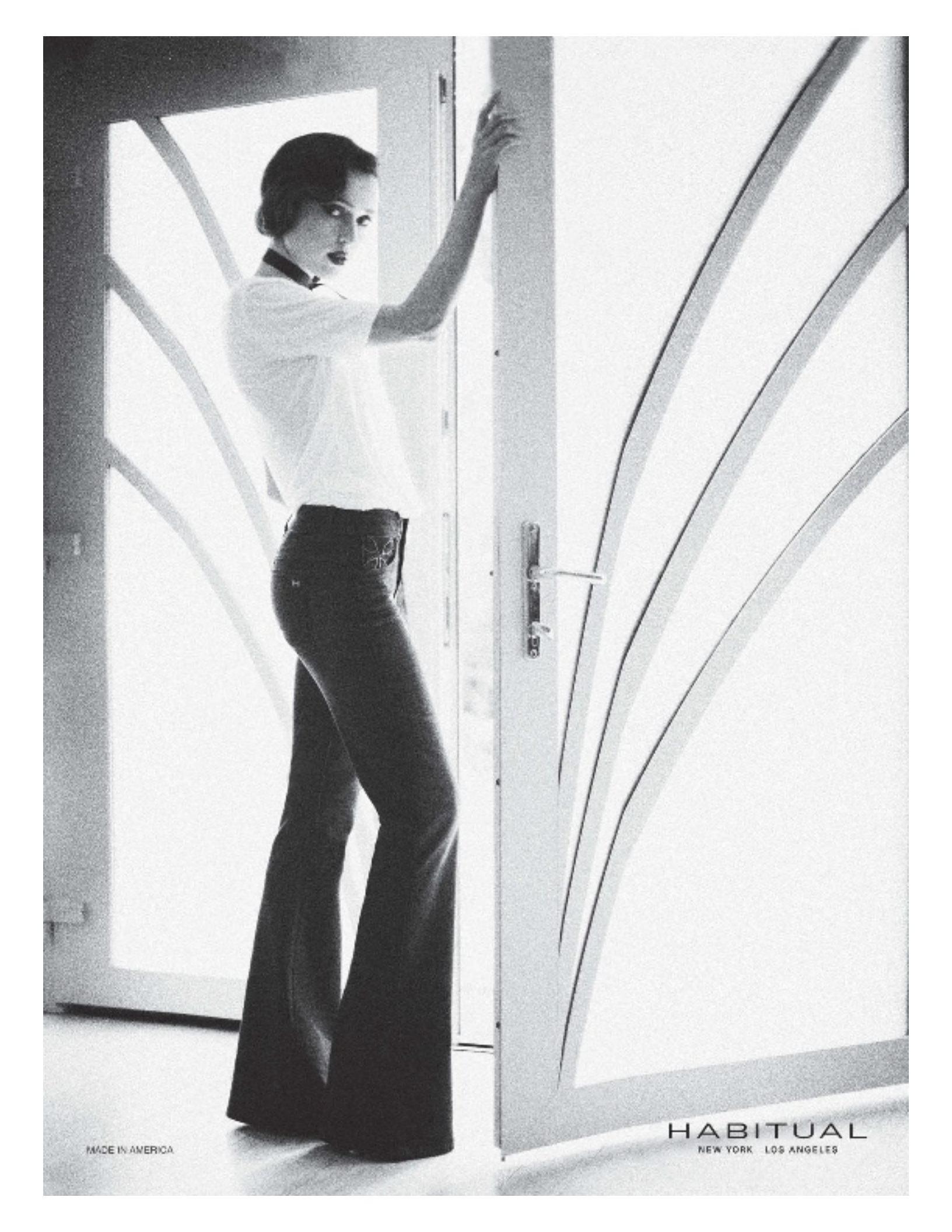
SHIPS BROWN

OPENS IN PRINT



• FULL COLOR OFFSET LITHOGRAPHY •
• CORRUGATED PACKAGING •

WWW.ACCURATEBOX.COM



MADE IN AMERICA

HABITUAL
NEW YORK LOS ANGELES