

LEGWEAR TRENDS

& TEXTILES OF TOMORROW

APRIL 06 VOL. 47 NO. 03

SERVING THE HOSIERY AND TEXTILE INDUSTRIES EACH MONTH

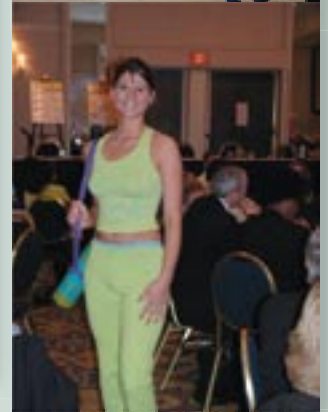


Seamless... the perfect fit

More than 125 executives from retail and brand names, yarn and fiber producers, seamless knitting machine companies and hosiery manufacturers came together in Greensboro on April 4 for the Seamless Apparel Symposium.



Marty Bailey, center, vice president of American Apparel



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N.C.FREE predicts a lot of advocacy ads will appear in 2006 campaigns with out-of-state money.

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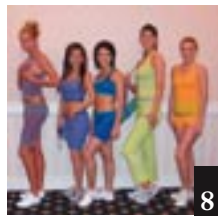


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legislative column

by PAUL FOGLEMAN, Director, Hosiery Governmental Affairs Council

There were few surprises when the deadline for 2006 state legislative candidates passed. Many of the 170 House and Senate incumbents already have been elected-with no primary or general election opposition.

State Sen. David Hoyle, a leading pro-business Democrat in a Republican-dominated district, is among those with no opposition. Several legislators from Mecklenburg Reps. Martha Alexander, Becky Carney, and Beverly Earle, also have a free ride this year. Scores of others across the state also are home free.

The battle within the Republican ranks will play out in the May 2 primary with most of the attention on Moore County and incumbent Speaker Pro-Tem Richard Morgan. Observers predict up to \$2 million will be spent on GOP party efforts to unseat Morgan, with major money coming from former Rep. Art Pope, a Raleigh millionaire. The outcome, it is suggested, will determine the philosophical thrust of the state Republican Party a party of moderates or deep-rooted conservatives. Efforts to recruit primary competition against some of Morgan's House allies were unsuccessful. But the contest between Rep. Julia Howard and former Rep. Frank Mitchell of Iredell County is another test. Howard, a Morgan supporter, was co-chair of the House Finance Committee.

Rep. Morgan's PAC has over \$800,000 and is growing. It will be an expensive campaign.

••••

Expensive campaigns are now the norm for legislative races. According to N.C. FREE, General Assembly races involved expenditures of \$26.3 million in 2004, up from \$16 million four years earlier. In one Senate race, the winning candidate spent almost \$700,000 for a two-year term which he did not complete.

More money will be pouring into

North Carolina in the form of "advocacy ads". Think "Swift Boat Veterans for Truth" which spent \$16 million to oppose Presidential candidate John Kerry. As long as the ads do not use the words "elect" or "defeat", they can be financed with corporate money. N.C. FREE predicts a lot of advocacy ads will appear in 2006 campaigns with out-of-state money.

The role of money in state elections has become obscene, some legislators admit. One step toward common sense would be four-year terms instead of two-year cycles. Now fund-raising for re-election starts when legislators take the oath of office. The same is true for congressional candidates.

••••

State Rep. Wilma Sherrill of Asheville, a six-terms legislator and former top official in the administration of Gov. Jim Martin, did not file for re-election. She recently learned she will be battling cancer.

Rep. Sherrill is a close ally of Rep. Richard Morgan and served as a chair of the House Appropriations Committee. She sometimes angered members of her own Republican Party with her alliance with Democrats on some issues. She does not suffer fools gladly, said a GOP caucus leader recently. ■

Hosiery Day At Legislature Features 'New Industry'

North Carolina legislators, longtime supporters of the state's hosiery manufacturers, will get a look at the "new hosiery industry" as represented by the Hosiery Technology Center.

The traditional Hosiery Day at the Legislature Wednesday, June 14, will be sponsored by the Hosiery Governmental Affairs Council and the HTC advisory board. It will feature a breakfast for House and Senate members, personal visits, and exhibits by the HTC.

Representatives from other sectors of the textiles industry, including leaders of the Textile Technology Center at Belmont, are invited to participate. Legislators will get the message about innovations and trends having an impact on textiles as well as hosiery.

All representatives of the industries are invited to attend the program which will start at 7:30 a.m. Paul Fogleman, industry lobbyist and director of the Hosiery Governmental Affairs Council, is coordinating the event.



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Symposium Focuses On Seamless Opportunities

A recent design school graduate approached American Apparel Vice President Marty Bailey after lunch as he was preparing to catch a flight to Canada. After asking if she could send him a resume, Bailey told her he'd be looking for it.

Hours after the symposium had ended, Albert Werner of Superfit Knitting sat in the lobby of the Greensboro Marriot showing samples of his seamless wear to a retailer and brand representative.

Creating opportunities.

That best describes the purpose behind the Seamless Apparel Symposium held Tuesday, April 4, in Greensboro, N.C.

Manufacturers, yarn suppliers and apparel buyers all agreed during the symposium that there is vast potential for growth in the seamless apparel market.

They also agreed there are challenges and the lack of a concerted effort to promote seamless apparel was repeatedly expressed as one of those challenges – both outside and inside the industry.

Thomas-Frederick Demers, president of Absolute Comfort Knitting Mills in Montreal, stated during one of the

question-and-answer sessions that he believes there needs to be a vehicle put in place to better market seamless apparel.

“There needs to be one central group that could bring all parts of the business together,” Demers stated. “That group of manufacturers, suppliers and retailers could work together to let everyone know the benefits of seamless apparel.”

Donna Hill, marketing and merchandise manager for Nilit Corp., said the Seamless Apparel Symposium was a first step in addressing the sentiments addressed by Demers and others.

Nilit and Legwear Trends and Textiles Tomorrow, the leading monthly magazine

for the hosiery and textile industries, were lead sponsors for the symposium. The idea for the symposium resulted from a meeting in November 2005 between Hill and Inform Inc., the Hickory, N.C.-based public relations and marketing firm that publishes Legwear Trends and Textiles of Tomorrow.

During that meeting, Hill had expressed Nilit's intention to promote the seamless wear market and was receptive to the idea of developing an event that would bring all



More than 125 yarn producers, retail and brand executives, hosiery manufacturers and executives with seamless knitting machine companies attending the Seamless Apparel Symposium in Greensboro.

factions of that market together.

With more than 135 participants pre-registered for the event, it was evident that there was an interest in an event promoting seamless apparel.

With the Nylon 6/6 being the primary yarn used in the seamless market and Nilit being a company that provides that yarn, the Isreal-based company was a natural fit to serve as lead sponsor.

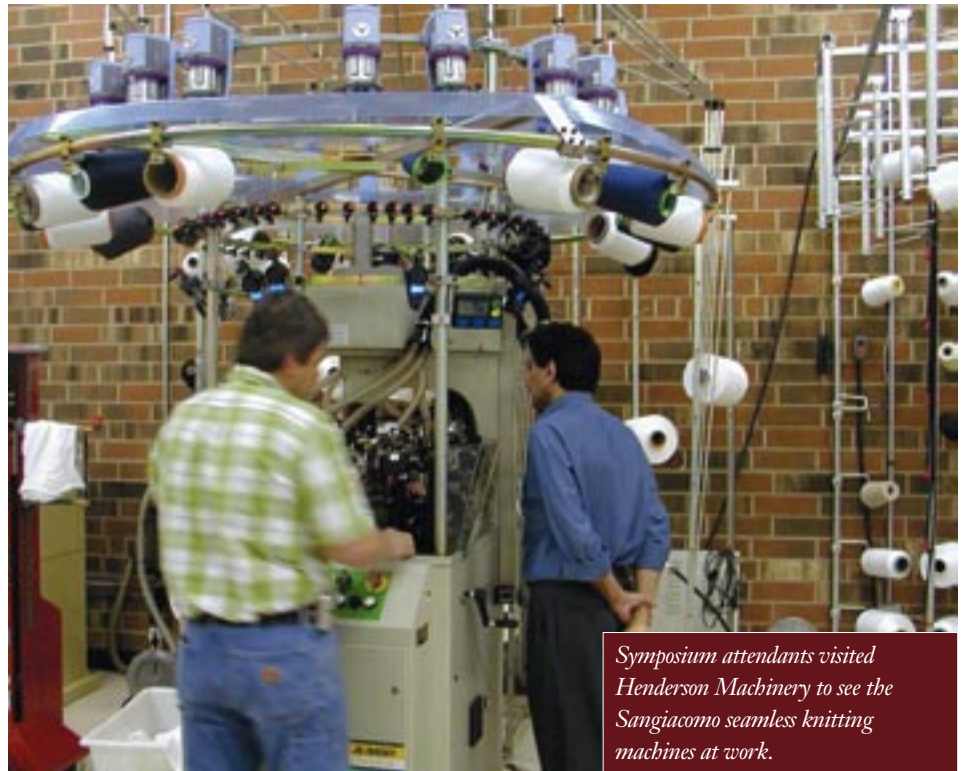
Hill said after the event that she had received very positive comments from participants and that many had expressed a desire to see the function evolve into an annual event.

“The favorable turnout combined with the positive and encouraging comments from the attending guest and participants is an indication that seamless is a perfect fit for many,” Hill said. “In more ways than one.”

“This event had a far greater reach than just a group industry professionals coming together to discuss a sector of our business,” she added. “It is the symbol of growth and change in the industry, which we can all build and learn from.”

The symposium had a three-fold purpose: to present hosiery manufacturers with opportunity for diversification; create market awareness for seamless apparel and the yarn and fiber that is used to produce it; and thirdly, educate retailers on seamless technology and potential for domestically produced seamless apparel.

Most of today's seamless apparel is



Symposium attendees visited Henderson Machinery to see the Sangiacomo seamless knitting machines at work.

run on the Santoni and Sangiacomo circular knitting machines – with some 8,500 of the machines in production worldwide. Hosiery manufacturers have been producing seamless socks on circular knitting machines for more than 100 years as the seamless sock knitting machine was invented in 1879 by John Nelson.

With a long tradition of manufacturing on circular knitting machines, it's understandable why numerous seamless

apparel producers got their start as hosiery manufacturers. It's also why industry analysts believe seamless apparel is an attractive choice for a hosiery manufacturer looking to diversify his or her product lines.

Albert Werner, president of Superfit Knitting, served as one of the panelist during the symposium. Werner said his company started as a hosiery manufacturing company but since has shifted the majority of its production to seamless apparel.

He said his company has found it to be a rewarding experience but also recognized some specific challenges that seamless manufacturers must address. He said one of the primary challenges in seamless apparel is product development because there are many different components that have to come together for the product - primarily the yarn and machine components.

Werner said a customer may won't to use a specific type yarn for either a performance or aesthetic effect but the specific yarn may not run well on the machines.

Bringing those components together in the product development stage can be difficult, he said.

Other manufacturers on the panel



Bobby Irvin, president of Henderson Machinery, shows several symposium participants some garment samples.

legwear fashions

by CHARLENE NELSON,
Assistant Editor



Consumers Are Not Aware of Seamless Benefits

Seamless apparel is beautiful and offers comfort and support that is superior to cut and sew garments, but consumers rarely purchase seamless apparel for those reasons, say manufacturers and retailers. Usually, they don't even realize the clothing they purchase is missing a number of seams if not all of them.

Consumers and most retail clerks are not aware of the benefits seamless offers, and that presents a major challenge for the seamless industry, according to participants at the Seamless Apparel Symposium in Greensboro.

"I don't think we have marketed it well to the ultimate consumer," said Gayle Pierson, intimate apparel buyers for Belk Stores. "She may see it and buy it, but she

does not come into the department store looking for seamless. We have to do a better job educating consumers."

Pierson participated on a seamless apparel panel made up of yarn manufacturers, brand representatives, trim manufacturers and seamless manufacturers and designers during the April 4 Seamless Symposium.

As seamless technology has grown, seamless garments offer better movement and support as well as antimicrobial attributes, according to Panelist Jeanine M. Gaudet, apparel research and development manager for Stride Rite Corporation's Hind and Saucony Apparel. Most consumers are not aware of that, she said.

The majority of consumers simply select the garment because of the way it looks, added Pierson. Consumers are not the only ones who don't understand the benefits of seamless.

"I asked a clerk in a store about a whole rack of seamless and asked her what were the benefits, and she did not know," said Panelist Billy Lawson, vice president of sales for Nilit America Corp.

Hind uses hangtags that show the garment on a body so that consumers can visualize how the garment looks when being worn, said Gaudet.

Hangtags are the best way to indicate the garment is seamless, said Pierson, because consumers actually have to touch the garment. Because of the lack of understanding of seamless benefits among consumers, there needs to be more of a push to educate them. She added that retailers are not doing much to advertise the benefits of seamless.

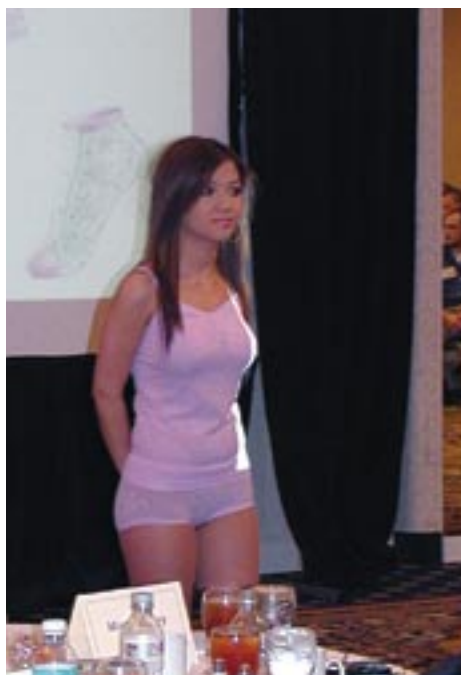
Along with the comfort and fit qualities unique to seamless apparel, the crossover appeal of seamless active wear and intimates are a value added benefit



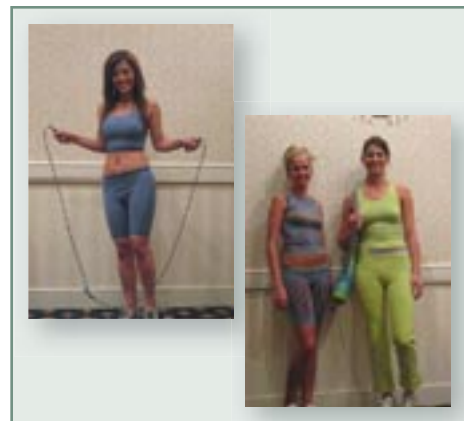
for consumers, explained Donna Hill, marketing and merchandising manager for Nilit.

Garments made for sportswear as well as ones made for intimate wear are being worn for daywear. A seamless camisole or a sports top, for example, can be paired with a jacket for office wear. An active wear top works as well for tennis as basketball because of the fit, comfort and antimicrobial attributes.

"There is a lot of crossover in this



During the symposium's lunch hour, guests enjoyed an informal fashion presentation of seamless apparel.



industry and the crossover brings value to the consumer,” said Hill. “The demand for body wear is stronger than ever and lingerie and body fashion are considered an integral part of ready-to-wear.”

Tony McBryan of Shima Seiki Corporation introduced the audience to Shima Seiki’s WHOLEGARMENT™ knitwear. The seamless knitwear, which includes soft and lightweight seamless dresses and skirts that drape and flow, sweaters, and all types of ready-to-wear, is produced in one entire piece, three-dimensionally directly on the knitting machine. The WHOLEGARMENT machine is unique because it has the ability to knit in details such as darts and pleats to produce complete three-dimensional knitwear with a tailored fit, according to Shima Seiki. The garment is complete and ready to wear when it comes off the machine

By eliminating all sewn seams, WHOLEGARMENT knitwear offers fit and comfort superior to knitwear with bulky stitching at the shoulders, sides and underarms. And, seamless construction has the structural integrity of a single piece of fabric allowing stress to be distributed evenly throughout the garment.

“The term ‘knitwear’ is no longer reserved for thick and bulky clumsy sweaters reserved for casual occasions,” according to the company.

“New materials, especially fancy yarns combined with fine gauge capability and



A group of young models provided by Connections Modeling and Talent Agency in Hickory, donned a variety of seamless apparel garments made with Nilit Sensil for guests at the symposium.

new knitting techniques result in a variety of fresh new items which at first glance seem like wovens.”

Seams no longer interfere with the natural elasticity of the knits allowing them to stretch more freely and for movement, according to McBryan.

Hill gave symposium participants a preview of Nilit’s BodyFashion trend forecast for spring/summer 2007.

The market continues to reflect the consumer’s need for variety and added value and body wear must offer the combination of a sense of well being,

seductiveness and functionality, according to Nilit.

“Seamless body wear is the season’s ‘must-have’ as it captures all aspects of the style spectrum while providing versatility, creativity and exceptional comfort.”

During an informal fashion show, active wear and intimate apparel from Nilit’s BodyFashion Trend collections (made with Nilit’s Sensil yarns) were shown. The models showed intimate wear with intense jewel-like colors and contrasting braided trims and off-the-shoulder necklines for a romantic gypsy-style as well as ones with simple geometric lines and transparent panels for a contemporary second-skin body wear appeal. They also showed home wear with a natural handle enhanced by ribbed jersey and openwork details.

Active wear in graphic color blocking, contrasting colors, and bright moisture-managing mesh fabrics knitted from Sensil performance yarns were also modeled. The models showed support body wear for the gym, cycling outfits ergonomically designed to enhance the optimum performance.



PAM Trading also had examples of garments that are made on the seamless market’s workhorse – the Santoni seamless knitting machines.

Moretz Receives Wal-Mart's 2005 Supplier of The Year Award

NEWTON, NC — Moretz Inc. has received the Wal-Mart 2005 Supplier of the Year award for the retailer's Ladies Socks Dept. 27. This is the third year in a row Moretz has achieved the honor. The Moretz, Inc. team will be honored for the award at a celebration held at Wal-Mart headquarters in Bentonville, Arkansas. Rich Stober, president, massmarket sales, Moretz, Inc., made the announcement.

"To earn the award that many consider the industry's highest honor for three consecutive years is truly a testament to Moretz associates for their dedication to continuous improvement," said Mr. Stober.

Wal-Mart and Moretz, Inc. have been working together since 2000. Moretz, Inc. works with Wal-Mart, to provide sport, dress/casual, and fashion socks for its high volume, international network of stores. Moretz, Inc. dedicates an in-house team of sales, marketing, and design/merchandising professionals to create and manage the sockwear programs for Wal-Mart stores. Leveraging Moretz Inc.'s Vendor Inventory Management system, the team consistently increases sales for Wal-Mart per square foot, turns, fill rates, and profitability.

Moretz Inc. is a family owned, privately-held business founded by Hugh Moretz in 1946. Headquartered in Newton, North Carolina, Moretz, Inc. ships more than 2.6 million pairs of socks every week. Moretz Sports, a division of Moretz, Inc. manufactures PowerSox, America's number one performance sport sock, as well as PowerSox Outdoor and Gold Plus. Moretz Sports is the exclusive sock licensee for Kathy Ireland, New Balance, Under Armour, PGA Tour and

Coleman brands.

Additionally, Moretz, Inc. manufactures for a select group of private label partners including Target, Old Navy and Wal-Mart which awarded Moretz the 2003, 2004 and 2005 Wal-Mart Supplier of the Year. Moretz Marketing, a division of Moretz, Inc., is a full service marketing and licensing division specializing in creating and managing lifestyle brands including John Elway Home by Bassett Furniture Industries. Visit www.moretzsports.com for further information; online purchasing; or to locate a Moretz Sports retail partner. ■

Charles Cole Takes New Role At Prewett

Charles Cole, who headed Alabama Footwear for more than 20 years, now is director of manufacturing for Prewett Mills in Fort Payne, Ala.

Alabama Footwear was among the associated companies that were merged under one corporate umbrella which now is V.I. Prewett and Son Inc. Announcement of the merger was made in late January.

Cole has served as president of The Hosiery Association and is chair of the organization's Domestic Manufacturers Committee which has spearheaded lobbying in Washington to oppose trade agreements involving CAFTA. The DMC also has pushed for quotas on socks shipped from China. ■

Retailers, Importers Renew Free Trade Initiatives

A coalition of apparel and textiles importers has renewed the battle to avoid any new restrictions on imports, including hosiery.

In a letter to U.S. Trade Representative Robert Portman, five trade associations representing major textiles and apparel importers said they will support textile sectoral negotiations. But the negotiations should encourage greater trade liberalization, they stressed.

The letter was signed by the top executives of American Apparel and Footwear Assn., the National Retail Federation, the U.S. Association of Importers of Textiles and Apparel, the Travel Goods Assn., and the Retail Industry Leaders Assn.

The letter was sent as a round of preliminary discussions are to start on WTO trade liberalization.

"We are steadfastly opposed to any attempt to use a separate sectoral negotiation to exempt textiles and apparel from the Non Agricultural Market Access formula in order to maintain special protection for this sector," the letter stated. The letter also said the associations oppose resurrection of a quota regime or extend the China safeguard past 2008.

On tariffs, the industries said they support a zero-for-zero formula whereby the United States would bring tariffs down to zero if other countries do the same. ■

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Chinese Sales Company Struggles With Sock Curbs

Rocky Mountain News

U.S. trade agreement with China is hitting close to home for an Aurora-based distributor of baby apparel accessories.

Gold Bug Inc. has been reeling since a recent textile pact imposed trading curbs on a variety of exports, including the Chinese-made baby socks the company distributes to retailers ranging from Carter's to Target stores.

"This whole thing was concocted to save American jobs, and it's threatening a Colorado company," said Katharine Gold, president of the business started by her father, William Gold, in 1968.

The 38-year-old family run business fears a trade agreement aimed at protecting jobs

has effectively put Gold Bug workers at risk of layoffs. It employs about 100 people at its facility near Interstate 70's Airport Boulevard exit.

With China as its only supplier, Gold Bug has had to spend several million dollars to secure its quota this year for baby socks, Gold said.

The company, which sells products under both its name and other labels, is the largest distributor of baby apparel accessories in the U.S. It once manufactured its own products in Colorado but eventually turned to overseas suppliers to remain competitive, Gold said.

About half its annual revenues, which she declined to disclose because the company is

private, come from baby socks.

"Their survivability is very much at stake," said Congressman Bob Beauprez, who has met with Gold to discuss her company's plight. "This is in many ways a result of unintended consequences when we negotiate things as complex as international trade agreements."

Beauprez and the other members of the state's congressional delegation have written to U.S. trade officials to request relief on Gold Bug's behalf. The November 2005 agreement came almost a year after the expiration of a decades-long system of global quotas that limited the quantities of clothing individual countries could ship overseas.

During the intervening months, Chinese clothing exports surged. After months of negotiations and as a condition of its entry into the World Trade Organization, China agreed to growth limits on exports to the U.S. through the end of 2008.

Perhaps Gold's biggest gripe is that there was no warning her products would be included in the sweeping agreement.

It gave her no time to adjust prices or find alternate sources of merchandise.

Stephen Lamar, a lobbyist for the American Apparel and Footwear Association trade group, said his group tracks such negotiations closely but also had no indication baby socks were part of the negotiations. Gold said she is looking at ways to offset the financial impact of the trading curbs.

"I always want to protect our workers," she said. "We will have to look at whether to cut back on growth opportunities or capital expenditures first." Job cuts would be a last resort, she said.

While the agreement was meant to slow the steady decline in American textile jobs, experts say such measures have not been effective in the past. U.S. garment factory jobs plummeted during the 30 years when the quota system was in place. Employment declined to about 270,000 in 2004 from 1 million in 1974, according to Edward Gresser, trade policy director at the Progressive Policy Institute, a Washington-based think-tank.

Curbs on Chinese imports are likely to continue to drive U.S. distributors to find other countries to manufacture their products, he said. "The idea (of quotas) was definitely to keep the textile jobs here, but it didn't really work," Gresser said. ■



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April 1983 And Echoes Of The Future

Does anyone remember the economic recession of the early 1980s?

Compared to the challenges for the hosiery industry in the early years of the new century, that recession must seem like a blip on the financial statement. Yet, in April of 1983, hosiery executives and suppliers were being encouraged to look for a silver lining in

Carolina mills.

Outside the hosiery manufacturing environment, trends were beginning that would dominant the world for the next three decades. The bombing of U.S. marine barracks in Beirut and death of 63 men signaled the beginning of the country's problems in the Middle East. Some would claim that globalization began

As for the future, we cannot take the next 25 years for granted...

the economy.

In April 1983, U.S. Rep. Jim Broyhill of North Carolina's 10th District told the 280 people at the annual dinner meeting of the Carolina Hosiery Association (then the CVHA), that "the economy is definitely on the mend."

Still he warned that the economic recovery could be aborted "if Congress does the wrong thing and goes back to business as usual...deficit spending must be brought down."

If Broyhill were speaking to hosiery executives in 2006, he could have used the same text. The only difference is Congress was then controlled by Democrats.

Broyhill was serving under President Ronald Reagan. It was in April 1983 that Reagan described the Soviet Union as "the evil empire." A later president would talk about "the axis of evil."

April 1983 was a time when the hosiery industry was stirring with new, young leadership. They were in their early 30s and already making an impact on their companies. Hugh Gaither, vice president of Ridgeview Inc., was taking over the reins of the CVHA, succeeding Kemp Mauney, vice president of Mauney Hosiery Mills. Among the board members was John Moretz, vice president of Moretz Mills Inc.

Mauney, in his remarks to the executives, talked about a "tidal wave of change on the past year." He was referring to the rapid changes in the marketplace with the rise of mass discount merchants. "As for the future, we cannot take the next 25 years for granted. In unity there is strength and strength will be required if we are to be here for future meetings...."

Seventeen years later, the Carolina Hosiery Association had vanished.

But in 1983, the party was still going on. Hosieryfest, the name assigned to the biennial trade show, was just around the corner and a sellout. Fashion designers and media personalities were on the agenda, along with a show featuring fashions from North

with the opening of a Disneyland Theme Park in Japan that April.

There were other things that caught our attention, of course. We joined 125 million Americans to watch the final television episode of M*A*S*H. And we worried about the Ewings of DALLAS when the South Fork Ranch caught on fire.

But chin up. Hosiery manufacturing was a growth industry and we were proud to be part of it. 



Manufacturers Find Government Agencies Are Valuable Customers

Paul Fogleman

North Carolina hosiery manufacturers are taking in over \$30 million a year from contracts with the federal government. And according to Dean Allred, who spearheads government procurement opportunities for the Hosiery Technology Center, that figure is expected to grow.

Manufacturers from across the state indeed the Southeast are becoming important vendors to federal agencies, most notably the Department of Defense. Add to that the purchase of medical socks by VA hospitals, and a wide range of legwear products by commissaries and Post Exchange (PX). For some small and medium-size companies, government business keeps the doors open.

The process of becoming a federal vendor is rather simple. A company completes the Central Contractor Registration (CCR). Allred is available to help with this initial step. But success depends on development of personal

relationships with government buyers, he insists.

"There's no difference in doing business with the federal government than with retail customers. Sales are built on relationships and trust. Buyers have to be absolutely sure you can and will deliver on schedule," he surmises.

Allred also monitors business opportunities for textiles and apparel manufacturers. He directs leads through SEAMS (Southeast Apparel Manufacturers) and the Clemson Apparel Research center.

Allred monitors 30 websites daily for procurement proposals. Additionally, he combs through some 1,500 emails each day from state and federal agencies. When he finds an opportunity for hosiery producers, the information is posted on LEGSOURCE.COM, the Hosiery Technology Center website for the U.S. hosiery industry. Allred also emails information to companies on his database.

Another resource for hosiery manufacturers is the North Carolina Military Business Center in Fayetteville. This agency, supported by state government, encourages Tarheel companies to compete for a share of the \$6 billion spent by military bases each year in the state. Allred says cooperation between his operations and the military center is developing.

A trend that has opened new doors for state hosiery producers involves anti-

microbial socks. Allred says anti-microbial products are among key replacement products sought by the military. Pickett Hosiery Mills in Burlington has been a leader in this development.

Other North Carolina manufacturers who have sold products to federal agencies include Catawba Sox Inc., Newton; Specialty Hosiery and Elder Hosiery, Burlington; Southern Hosiery and N.C. Socks Inc., Hickory; Thorlo Inc., Statesville; and Knit-Right Hosiery of Madison.

"Virtually all the socks procured by the U.S. Military Textile and Apparel Procurement Center in Philadelphia are coming from North Carolina," Allred asserts.

Socks purchased for military academies require specifications developed by Thorlo, he adds.

Among the apparel companies who are filling major orders is Fox Apparel in Asheboro which is making camouflage uniforms for military service personnel.

Opportunities for military business will grow as the federal Defense Department spending continues to increase, observers predict. But mills that garner contracts will do so on price, meeting specifications, and delivery.

"Federal buyers expect to be treated as an important customer," Allred insists. "It's a human relations issue. People deal with people they like and trust." ■



Kaitlin Sigmon, a 5th-grader at Webb A. Murray Elementary

Science Fair Project—"Which sock moves the most moisture away from your feet?"

Kaitlin Sigmon, a fifth-grade student in the Hickory area, recently was a finalist in the State Science Fair competition in Raleigh with a project involving wicking action in socks. The project was entitled "Which sock moves the most moisture away from your feet?" The undertaking included comparisons of various yarns, including PLA (corn) and cotton. Actually Kaitlan's interest was inherited. She is the daughter of Rodney Sigmon, R&D specialist, at the Hosiery Technology Center at Catawba Valley Community College. ■

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U.S. Production Figures Support Need To Diversify

U.S. socks makers shipped 145 million dozens made on machines in their operations in 2005. But that still represented a decline of 21 million dozens from the year before.

The value of socks from domestic mills was almost \$1.22 billion, still below the \$1.46 billion of 2004. Domestic production of socks for men, boys, women and girls dropped by about 14 percent, according to recent statistics released by the U.S. Census Bureau. Socks for infants and booties remained constant at 11.3 million dozen, but the value also declined 12 percent, according to the report.

More details of the report are available on Legsource.com, the website for the Hosiery Technology Center.

The report notes that cotton or chiefly cotton products were

most significantly affected.

Imports for the U.S. market were reported at 223.8 million dozens, representing some 70 percent of U.S. consumption estimated at 316.7 million dozens. Adding the figures for U.S. production, plus imports, indicates a surplus on the U.S. market of 52 million dozens. This worries Dan St. Louis, manager of the HTC.,

"Those socks are sitting in warehouses somewhere," St. Louis asserts. "They will have an impact on the activity for 2006," he continues.

St. Louis said the statistics underscore the need for the industry to continue to pursue diversification and specialty products. ■

Labor Shortage In China Points To Changes In Textiles Exports

The decline of socks and textiles products from China may be just around the corner. And it is not trade agreements that will trigger this decline.

Although China has over a billion people and a seemingly unlimited labor market, the reality is something different, according to new reports. David Barboza in the New York Times reports that persistent labor shortages at hundreds of Chinese factories is fueling profound changes in the economy.

The shortage of workers is pushing up wages and swelling the ranks of China's middle class. As a result, Chinese-made products will become less of a bargain worldwide and some international manufacturers already are talking about moving factories to Vietnam and other low-cost countries.

The changes suggest that China may already be moving up the economic ladder, as workers see opportunities beyond simply being unskilled assemblers of the world's goods. Rising wages may also prompt Chinese consumers to start buying more products from other countries, helping to balance the nation's huge trade surpluses.

"The next great story in China is how they are going to move out of the lower end stuff: toys, textiles and sporting goods equipment," predicts Jonathan Anderson, an economist

at UBS in Hong Kong. "They're going to do different things."

Although estimates are hard to pin down, data from Chinese officials indicate major export industries including hosiery are looking for at least 1 million workers. The number could be higher, they add.

According to government officials in China, minimum wages which averaged \$58 to \$74 a month (not including benefits i.e. housing and food) have climbed 25 per cent in the past two years. Wages at larger factories, typically \$100 to \$200 a month, also are on the rise.

Government policies to encourage more diversification and protection for farmers have fueled the shortage of industrial workers. As malls and housing projects sprout up in rural areas, there will be less of an incentive for people to migrate to industrialized areas.

Additionally, more Chinese are going to college to avoid the factory floor. Last year, Chinese colleges and universities enrolled over 14 million new students, up from 4 million six years ago.

The conclusion is that Chinese workers are gaining more education, developing new skills, and will be looking for jobs in technology and scientific enterprises. ■




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Manufacturers Can Succeed In The U.S.



Marty Bailey, right, vice president of American Apparel

Marty Bailey has a simple message for U.S. manufacturers: “You can be successful as a domestic manufacturer.”

And Bailey should know. He is the vice president of one of the most successful manufacturing companies in the United States, American Apparel Company.

The Los Angeles-based T-shirt manufacturer has been featured on CBS's 60 Minutes, ABC's 20-20, The History Channel's Modern Marvels as well as PBS, Forbes and many more for its innovative approach to manufacturing.

Although Bailey is well aware that American Apparel is being lauded as doing something new and different, he says it is

not really a new approach but “an old way of doing things.”

In a world where large manufacturers rush to send their manufacturing to countries with lower labor costs, American Apparel is doing something different: The company is totally vertically integrated: it designs and makes all of its products in its seven-floor Los Angeles production facility, does all the marketing and advertising for its products there and sells the products in the 110 stores it has opened during the past two years. Nothing is outsourced: not even the advertising. Models for American Apparel ads are company employees, quite often right off the production floor.

Keeping it all in house is a big part of what makes American Apparel successful. With more than 7,000 employees worldwide, the company has been cited by national media as one of the best places to work in the U.S.: average wages are between \$12 and \$15 per hour. Factory employees, most of whom are Latino, enjoy quite a few benefits: life and health insurance, on-site massages, subsidized lunches, free phones and English classes if they do not speak English.

“When you subcontract work out, you are taking work away from the company,” Bailey told about 130 people at the Seamless Apparel Symposium in Greensboro. “We had a new concept: We brought manufacturing back into the company.”

In the early days, Founder Dov Charney, a 36-year-old maverick known for his unorthodox ways of doing business advertised that the company was “100 percent Sweatshop Free.” Bailey says it is very basic concept the company employs: “Knowing your workers: Knowing their faces. And, being committed to treating workers good.”

To be successful, Bailey told symposium attendees, you have to pay attention to product design and quality. By being vertically integrated with all products made in the Los Angeles facility, American Apparel has control over the product from start to finish: from the design to the time it walks out the American Apparel store in the customer's bag.

“Quality, fit and performance are what brings them back. Being vertically integrated, we can control the design and

manufacture and quality of the product,” said Bailey.

And, you have to understand who your customer is. added Bailey.

“Our customer is trend-conscious young adults. They are critical to our success. We are focusing on a market that cares more about design and quality than cost.”

American Apparel knows its market and it is not interested in the mass merchandisers, said Bailey.

“It is very difficult to be successful if you support the mass market, but if you have a targeted market, you can be.”

Quick turnaround is a must for success as a domestic manufacturer, said Bailey, pointing out that when American Apparel receives an order it turns it out quickly and doesn't leave it sitting in some container offshore. The manufacturing teams are flexible enough to take a design drawing of a garment and have the garment ready for the retail shelf within five days.

Since starting American Apparel in the 1990's, Charney has grown it from working out of his car selling T-shirts in South Carolina “with a cell phone and samples” to a company that still majors in T-shirts but makes a variety of other things: the American Apparel Stores have 13,000 SKUs all made in Los Angeles. The company had about \$250 million in sales last year. Since Charney set up shop and began producing T-shirts in 1997, the company has added socks, underwear, sweatshirts, jackets,

See Succeed In The U.S. on page 18



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dresses, tank tops, polo shirts, baby clothes, dog clothes and swimwear to its line.

Charney began selling T-shirts as a teenager. He would travel to the United States from his native Canada and buy quality shirts and take them back home to sell them. He kept selling shirts as a student at Tufts University in Boston where he met a man who proposed they make T-shirts. That was essentially the beginning of American Apparel Co.

Charney began the company because he wanted a T-shirt that was a quality shirt with a good fit. From the early days, he was interested in buying only the best cotton for his shirts. The company began as a wholesaler and started opening stores in 2003 as a way to advertise its products. That was the third year in a row that American Apparel Co. saw its revenue double.

"We quickly became a multi-marketing company with both wholesale and retail,"

explained Bailey.

Wholesale is still the largest part of the company's business, but because of the success of the retail stores, the company is rapidly opening new stores. Since it began opening stores two years ago, the company has opened 110 stores and plans to open six to eight stores per month during the next year. The majority of the stores are in the United States but there are also stores around the globe.

Bailey joined American Apparel Company in 2002 after working in apparel for 18 years, most of which were for Fruit of the Loom. He also worked for Alstyle Apparel, Volunteer Knit Apparel and Beltex Underwear.

Charney has been quoted to say the company was growing so quickly, he knew he was in trouble. "I called up a guy I trusted and asked, 'Who's the best out there at organizing a factory?'" He said, Marty. So, I called him on a Saturday and said, 'Dude, my name's Dov, and I need

help.' He started Monday."

Bailey who says he is "just an old lint-head at heart," is credited with streamlining the manufacturing process and making it what it is today with over 2,000 sewers making more than a million garments a week. As vice president of operations, Bailey bolstered production by organizing the sewers into teams that can make any product in the company's line and can turn around orders quickly. The company quickly went from 30,000 garments a day to 90,000 a day.

"Bailey has earned a reputation in the apparel industry as a T-shirt genius for his ability to implement cost-effective programs and streamlining and organizing production growth," says the company's web site.

"Bailey's brilliant manufacturing modification has resulted in record-breaking sales and increased wages for skilled workers." 

agreed.

However, Heinz Altman, senior product manager for Sara Lee Corp., said that once those components come together in a piece of seamless garment, the end product can be spectacular – and very appealing to the consumer.

Yarn manufacturers and apparel manufacturers also agreed that the innovation coming out the yarn segment and the innovation in seamless knitting machines creates design potential in seamless garment that isn't found in any other apparel market

"It's truly unlimited," said Ceri Reynolds, design manager for Sara Lee's seamless and new ventures.

Tony McBryan, sales director for flatbed knitting machine provider Shima Seiki, said it is that kind of innovation potential that will be key to U.S. manufacturers' ability to compete in a global marketplace.

While foreign companies pump in huge volumes of apparel at commodity prices, McBryan said U.S. manufacturers' best competitive edge will be their ability to turn out unique products that are not available in commodity markets – nor at commodity prices.

Listening to the information presented by yarn producers and machine providers, one manufacturer said she found herself

Donna Hill with Nilit, left to right, David Morgan with Dialogue Power, and Donna Mines with Mines and Yours Design, look at garment samples at PAM Trading Co.




imagining all the possibilities for new products.

Susan Moss, sales and marketing director for Pickett Hosiery Mills, said she found the symposium to be very informative but doesn't know if her company is ready to diversify into the seamless market yet.

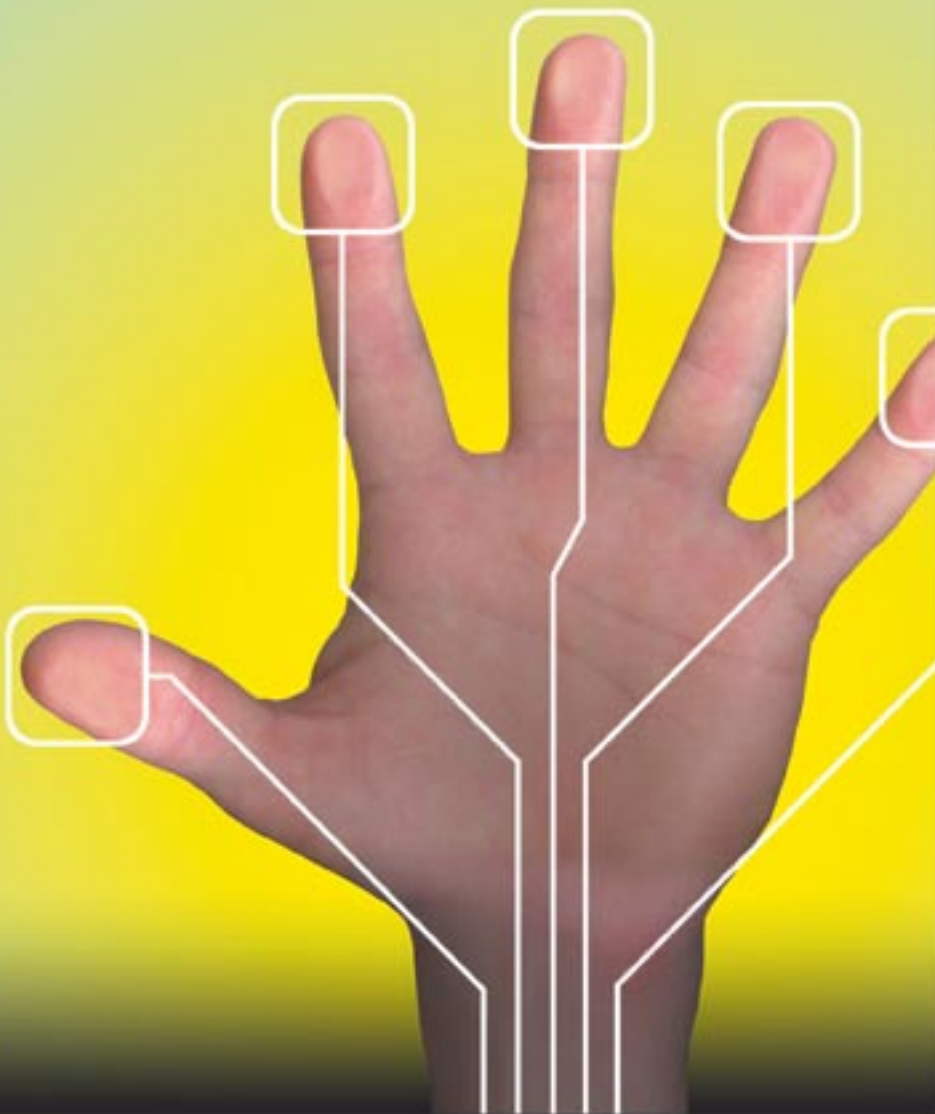
"When they were talking about the

typical consumer not being aware of the benefits, I realized that I was that consumer," Moss said. "I also found myself sitting there imagining all a person could do with different garments from all the different yarns that are out there.

"We've actually talked about getting into seamless and I've been thinking about how I could one day incorporate that here." 

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