



Chinese firms partner with garmentos

Flood fashion district to launch their own brands

BY ELISABETH BUTLER

The next \$160 pair of blue jeans to hit the shelves at Saks Fifth Avenue might sport a Chinese-made label that fashionistas wouldn't rec-

ognize if they saw it today.

No longer satisfied with being anonymous sewers half a world away, a dozen Chinese-backed companies have leased space in the fashion district over the past two years to launch their own apparel brands or to open showrooms.

They hope to control a larger percentage of the profits, which are typically shared with American companies serving as conduits be-

tween big-name retailers and manufacturers. They also believe that being local will provide their American allies with a sorely needed convenience: fewer transcontinental flights.

"We knew that eventually they were going to think beyond just doing the (production) work," says Sarah Crean, director of the non-profit Garment Industry Development Corp. "The one thing that China was not doing was creating

its own brands."

Some firms, such as G&S Fashion USA Inc., are hiring established American fashion executives to help them design and market new brands. Others are trying to partner with New York manufacturers to work directly with well-known American brands such as J.C. Penney or Liz Claiborne.

But not everyone in the fashion industry is putting out a welcome mat for these interlopers. Linda Bretti, president of apparel company Linda Richards, says she has

See **CHINESE** on Page 17

Chinese firms, garmentos partner

Continued from Page 1

turned down several proposals to partner with Chinese factories. She didn't want to give up control of the company that she founded nearly 20 years ago.

Ms. Bretti is not alone in her resistance. So far, it has been difficult for Chinese companies to get a foothold and build a higher profile in the fashion world.

"You have to have the right connections, and I don't," says Li Hong Wang, owner of Chinese importing firm Winco International Inc. Working out of a tiny showroom off Seventh Avenue, Ms. Wang has been trying for years to find an American partner that can help

SEWING THE SEEDS

Chinese-backed real estate deals in the fashion district.

COMPANY	ADDRESS
August Silk	499 Seventh Ave.
G&S Fashion USA Inc.	499 Seventh Ave.
Lanyan Group	552 Seventh Ave.
Y&Q International Trade Group Inc.	530 Seventh Ave.
Zelda	550 Seventh Ave.

Source: Kaufman Organization

build her domestic client list.

Last year, she produced a 15,000-piece order for Burlington Coat

Factory and filled a smaller order for discounter Syms Corp., but many American retailers, including J.C. Penney, have turned her down.

"I don't have a name, but I have beautiful production," Ms. Wang says.

Chinese firms are hiring American fashion executives to help them bridge the gap. G&S, for one, joined forces with denim veteran Howard Weiss to launch a new jeans line.

The partnership cuts down on the number of flights that Mr. Weiss makes to China each year, because he is now working with only one manufacturer. Another benefit, he says, is the convenience of one-stop shopping for materials such as fabric and zippers.

"If you're smart, you build a relationship with businesses over there," Mr. Weiss says. "There are no middle people involved. We are going straight to the Far East."

Last week, he signed a seven-year lease for a 3,000-square-foot showroom at 499 Seventh Ave. He plans to roll out the luxury jeans line in September and sell it in upscale specialty shops for about \$160 a pair. Real estate brokers are taking



HOWARD WEISS was hired by G&S Fashion to help it launch an upscale jeans line.

Middlemen caught in the middle

NEW YORK'S APPAREL MANUFACTURERS aren't sure whether to applaud or boo the influx of Chinese showrooms.

Some U.S. companies stand to lose a fortune as Chinese-backed firms try to cut out the New York-based middlemen that connect retailers with Asian factories. But successful Chinese labels could generate some extra cash when designers need to quickly replenish items or repair factory mistakes, says Sarah Crean of the Garment Industry Development Corp.

Overseas investors might also present **opportunities for young designers.** "Any talented young designer just starting out would be wise to explore partnerships," says Lori Holliday Banks, a senior fashion analyst at consulting firm Tobe Report.

note. Signing up Asian-backed companies "is a new angle of business for me," says Michael Heaner, a broker with the Kaufman Organization, which owns a lot of property in the fashion district. Although most of the new showrooms are small, Mr. Heaner says, he's never seen this much quick activity from Asian businesses in the fashion district.

Even as Ms. Bretti says that she is unwilling to take on majority partners in her company, she admits that there's a lot of money to be made from the deep-pocketed firms that have been calling on her.

"I don't have the burning need to become a millionaire, but some young person right out of school may want to jump on this," Ms. Bretti says. ■