

HK suppliers maintain US edge with quality

Clothing importers discover there is more to the bottom line than money when dealing with their mainland counterparts

GARMENTS

Toh Han Shih

Major US garment buyers such as Liz Claiborne will continue to source from Hong Kong manufacturers, despite the enhanced availability of many cheaper mainland products after global textile quotas expired in January.

With most limits on Chinese garment imports now lifted, concerns have risen that Hong Kong manufacturers which supplied US brands for decades would be swept away by cheap mainland garments.

In practice, however, Hong Kong manufacturers – most of which long ago shifted their production operations to the mainland – enjoy the same low overhead costs that domestic Chinese manufacturers do, but retain a reputation for higher-quality products and tailored customer services.

US importers place a significant premium on the regional expertise, design competence and logistical assistance that Hong Kong garment manufacturers offer their customers. "Vendors that offer a wide variety of services dependably will continue to service Liz Claiborne, including some of the better Hong Kong companies like TAL and Luen Thai," said Gary Ross, a global sourcing vice-president at Liz Claiborne.

A senior director at another major US apparel brand said: "It's no longer just manufacturing garments. Services are becoming an expectation necessary [for garment manufacturers] just to stay in the game."

Jeff Coey, a director of Cotton Council International, the international marketing arm of the US cotton industry, said: "Hong Kong companies have the advantage of long-standing familiarity with international markets."

Luen Thai, a Hong Kong-listed garment manufacturer, provides the design and logistics services US buyers are looking for, according to Willie Tan, the company's chief operating officer.

The firm's manufacturing facility in Dongguan has "co-location centres" where representatives of US brands collaborate with Luen Thai in designing garments.

"Manufacturers must have lean and flexible production in order to have more styles in smaller volumes. We must be a partner to our customers, not just a manufacturer," Mr Tan said.

Mr Ross said: "When we contemplate the post-quota world, attributes we look for [in suppliers] include human rights and strong management."

He said the company sought suppliers which would not violate

international labour standards. It also expects them to invest in design and logistics systems compatible with Liz Claiborne's business.

"Vendors need to manage inventory and ship to our customers, and invest in technology to collaborate with Liz Claiborne. This will separate the winners from the losers," Mr Ross said.

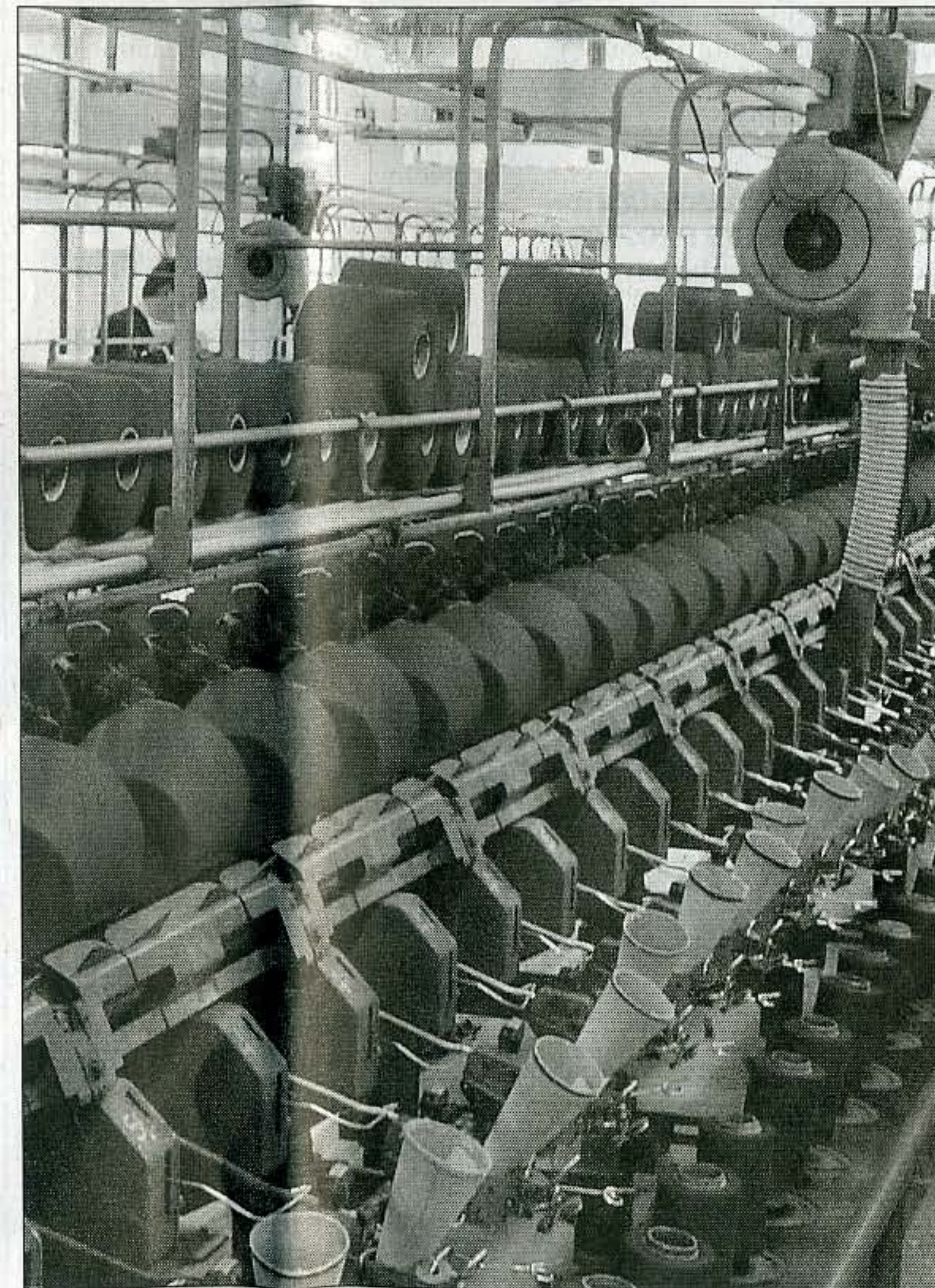
During the quota era, buyers had to source from many manufacturers in many countries because of quota restrictions.

With those restrictions out of the way, Liz Claiborne would narrow its buying to fewer suppliers, but at a cautious pace because of the possibility of US "safeguard quotas" on Chinese garments, Mr Ross said.

Despite the lifting of restrictions, the US is entitled to impose one-year "safeguard quotas" on Chinese textile products whose imports into the US grow fast enough to cause market disruption.

The probability of US safeguard quotas looks high, as Chinese textiles and apparel imports rose 19.83 per cent in January, according to US government data.

Certain items such as cotton pants posted a spectacular year-on-year import surge of more than 1,000 per cent. Mr Ross speculated that the surge had been caused by mass merchandisers.



Hong Kong clothing mills are humming as United States clothing importers show their sensitivity to service and human rights. Photo: SCMP