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**The only monthly publication that offers
News About The Industry, From The Industry, For The Industry.**

inside

4 Legislative Column – Paul Fogleman

**6 High-Tech Fiber Sets
North Carolina Apart**

**8 ‘Reshoring’. Does This Signal
Comeback For U.S. Manufacturing?**

10 Industry Briefs

**11 Gold Toe Moretz Gildan’s
Third Hosiery Acquisition**



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dedicated to the hosiery industry*

PUBLISHER & EDITOR.....Paul Fogleman

ASSISTANT EDITOR.....Charlene H. Carpenter

ART DIRECTOR.....J. Johnson

SALES & MARKETING.....Paul Fogleman

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Textile Technology Center.....	2	Roselon Industries.....	12
TRENDS*.....	5	HTGAC*.....	13
TRENDS Online*.....	11	MSC – Manufacturing Solutions Center*.....	14
Delmark.....	12		

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legislative column

by PAUL FOGLEMAN, Director, Hosiery Governmental Affairs Council

The Budget Maze

House and Senate leaders early in the year announced a June 1 deadline for completion of a budget. And while the deadline was missed by three days, it still represented a modern-day record for the Legislature in crafting a state spending plan.

The Republican leaders in the 2011 session introduced a new concept for the budget process with senators and representatives working in joint meetings of Appropriations subcommittees. The House leadership rolled out the first version in mid-May with the Senate making amendments two weeks later. The conference process was avoided with top Senate and House chairs developing a consensus version over the last weekend of the month. Appropriations for the Manufacturing Solutions Center and the Textile Technology Center are included.

The Senate approved the \$19.6 billion budget with a partisan veto-proof margin. Five Democrats joined Republicans in the House, resulting in a margin that could override a gubernatorial veto.

Gov. Beverly Perdue, angered by cutbacks in the public education cutbacks, was expected to veto the budget, despite the likelihood of and override in the General Assembly. If the veto is overturned, the General Assembly is expected to recess before June 24 and return to address the most political of issues – redistricting of legislative and congressional districts.

Tort Reform

Republican leaders tackled an issue they were determined to change: tort laws. The first bill introduced was aimed at controlling awards for medical liability. Initially, the bill would have capped non-injury awards at \$250,000. This was later upped to \$500,000. Efforts to cap attorney fees failed. Opponents argued that persons suffering lifetime injuries due to errors in hospital emergency rooms would not be able to afford professional care with a one-time \$500,000 award (minus attorney fees).

Another bill in the last days of the session limits liability for products manufactured in North Carolina which have been approved by regulatory agencies. The bill also protects owners of property who use defensive action when confronting trespassers.

Workers Comp

The short title of the bill: Protect and Put NC Back to Work. The author: Rep. Dale Folwell, deputy Speaker of the House. The results: Workers Compensation that gives employers and employees more access to medical records and requirements for injured persons to accept employment upon successful treatment and recovery. Employees are limited to 500 weeks of compensation – 9.5 years – for temporary total disability. The time limit is waived for severe permanent injuries, including spinal injury, loss of both hands, both arms, both legs, or both eyes. This also applies to severe burns.

After organized opposition from trial lawyers and employee groups, a compromise was hammered out by representatives of N.C. Chamber, employer groups, and attorneys. Folwell described the maneuvering of the bill as the most difficult challenge of his legislative career.

Regulatory Reform

Legislators made numerous changes to the Administrative Procedures Act (APA) restricting the process which state agencies adopt and implement rules and regulations.

Fiscal impact reports must accompany proposed regulations. The bill also sets forth “principles” which must be followed: rules must be clearly authorized by federal or State law and necessary to serve public interest; agency must seek to “reduce the burden upon those who must comply with the rule”; rules must be written in a clear and unambiguous manner; rules must be based on sound scientific, technical, economic or other relevant information.

The Department of Natural and Economic Resources, the Environment Management Commission, the Coastal Resources Commission, the Commission for Public Health, and other agencies are named in the legislation.

During a series of hearing conducted across the state, small and medium-sized business executives told of regulatory roadblocks encountered when trying to expand. ■



TRENDS

How to get more impact with your sales activity.

Textiles and hosiery industry vendors have used **TRENDS** magazine to open doors. Multi-national, veteran established manufacturers, and smaller niche players all look at market innovations in **TRENDS**. National and state legislation affecting the industries – manufacturing and distribution – are covered in easy-to-read articles. Happenings within the industries and retailers are included to help marketers and purchasing executives.



* **Paul Fogleman**, a veteran experienced in hosiery and textiles operations, can help you with your advertising and public relations opportunities with **TRENDS**. Contact him at pfogleman@informinc.net



The Textile Industry in North Carolina is an ongoing manifestation of the old adage “When the going gets tough, the tough get going.”

Where are they going? To technologies that differentiate textile firms in North Carolina from the rest of their global competition and that allow them to thrive as they lead the state out of the latest economic recession. The phrase “High Tech” covers a lot of territory, as you are about to read. Whether the firms featured in this article originated technologies themselves or adopted and adapted innovation from other sources, it’s fair to say that up and down the chain from fiber to finished product, the successful firms in North Carolina are doing

things differently than they were even five years ago.

The Textile Technology Center at Gaston College is proud to be a part of this ongoing renewal. Chartered in 2005 as a “Center of Excellence that serves all facets of the Textile Industry...” The Textile Center performs services for more than 140 firms in North Carolina. Nearly all of the activity involves a non-disclosure agreement, which Center staff members take very seriously. All of the examples cited in this article have the approval of

High-Tech Fiber Sets North Carolina Apart

the client companies.

“High Tech” in textile parlance often involves innovative new fibers. With the capability of producing and modifying polymers, producing melt spun fibers and converting polymer to yarn and fabric while providing invaluable test data at every step, the Textile Technology Center is the first choice of the North Carolina firms at the primary end of the textile chain for development partnerships.

Tom Schmitt, Charlotte based Business Development Manager for INVISTA Performance Surfaces and Materials describes his relationship with the Center this way: “As an international company, INVISTA has the option of doing its work anywhere in the world. However, I have not found another facility that has the equipment, capabilities, practical experts, and rapid response of the Gaston Center. In other words, I can say the operation is ‘World Class’.

The role of the Center is not to be the technology inventor, but rather be the cost effective resource where innovative technology companies can demonstrate and perfect their new materials and processes. In the case of Invista, they are partnering with the Center to develop and demonstrate

new materials for protective fabrics. Speaking again of the relationship with the Center, Schmitt said “What we no longer have is the in-house capability to make textiles and to test our innovative technologies in fabrics. This is a bottleneck to speeding new products into the textile industry.”

“The Gaston Textile Technology Center fills this un-met need. Through donations of equipment from the industry, the school has benefited by recreating fiber extrusion, textile fabric research, prototyping, and testing capabilities worthy of a major fiber producing company of a generation ago.”

Another major technology centered firm with facilities in North Carolina is DuPont. Sorona® renewably sourced polymer, the newest polymer innovation from DuPont, uses advanced biotechnology to replace traditional petrochemical based ingredients with those made with annually renewable plant based ingredients. Kinston, North Carolina is the location of the Sorona® polymer production facility. The Textile Technology Center supports DuPont in its development efforts by producing prototype textiles that demonstrate both the versatility and performance attributes of this leading edge

material.

Basofil Fibers LLC produces melamine fiber in Enka, NC. A unique characteristic of melamine is the way it reacts to flame by “charring, without shrinking” and preventing adjacent fibers from burning, melting or dripping. Basofil has become a key component in blends with other fibers to develop protective materials that won’t melt or burn when suddenly exposed to flame and heat, such as when electric arc potential exists or a roadside bomb explodes. Basofil and the Textile Technology Center have been partners for the last four years, and the Textile Technology Center has assisted by developing yarn formation parameters, demonstrating fabric and yarn concepts and providing analytical services to help develop and optimize this heat and flame resistant fiber for new products and applications.

Unifi, Inc. will open a state of the art recycling center in Yadkinville in May to support the growth of their recycled line of fibers marketed under the Repreve® trademark. Unifi and the Center work together by producing yarns and fabrics that demonstrate their Repreve® recycled Polyester in fabric. Unifi also uses the Center’s physical testing, analytical chemistry and scanning electron microscopy capabilities to understand and

(continued on page 13)



'RESHORING'.

Does This Signal Comeback For U.S. Manufacturing?

The new word is “reshoring.”

The term is tossed around in manufacturing and retail circles to mean a return of manufacturing which left the United States over the past decade for cheaper production costs in China and other parts of Asia.

The apparel manufacturers in the Southeastern United States recently used “reshoring” as the topic for a marketing conference at Myrtle Beach. More than 100 manufacturers and suppliers in the apparel supply chain participated in networking events that included workshops. The event was sponsored by SEAMS, the professional association for the participants.

While more retailers are responding to consumers looking for “Made in America” products, reshoring does not mean the return of commodity manufacturing to the United States, according to Dan St. Louis, director of the North Carolina-based Manufacturing Solutions Center.

Rather more emphasis will be put on manufacturing of socks and textiles and apparel in the Western Hemisphere, especially CAFTA countries. Manufacturers that survived globalization of the marketplace in the past decade have done so with lower-cost operations in Central America, including Mexico and Honduras.

The rising costs of labor in China along with higher transportation expense associated with fuel and energy have cut margins on imports from Asia, manufacturers report.

Also retailers are addressing consumers who look for “made in America” specialty items. St. Louis observes that

companies willing to ship in dozens instead of thousands of dozens are busy. Kelly Hosiery Company in Hickory is an example.

Kelly is shipping 40 to 50 dozens of special socks for “Rockabye Baby” several times each month. The items are knitting on 120-needle Angies and finished at the small mill which employs from five to 10 people, depending on orders. Kelly also ships to a specialty retailer in Canada among others.

Catawba Sox Inc. in Newton, with a management team under John W. Mills that includes Ken Wofford and John Boylan from Ellis Hosiery Co. also is growing its specialty business with made in the U.S. socks.

Similar operations exist in other areas of North Carolina and Alabama where scores of hosiery companies once operated with large payrolls. St. Louis says the surviving mills have downsized and become more focused.

Products for mass retail chains will continue to be resourced out of Asia, St. Louis acknowledges. But even some national specialty store chains – especially those catering to athletic apparel – are looking for domestic vendors.

Ric Stolzenberg, leader of the Industrial Sector for the Performance Group consulting firm in Charlotte, recently wrote an article linking the return of manufacturing to the U.S. economic recovery. His advice: company CEOs and supply chain executives must be bold and reinvent their business models. Manufacturers, he insists, can be in charge of their own comeback. **T**

Industry Briefs

Glen Raven Goes Solar

Glen Raven Inc. has begun construction of a solar energy installation on the roof of its Sunbrella Yarn Manufacturing Center in Norlina, NC.



The solar system will generate electric power roughly equivalent to that used by 47 average homes, according to Progress Energy. The undertaking represents a \$3 million investment and includes replacing the 175,000 square foot roof with a highly-reflective white roof that will enhance the performance of solar power and also improve cooling inside the plant. Completion of the project is expected in fall.

Leib Oehmig, president of Custom Fabrics, a Glen Raven subsidiary, said the solar project "demonstrates how a well-designed environmental program can have multiple benefits." Custom Fabrics is a Glen Raven subsidiary.

Progress Energy has committed to purchase the solar-generated power. At 500 kilowatts, the Glen Raven Norlina array will be the largest in the Progress Energy system.

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Unifi Sees Profitable Future

Despite a third-quarter loss of \$4 million, Unifi reported the company is on course for a second consecutive profitable year with a net income of \$11.6 million through three quarters of fiscal year 2011 compared with \$5.2 million in 2010.



The company recently reported that third quarter sales were up 15 percent to \$178 million.

U.S. Senator Kay Hagan recently was at Unifi operations in Yadkinville to announce her plans to reintroduce the Textile Enforcement and Security Act which would provide money to beef up customs operations at ports where yarn and fabrics are brought into the country. The objective is to identify and eliminate illegal yarn trafficking.

U.S. yarn manufacturers have said the act will result in more financial stability and a level playing field for domestic producers.

Sen. Hagan and N.C. Congressmen Larry Kissell and Walter Jones insist that foreign manufacturers are claiming to have U.S. plants, including plants in the Carolinas, to gain duty-free benefits.

Sen. Hagan identified a group called Yarn America selling products made in Pakistan while claiming to have U.S. manufacturing operations.

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India Cotton Cutbacks

Cotton yarn manufacturers in India have announced reductions amounting to one-third of production due to declining demand domestically and internationally.

The Confederation of Indian Textiles Industry (CITI) blamed the government excise tax of 10.3 percent which has dampened demand for cotton products in India for the cutbacks although demand for cotton products has showed significant growth.



Indian exports of cotton yarn have been curtailed due to challenges to the growing season caused by a longer monsoon season.

Gold Toe Moretz Gildan's Third Hosiery Acquisition

The acquisition of Gold Toe Moretz by Gildan is the latest step in a series of expansions by the Canadian company.

First there was Kentucky Derby Hosiery which employed thousands in hosiery operations in Hickory and Mount Airy North Carolina. Five years ago the large Prewett complex in Fort Payne, Alabama was absorbed into Gildan. Production was shifted to Central America and thousands of hosiery jobs in Fort Payne became a memory.

According to reports, Gildan purchased Gold Toe Moretz from the Blackstone Group in New York for \$350 million. Gold Toe Moretz reported sales of \$280 million in 2010.

Gold Toe Moretz sources goods from China and other Asian operations and maintains limited production capabilities in North Carolina.

The merger of Gold Toe and Moretz Mills in 2006 brought together two successful hosiery companies – Gold Toe, former Burlington Socks in Alamance County, and Moretz in Newton. The brands for casual, athletic and dress socks include Gold Toe, Silver Toe, GT, Auro, PowerSox and All



Pro. The company is also exclusive U.S. licensee for Under Armour Inc. and New Balance Athletic Shoe Inc.

Moretz Mills Inc. was founded in 1946 by Hugh Moretz. His son, John Moretz, joined the company in 1976 and became president in 1985. Under John Moretz's leadership, the firm became a leading marketer of sports socks and apparel, and surged with the Kathy Ireland license, starting in the 1990s.

John Moretz served as president of the Carolina Hosiery Assn. and as a director of The Hosiery Association. He and his wife, Marilyn, are major benefactors for Lenoir-Rhyne University in Hickory, his alma mater.

Moretz will remain with the company as chief creative officer as will Steve Lineberger, president and CEO, it was announced. ■

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High-Tech Fiber Sets North Carolina Apart

.....from page 7

resolve problems for themselves and their customers across several product lines.

O'Mara, Incorporated, with headquarters and manufacturing in Rutherford College, NC, is a vertical supplier of textured polyester and nylon in solution dyed colors and naturals. They too have weathered the changes in the industry by innovating utilizing technology. Their CuTEC Copper® product line is an effective biocide against both bacteria and fungi. They recently worked with the center to develop a version of this product that allowed them enter the nonwoven market.

Marvin Technology Associates, LLC, a small start up North Carolina based firm, uses the Center's fiber facilities for development of a melt spinnable fiber using soy protein as a renewable raw material. This research is sponsored by the United Soybean board and is in the third year of continual progress. Dr. Tony Moore of Marvin Technology Associates says "We choose to work with the Textile Technology Center not only because of their excellent facilities and capabilities but also their extensive network of contacts at textile companies across North Carolina. Those

contacts help us to understand the downstream opportunities for an innovative renewable fiber like ours and give us valuable direction on fiber requirements.

Carolina Silver in Maiden, North Carolina developed a revolutionary and proprietary concept based on proven textile processes. Their custom designed manufacturing and certification programs ensure delivery of top quality metallised fiber, yarns and fabrics. They partner with the Textile Technology Center for product testing, for assistance in certification and to expedite quick turn product development for their diverse customer base where Carolina Silver yarn, fibers and fabric provide conductivity, antimicrobial performance or both.

When innovative fibers enable new levels of performance across the spectrum of textile applications, the yarn spinners and fabric mills have a platform to support both renewal and growth. In the next issue of *TRENDS*, we will take a look at how North Carolina innovators in the yarn and fabric sectors are working with The Textile Technology Center to expedite innovation and bring new business and jobs to North Carolina. ■



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BREAKING THE SOUND BARRIER

The Hosiery and Textiles Governmental Affairs Council looks forward to working with legislators in Raleigh in 2011. Republicans with a pro-business agenda will set priorities for state government, including how state finances are invested. Emphasis will be on smaller government and the best return on dollars invested by the state.

We congratulate the new leaders in the House and the Senate. Also we look forward to working with new members of the General Assembly as we present our case for the continued support of the Textile Technology Center and the Manufacturing Solutions Center with its successful hosiery industry testing and research programs.

There will be a lot of noise with competition for state money. We invite textiles and hosiery companies that continue to employ over 100,000 North Carolinians to join us in support of the value-added services of our centers.

Hosiery and Textiles Governmental Affairs Council
P.O. Box 1708 415 First Avenue NW, Hickory NC 28603
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People now call us the 'Manufacturing Solutions Center'

and that's OK.

Officially we have been the Center for Emerging Manufacturing Solutions. (CEMS). Our mission is to help traditional manufacturing in North Carolina succeed in a changing environment. The Hosiery Technology Center remains a core service. But furniture, packaging, plastics, and other industries that helped build North Carolina's economy are now priorities.

If our official name is too much to remember, just call us the Manufacturing Solutions Center. We are ready to assist you with new products, new manufacturing strategies, new markets.

Traditional manufacturers have an old history with our state. But they are an important force in the new economy.

Dan St. Louis, Director • Catawba Valley Community College

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