Business Week
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## Leather and textiles help increase Bangladesh export earnings

31 July 2006

During fiscal year 2005-06 (July-June), Bangladesh exported goods worth $10.5 billion, approximately $1.8 billion more than in the previous year. According to the Export Promotion Bureau's preliminary estimates, the US market remained the single largest destination for Bangladeshi goods fetching around $3 billion in 2005-06, while 52% of total earnings came from the EU countries.

Exports items such as leather, garments, textile fabrics, home textiles, and petroleum by-products boosted earnings.

## Guangdong's shoe exports to EU decline

31 July 2006

According to statistics recently released by Guangzhou customs, Guangdong's shoe exports to the EU fell rapidly in the second quarter (April – June). Exports to the EU reportedly fell by over 50% compared with the January figure.

Between January and June, 1.56 billion pairs of shoes were exported from the region, accounting for 47.4% of the total.

The statistics indicate that the anti-dumping duties, introduced by the EU in April, have led to a swift decline in footwear exports.

In January China exported 10.17 million pairs to the EU but by April this figured had dropped to 5.2 million pairs. According to customs officials, the situation worsened in June, with the number of shoes exported to the EU falling by a further 2.1% in comparison with June 2005.

An official survey has shown that many of Guangdong's shoe exporting companies are concerned about further measures that may be imposed upon Chinese shoes.

## Geox posts positive first half results

31 July 2006

Italian classic and casual footwear and apparel company Geox S.p.A. has posted its financial results for the first half ended June 30.

Footwear sales accounted for 95% of the company's consolidated sales, totalling €290.3 million, an increase of 31% compared with the first half 2005. Apparel sales accounted for 4%, increasing by 51% to €11.9 million.

41% of the company's footwear was sold in Italy, compared with 49% in the prior year period, representing a value of €118.4 million. International markets generated sales of €171.9 million, up 53%.

Net income was €47.4 million in the first half, up 8% compared with €43.8 million in the 2005 period.

## European Committee clamps down on harmful compounds

31 July 2006

The European Environment Committee has adopted a report which could lead to cuts in the use of perfluorooctane sulfonates. These are chlorinated compounds used in everyday materials including well-known brands such as Teflon and Gore-Tex.

These compounds are said to contribute to the green-house effect and, because they are bioaccumulative, can be hazardous to the body. MEPs therefore want to limit their use as far as possible, although some derivatives will be allowed.

According to the committee, perfluorooctane sulfonates (PFOS) have proved hazardous, and it is therefore demanding a new directive to deal with these chemicals.

The European Commission is suggesting that PFOS should not be placed on the market or used as a substance or constituent of preparations in a concentration equal to or higher than 0.1% by mass. A key proposal of the report by Carl Schlyter (Greens/EFA, SE) is to reduce this figure to 0.005%.

The Environment Committee also voted for the directive to apply to perfluorooctanoic acid (PFOA), which has a similar structure and toxicity to PFOS, according to a recent OECD (Organisation for Economic Co-operation and Development) study. Concentrations of this substance will also be limited to 0.005% by mass.

The directive will apply to new products and excludes those already in use or on the second-hand market.

In addition, controlled closed systems where the concentration of PFOS released into the environment

and the workplace is less than 1□g per kg of these PFOS may be used in the system until six years after the directive enters into force.

Industrial photographic coatings applied to films, papers or printing plates will be allowed an extra four years.

## Sales fall at Rocky Brands

31 July 2006

Footwear and apparel company Rocky Brands, Inc. has posted lower sales for the second quarter and six month period ended June 30.

In the second quarter, net sales decreased 12.5% to $57.3 million compared with $65.5 million a year ago. This decrease has been primarily attributed to weaker than expected results in outdoor footwear and apparel, and a decline in footwear sales to the military, which were zero in the second quarter compared with $5.8 million in the second quarter of 2005.

The company reported a net loss of $0.2 million, compared with net income of $2.8 million a year ago. Net loss includes approximately $0.1 million in stock compensation expenses required by current accounting standards compared with no stock compensation expense in the second quarter of 2005. The second quarter net loss also included a one time charge of approximately $0.4 million due to the refinancing of a $30 million loan.

## Nautilus introduces new fitness clothing line

31 July 2006

US-based fitness company Nautilus, Inc. showcased a new line of Responsiv Fitness Apparel at the IDEA World fitness convention, Las Vegas, on July 25-29, which is ‘motion engineered’ to the form, physiology and fit preference of the wearer when exercising indoors. The new line of apparel features high performance fabrics that actively keep sweat under control, and allow natural movement when working out.

The Nautilus Responsiv Fitness Apparel line uses Responsiv Moisture Management fabrics and Responsiv Motion Engineering, with 38 styles and four custom fit collections for women and men. These include Responsiv Compression, for a tight body fit; Responsiv Active, for a trim and tailored fit; Responsiv Relaxed, for a loose and comfortable fit; and Responsiv Transit, for travel to and from the workout.

## LaCrosse Footwear sales up 10% in Q2

01 August 2006

Branded work and outdoor footwear provider LaCrosse Footwear, Inc. has reported higher sales for the second quarter ended July 1.

Consolidated net sales reached $21.8 million, up 10% from the $19.8 million reported in the second quarter of 2005. For the first half of 2006, consolidated net sales were $43.2 million, up 12% from $38.6 million in the same period of 2005.

Net income increased to $1.2 million in the second quarter of 2006, up 189% from $0.4 million in the corresponding period of 2005. Results for the second quarter of 2006 include an income tax benefit for research and development of approximately $0.5 million. For the first half of 2006, net income was $1.6 million up 116% from $0.7 million in the same period of 2005.

Sales to the work market were $12.5 million for the second quarter, up 15% from $10.8 million for the same period in 2005. This year-on-year growth in work sales was primarily attributed to the success of the company's new products and continued penetration into the general work, public safety and fire boot markets. Sales to the outdoor market were $9.4 million for the second quarter of 2006, up 5% from $8.9 million for the same period in 2005. This was attributed to the success of new products and continued penetration into the hunting and hiking boot markets.

## New Mercury-free PUR adhesive from Huntsman

01 August 2006

Supplier of synthetic and formulated polymer systems Huntsman Advanced Materials has introduced a new family of mercury-free Araldite polyurethane adhesives. The products have been developed as part of the company's continuing effort to provide environmentally-responsible materials.

Araldite mercury-free polyurethanes are rapid-setting, high-strength adhesives for bonding substrates such as polycarbonate, ABS, nylon and Metton liquid moulding resin with minimal surface preparation. Coloured black, the new products are said to be easily blended with a 1:1 mix ratio by volume. The adhesives cure quickly, attaining handling strength after six hours at 77ºF (25ºC). Once cured, the polyurethanes are said to exhibit good flexibility with an elongation of approximately 250% and lap shear strength of up to 2,100 psi on primed aluminium panels at room temperature.

Huntsman Advanced Materials is a subsidiary of US-based manufacturer of differentiated and commodity chemicals, Huntsman Corporation.

## Wellman increases polyester staple fibre price

01 August 2006

US manufacturer of polyester products Wellman, Inc. will increase the price of all of its polyester staple fibre products by 5 cents/pound from September 3.

Vice president, Fibres and Recycled Products Group, Joe Tucker, said the increase was due to the continuing rise in petroleum-based raw material costs, stating, “We simply cannot absorb or offset these increases."

## Indian government extends working hours in textile sector

01 August 2006

In a meeting of Indian government ministers on the ‘Textile Export scenario – performance, prospects and the way forward’, the following proposals were considered for the textile sector: Providing flexibility to textile exporting units in hiring labour by amending the Industrial Disputes Act, 1947, exempting textile units (units exporting 75% of their annual production) from the provisions of Chapter V(B), provided such units give employment for at least 100 days a year for all employees; treating export activity in the textile sector as a public utility service, for the purpose of industrial dispute. This would require an amendment to the Section 2(n) of the Industrial Disputes Act, 1947, declaring textile export activity as Public Utility Service; amendments to Section 51 and 54 of the Factories Act, 1948, to increase the weekly working hours from 48 to 60 hours per week and the daily working hours from nine to twelve hours a day. The workers will be suitably compensated for working extra hours.

A conference of the state governments/Trade Unions and Textile Industry Associations was later held to discuss labour, power and transaction cost issues in the textile sector. The recommendations have not yet been finalised.

## Bayer MaterialScience increases MDI production

01 August 2006

German-based Bayer MaterialScience AG has expanded its global annual capacity for the production of the polyurethane raw material diphenylmethane diisocyanate (MDI) by a further 36,000 tons per year by introducing a number of ‘debottlenecking’ measures. These were based on process improvements and did not require any major investment.

“We want to grow with the market by ensuring an efficient utilisation of our available capacities. The recent expansion project is one of several measures that have enabled us to significantly increase our total annual capacity in the last two years," said Peter Vanacker, head of the Polyurethanes Business Unit at Bayer MaterialScience.

The company is also building a new production facility for MDI at its integrated site in Shanghai, China, which is set to be the biggest of its kind in the world, with an annual capacity of 350,000 tons. It is scheduled to go on stream in 2008.

## Positive first half results at Clariant

02 August 2006

Swiss chemical company Clariant has posted a rise in sales for the first half of 2006, with organic growth of 4% in local currency terms and 8% in Swiss franc terms compared with the first half of 2005.

A combination of higher costs for raw materials, energy and logistics as well as unchanged average selling prices weighed on results. Net income from continuing operations declined to CHF109 million ($88.7 million) from CHF144 million in the corresponding period in 2005, mainly due to higher restructuring charges.

Solid demand drove growth across most businesses. Textile, Leather & Paper posted solid sales growth compared with the previous year with strong growth in paper and encouraging developments in leather and textiles. Masterbatches delivered positive results, particularly in the United States. Pigments & Additives grew strongly in volumes and showed good performance with increased demand across all business areas, especially plastics.

In terms of regional growth, during the first half of the year, organic sales increased 4% in Asia, including 14% in China. In the Americas, sales grew 5%, including 7% in the United States, while in Europe sales increased 3%, including 3% in Germany.

## Sales increase at BASF in first half 2006

02 August 2006

German chemical company BASF has posted higher sales for the first half of 2006.

Second quarter sales climbed 16% to €12.3 billion and sales in the first half amounted to almost €25 billion, 20% higher than in the same period in 2005.

The company stated that, due to record costs for raw materials, price increases were implemented in many product lines and further increases will be necessary in the future.

In the Chemicals segment, BASF increased sales by

22%. This growth was primarily attributed to higher volumes, additional business from the new Catalysts division and new plants in Nanjing, China.

Sales in the Plastics segment increased 8% as a result of higher volumes, in particular for styrenics and polyurethanes.

In the Performance Products segment all divisions contributed to sales growth of 5%.

In Europe, second-quarter sales totalled €7.5 billion. This corresponds to an increase of 21% compared with the same period of 2005. Sales in North America rose by more than 5%. This sales growth was primarily attributed to the acquisition of Engelhard Corporation and higher sales volumes in the Polyurethanes division. In the Asia Pacific region sales climbed by 18%. The company's new Verbund site in Nanjing, China, made a significant contribution to this sales growth. In South America, Africa and the Middle East sales increased by 8%.

## Santista Têxtil to expand through merger

02 August 2006

Spanish textile company Tavex has merged with Brazilian denim manufacturer Santista Têxtil. Through the merger the Brazilian company hopes to widen its opportunities for expansion in countries such as Morocco, where Tavex has a factory.

"Santista will learn more about Morocco and business between the two countries is expected to grow," said Fernando Beer, the company's export manager. He added that collaboration between the two companies at all levels is being looked into and will include yarn production and the manufacturing of finished fabrics. Tavex currently operates in Spain and Morocco while Santista has factories in Brazil, Argentina and Chile.

As a result of the merger, the two companies will have a combined production capacity of 150 million metres of denim per year and revenues exceeding $500 million. Denim production is expected to double to 300 million metres by 2010.

## Lenzing Group exhibits Tencel at ispo

02 August 2006

Austria-based man-made cellulose fibre producer Lenzing Group showcased its Tencel cellulose fibre at ispo in July.

Tencel is said to have excellent moisture and temperature regulation properties for regulating the micro-climate in activewear. The fibre acts like a natural Phase Change Material (PCM) that can either cool or warm depending on the prevailing conditions.

Dry Tencel fibre releases energy when water vapour is being absorbed to give a feeling of warmth, whilst damp Tencel provides a cooling effect when water is released from the fibre.

Company research work has shown that the fibre's 'natural intelligence' can be explained by its nano-structure – submicroscopic channels between the nanofibrils in the fibre that regulate the absorption and release of moisture and maintain the environment at the surface of the body.

## Revenue declines at Everlast

02 August 2006

Manufacturer and licensor of sporting goods, apparel and footwear Everlast Worldwide Inc., has reported lower revenues for the fiscal second quarter ended June 30.

Net revenues fell to $9.8 million compared with $10.3 million in the same period in 2005, while net licensing revenues were $3 million compared with $2.9 million in the same period a year ago. Revenues from sporting goods for the second quarter were $6.8 million compared with $7.3 million in 2005.

## Eighth RadiciSpandex design competition

02 August 2006

Polyester- and polyether-based elastane fibres for yarn spinning manufacturer RadiciSpandex Corp., a subsidiary of Italy-based The Radici Group has announced the eighth 'Stretch to the Future' design competition. The competition will be initiated in September with the Fashion School, Kent State University, Ohio.

The competition was introduced in 1999 to encourage young designers to expand their creativity using high tech fibres made with spandex yarn. It will be judged by experts from the fashion, fabric and media sectors in New York, April 2007.

Director and Professor of the Fashion School Elizabeth Rhodes said, "The University's mission is to link the academic and workplace environments for the professional advancement of individuals who impact the fashion industry." Students at the school will be given the opportunity to enter the competition.

## India and Tajikistan to strengthen trade and economic cooperation

02 August 2006

India and Tajikistan have agreed to further develop bilateral cooperation in the areas of trade, industry and agriculture. Both sides have noted that the existing volume of bilateral trade between India and the Republic of Tajikistan does not correspond to the real potential of both the countries and have proposed measures to increase the volume of bilateral trade. A protocol laying out the proposals was signed by special secretary, Ministry of Commerce & Industry Shri G.K. Pillai on behalf of the Indian government of India and by Minister for Economy & Trade Mr H.H. Soliev, for the Republic of Tajikistan.

Two-way trade between India and Tajikistan in 2005-06 was valued at a meagre $12.09 million. This consisted of India's exports to Tajikistan valued at $6.2 million and India's imports from Tajikistan worth $5.89 million.

## Fruit of the Loom acquires Russell Corporation

02 August 2006

Branded athletic and sporting goods, apparel and footwear company Russell Corporation has been acquired by apparel company Fruit of the Loom, Inc., a subsidiary of Berkshire Hathaway Inc. Russell stockholders approved the transaction at a special stockholder's meeting on August 1.

## Performance Fibers completes acquisition of Invista

03 August 2006

High-tenacity polyester fibres and fabrics producer Performance Fibers has completed its acquisition of Invista Resins & Fibres GmbH's German polyester yarn business. Terms of the sale were not disclosed.

The acquisition, which includes both commercial and manufacturing operations in Germany, represents the third major expansion of the company's business in the past year. With manufacturing facilities in North America, Asia and Europe, its products are used in a wide range of consumer and industrial applications.

The deal includes manufacturing facilities in Bad Hersfeld, Bobingen and Guben, which produce industrial fibres for sewing thread, technical textiles and other industrial and specialty applications.

The addition of the German facilities brings Performance Fibers' total employee count to approximately 2,800.

## Rayonier chairman and CEO to retire

03 August 2006

W. Lee Nutter, chairman, president and CEO of US-based performance fibres, timber and real estate specialist Rayonier, is to retire in mid-2007 after 40 years with the company. Mr Nutter has been in his current position since 1999 and has been president and a director since 1996.

The board of directors has indicated it will consider both internal and external candidates.

## World Cup success boosts Puma's performance

03 August 2006

German sportswear and footwear brand Puma has reported improved financial results for the second quarter and first half of 2006, boosted by its success at the World Cup.

Puma was the dominant kit supplier at the championships, with a strong portfolio of 12 teams and gained brand visibility throughout 56% of all games on the pitch. It also supplied the champions, Italy, with its kit— the first time in the company's history that a Puma sponsored national team has won the World Cup Final.

Puma was also among the top three brands in terms of player presence on the field, with 18% of all players wearing its v1.06 product line.

Puma's branded sales, which include consolidated sales and licensee sales, reached €620 million during the second quarter, a 17.1% (currency adjusted 17.2%) increase over last year. During the first six months, branded sales grew 16.1% (currency adjusted 14.3%) to €1,356 million.

Footwear sales increased 13.9% (12.1%) to €770 million, apparel improved by 19.2% (18.2%) to €469 million and accessories rose by 18.9% (18.8%) to €118 million.

## Second generation Audex wearable electronics launched

03 August 2006

Motorola and Burton launched a new expanded range of their joint Audex wearable electronics collection for 2007 at the recent 2006 Burton New Zealand Open Snowboarding Championships.

New for 2007, the Audex Bluetooth Stereo System allows consumers to stream downloaded music wirelessly from

a compatible Bluetooth enabled mobile phone to the Audex jacket allowing users to listen to music and make calls with a push of a button on the jacket sleeve. Outerwear styles that feature this system include built-in DJ-style speakers in the hood and/or an integrated headphone jack.

Burton-owned impact protection company R.E.D. has also partnered Motorola in producing two helmet styles and one beanie style that feature Bluetooth technology, allowing users to pick up calls and listen to music from a compatible mobile phone without taking off the hat or helmet.

"The second generation of Audex products represents a strengthened commitment between Motorola and Burton to offer snowboarders new technologies that will enhance and simplify life on and off the mountain," said Bryan Johnston, vice president of Global Marketing at Burton. "Audex technology is now offered in more Burton jackets, packs, apparel and accessories than ever before, giving riders plenty of tech and style choices."

## AAFA publishes 2005 trends report

03 August 2006

The American Apparel & Footwear Association (AAFA) has published its Annual 2005 Trends, the annual statistical report for the US apparel and footwear industries.

Prepared by AAFA industry analysts, the report includes analysis of business and trade information on the US apparel and footwear industries – covering US consumption, imports, wholesale and retail prices, US production and industry employment and wages.

The AAFA is the national trade association representing apparel, footwear and other sewn products companies, and their suppliers, which compete in the global market.

## New appointment at Bemis

03 August 2006

US-based adhesive coatings and films company Bemis Associates Inc. has appointed Arnie Liati as west coast sales manager for the USA market.

Mr Liati will be responsible for continued territory growth in the north-west and will report directly to Terry Ranney, director of sales. He recently worked as western US territory manager for PrimaLoft and The North Face.

## Dystar project receives Lillehammer award

03 August 2006

German products and services provider for the textile industry Dystar has received the Lillehammer Award for the electrochemical dyeing project carried out in collaboration with the University of Innsbruck's Institute for Textile Chemistry and Textile Physics (TID) in Dornbirn, Austria, and Getzner Textil AG.

The electrochemical dyeing technology enables recycling of dyebaths, reducing chemicals, water consumption and effluent output. The patented technology combines an electric current with a recyclable mediator. It replaces the non-regenerative reducing agents currently used to apply vat and sulphur dyes to textiles, which often prevent recycling of the dyebath and cause contamination of production effluent.

The Lillehammer award is presented annually for projects supported by European research initiative EUREKA that make a contribution to improving environmental protection in Europe. The prize was awarded at a recent European Conference of Ministers in Prague.

## Patagonia launches first footwear collection

04 August 2006

Outdoor apparel company Patagonia has introduced its first line of footwear. The collection includes 31 styles and is split into three categories: the Brown Group using Vibram Ecostep outsoles, for land activities; the Green Group, designed for travelling in comfort; and the Blue Group, for water-based activities.

In the Brown Group, styles range from mid-cut waterproof boots incorporating Gore-Tex to low cut silhouettes.

The Green Group is designed for easy packing and maximum comfort and includes the Honeydew—a low cut leather shoe with a wide toe box and generous last and 100% vegetable-based laces.

The Blue Group comprises sporty sneaker styles, flip-flop thongs and slides for comfort on land and in water including the Dawn shoe—a thick-soled, sporty leather lace-up with a visible hemp/burlap substrate.

## Carnac teams up with Oschner International

04 August 2006

France-based cycling footwear company Carnac has signed an agreement with Oschner International,

effective immediately, to distribute its shoes and accessories in the USA. Oschner will display the 2007 Carnac range at Interbike, September 25-26.

The new range includes an improved mountain bike shoe featuring a carbon sole and a new M7 Road shoe.

## BSN medical launches sock with FreshGuard

04 August 2006

US-based manufacturer of the Jobst brand of medical compression stockings BSN medical has introduced the new ActiveWear sock to its line which combines Dri-release with FreshGuard and spandex. The new sock is said to dry faster and keep the foot cooler while also providing therapeutic benefits.

The quick-dry feature of Dri-release with FreshGuard helps cool the body, making it useful for sleepwear, travelwear and children's clothes.

The ActiveWear range delivers gradient compression to improve blood flow, help prevent swelling and provide relief from tired, aching legs.

## Clariant opens new pigments facility in China

04 August 2006

Swiss chemical company Clariant has opened a new facility to produce high performance red and yellow pigments in Hangzhou, southwest of Shanghai. The facility is the result of a joint venture between Clariant's Pigments & Additives Division and Hangzhou Baihe Chemical Co. Ltd, a privately-owned company with a turnover of approximately $60 million. Production will meet growing demand from both international customers with facilities in China and local Chinese customers.

## Amann publishes part two of practical sewing manual

04 August 2006

Germany-based industrial thread producer Amann und Söhne GmbH has added a second part to its practical manual, following the success of part one entitled 'Focus Sewing and Embroidery Threads' which looked at raw materials, manufacturing, constructions, quality issues, colour and care of sewing and embroidery threads.

Part two is called 'Sewing and Embroidering' and provides information on sewing thread applications, focusing on seam quality, specific sewing recommendations with the topics: seam pucker, elastic seams, overedging seams, loose buttons, non-iron wrinkle free shirts and ornamental seams. Also covered are industry-specific applications from denim clothing to workwear; heat protection textiles to multi-needle quilting; and application fields such as automotive, upholstery, footwear and awnings.

## American Eagle Outfitters enjoys sales growth in July

04 August 2006

Apparel, footwear and swimwear retailer American Eagle Outfitters, Inc. has reported a 12% increase in total sales for the month ended July 29. Sales reached $197.4 million, compared with the $175.8 million reported for the month ended July 30, 2005. Comparable store sales increased 7%.

Total sales for the second quarter, also ended July 29, increased 17% to $602.3 million, compared with $515.9 million for the corresponding period in 2005.

Total sales for the year-to-date period increased 16% to $1.125 billion, compared with $972.3 million for the prior year period.