

SPONSORED SUPPLEMENT >> PRIME SOURCE FORUM 2009

State of global apparel industry under spotlight

Delegates from Asia, Europe and the US will look at the economic downturn's impact, particularly on worldwide sourcing and trade policies

Leaders from the international apparel industry – and about 400 delegates worldwide – will discuss the unprecedented challenges brought about by the troubled global economy.

These issues will be discussed at the upcoming Prime Source Forum 2009, which will be held on April 1 and 2 at the Hong Kong Convention and Exhibition Centre in Wan Chai.

Organised by APLF, a joint venture between trade fair organiser CMP Asia and international events organiser SIC Group, the forum provides a timely platform for about 60 industry leaders and specialists from Asia, Europe and the United States to share their insights about the challenges ahead and to find solutions.

Companies that have already registered include Ann Taylor, JC Penney and Eddie Bauer, from the US, the mainland's Li Ning and Chemtax (Stoll), Hong Kong's Bossini and TAL Group and Europe's Cortefiel, KarstadtQuelle and s. Oliver.

"The Prime Source Forum is a 'forum' in every sense of the word where every delegate is welcome to add his or her comments, or question the views of the industry experts," said Michael Duck, a director of APLF.

The impact of the economic downturn, particularly on sourcing and trade policies worldwide, will be explored on the first day. The issue will also be addressed in a keynote speech by Nicholas Kwan, regional head of research for Asia at Standard Chartered Bank.

As a result of the financial turmoil, companies and manufacturers in Hong Kong and the mainland have encountered difficulties in capitalisation.

"The major problem facing the global apparel sector is the lack of trust in the supply chain," said Willy Lin, managing director of Milo's Knitwear (International) in Hong Kong and one of the panellists at the Prime Source Forum.

"Many [local and regional companies, and manufacturers] have become hesitant to take orders... and some have stopped production altogether. Their priority now is to survive by maintaining market share and their customer base," he said, adding that Hong Kong lacked any import-export specialised bank to provide sufficient capital to local small and



A whole-day workshop will be held on March 31, before the start of the forum, to discuss the issues of sustainable development in the industry.



Michael Duck: comments welcome

medium-sized enterprises, and banks on the mainland only supported large corporations.

Similar to their counterparts in Hong Kong and the mainland, small and medium-sized apparel exporters in India have to maintain their cost competitiveness in the face of higher credit costs, currency volatility and smaller lot orders, according to Chandrima Chatterjee, director of Economic and Consultancy at the Apparel Export Promotion Council of India.

With the implementation of various policies for the benefit of society, such as a minimum wage, by the central



Raymond Ng: global standard will help

government, the operational costs of garment manufacturers on the mainland almost doubled over the past two years, Mr Lin said.

This has undermined their competitive edge over other low-cost production centres, particularly Vietnam and countries in South Asia, and is likely to change in the sourcing strategies of buyers worldwide.

The ongoing global crisis was presenting a real challenge to the mainland's apparel and textile industry, said Jeff Streader, senior vice-president for global sourcing at Guess? Inc, based in the US, and another panellist at the forum. He questioned whether the



Alice Cohen: sustainable markets

mainland could continue to offer the value that had allowed it to dominate the international apparel and textile sector.

Some manufacturers believe that they will be able to further enhance operational efficiency and reduce costs by adopting global supply chain management standards and technologies.

Raymond Ng, chief operating officer of GS1 Hong Kong, the local chapter of an international supply chain standards body, said a global standardisation of raw material specifications would significantly help improve the day-to-day communication among upstream supply chain partners by shortening the cycle

time and thereby improving overall productivity.

"A global standard can help raw material suppliers and garment manufacturers tighten production schedules, manage global supply chains and comply with industry regulations," Mr Ng said.

Panellists at the forum will also look at the state of the global apparel retail market. As consumer demand from developed economies has slumped, some manufacturers are banking on the demand from the growing middle class on the mainland and in India.

Mr Lin said although the domestic market on the mainland was huge, it required substantial initial capital to support a comprehensive branding and marketing programme.

"It is tough for most Hong Kong

companies because they lack experience in branding," he said.

In India, consumption by the middle class alone is not likely to make up for the shortfall in apparel exports, according to Mr Chatterjee. "The rate at which orders for apparel are expected to decline is much higher than the rate of growth of domestic spending."

Meanwhile, exporters would find it difficult to switch to products catering for domestic consumers, he said, adding that the value realisation of exports was different for the domestic market as it worked on different margin levels and credit terms, and that the product range differences did enable an easy switch from exports to domestic retail.

Despite the uncertainty, many in the global apparel industry recognise that a set of sustainability standards that can be applied internationally will help contribute to the industry's future.

A whole-day workshop will take place on March 31 before the start of the forum, where forum panellists and participants will discuss the issues of sustainable development in the industry, and the technologies and international standards that promote a "one apparel world".

A summary of the conclusions about the industry's future sustainability and the appropriate recommendations will be presented on the last day of the forum. "Consumers are becoming more ecologically discerning," Mr Duck said. "Recycled products hold increasing allure for young people who are our future executives."

Retailers and designers in Britain have spearheaded a campaign to promote compliance with sustainability standards in the apparel industry with the launch of the "UK Sustainable Clothing Action Plan" in February, according to Alice Cohen of the action group.

"Retailers and consumers in Europe are demanding more sustainable products. This presents a real opportunity for manufacturers to promote their products based on recognised sustainability standards and sharpen their competitive edge," she said. "By demonstrating their sustainability credentials, manufacturers are able to open up new markets."

Other highlights of the forum include sessions on product safety and technology versus talent management.

PROGRAMME

WORKSHOPS

March 31

Workshop on Sustainability

What can we do to develop the sustainability of our apparel businesses?

Introduction

Jeremy Prepscius, director, Asia, Business for Social Responsibility

Technology Workshop

Technologies and international standards enabling "one apparel world"

Introduction

Raymond Ng, chief operating officer, GS1 Hong Kong

PRIME SOURCE FORUM

April 1

Welcome address

Rita Lau Ng Wai-lan, Secretary for Commerce and Economic Development, Hong Kong government

Introductory address

Markus Lampe, senior vice-president marketing – Swarovski Elements, D.Swarovski, APLF sponsor

Keynote speech

Nicholas Kwan, regional head of research, Asia, Standard Chartered Bank

Sessions 1 to 2 Sourcing: Financial and Political Aspects

Session 3 Sourcing: A surge or a Shift?

Session 4 The Ever-Changing Retailing Scene

April 2

Session 5 Product Safety

Session 6 Sustainability

Session 7 Technology vs Talent Management

Session 8 Summary

Information as of March 6

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Forum : 1-2 April 2009

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The three-day event will cover:

- How deep an impact has political change and financial turmoil had on the global apparel industry, particularly on trade policies and sourcing?
- A "surge" or a "shift"? The global industry is experiencing a paradigm shift; how do these issues affect sourcing decisions?
- In the face of falling consumer demand, can the growing markets of China and India make up the shortfall?
- The ever changing retailing scene
- What are cost-effective ways to ensure product safety?
- Can players give up some of their interests in order to make the entire supply chain sustainable?
- Technology vs Talent Management

2009 SPEAKERS

Welcome address: Mrs. Rita LAU Ng Wai-lan, JP, Secretary for Commerce and Economic Development, the HKSAR Government
Introductory address: Mr. Markus LAMPE, SVP, Marketing, CRYSTALLIZED™ - Swarovski Elements, D. Swarovski & CO
Keynote speaker: Mr. Nicholas KWAN, Regional Head of Research, Asia, Standard Chartered Bank

Confirmed panelists/moderators:

Mr. Thorsten ALLENSTEIN, MD, Triumph India
Mr. Walter ARCHIE, VP, Global Sourcing, Dick's Sporting Goods International
Dr. Thomas CHAN Man-hung, Head, China Business Centre, HK PolyU
Ms. Alice COHEN, EU & Intl SCP Policy, Dept for Environment, Food and Rural Affairs, UK
Ms. Janet FOX, Head of Sourcing, JCPenney
Mr. Morrison HSU Mao Chun, GM, Apparel Product System, Li Ning Co Ltd.
Ms. Julie HUGHES, SVP, USAITA
Mr. Steve LAMAR, SVP, AAFA
Mr. Roger LEE, Director, TAL
Hon. Mrs. Sophie LEUNG Lau Yau Fun, GBS, JP, Member of the Legislative Council of Hong Kong,
Textiles and Garment Functional Constituency
Mr. Willy LIN, MD, Milo's Knitwear (Intl) Ltd.
Mr. Peter LIU, Former Chairman, Textile and Apparel Committee, AMCHAM
Dr. Christine LOH, Chief Executive, Civic Exchange
Mr. Thomas NELSON, MD, VF Asia
Mr. Raymond NG, COO, GS1 Hong Kong
Dr. Thomas RUTHEKOLCK, MD, Corporate Service Group (Karstadt)
Ms. Eva SANDBERG, Senior Scientific Officer, European Chemical Agency for the EU
Mr. David SPOONER, Former Assistant US Secretary of Commerce for Import Administration (TBC)
Mr. Jeff STREADER, SVP, Global Sourcing, Guess?
Mr. Stanley SZETO, CEO, Lever Style
Mr. Michael TIEN, Chairman, G2000
Mr. Edgar S. TUNG, CEO, Zymmetry
Mr. Rakesh VAID, Chairman, AEPC, India
Mr. Pat-nie WOO, Chairman, Sustainability for Fashion Business Consortium
Mr. Michael YEE, Executive Partner, Greater China, Accenture

For an updated programme visit www.primesourceforum.com



Organisers : APLF Ltd
Manager : CMP Asia Ltd

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Registered delegates from all over the world including:

Adidas, Ann Taylor, Bossini, Brilliant Global, Charming Shoppes, Chemtax (Stoll), Cortefiel, Crystal Group, Dick's Sporting, Eddie Bauer, G2000, Guess?, H&M, Jockey, JCPenney, Jones Intl, KarstadtQuelle, Li Ning, Liz Claiborne, Mosaic Fashion, New Balance, Orchard Brands, Otto Intl, Pacific Brands, Polo Ralph Lauren, QuikSilver, SanMar, SAP, s.Oliver, St. John, Simon Harrison, Swarovski, TAL, Target, Triumph, VF & William E. Connor & Associates, YGM and more...

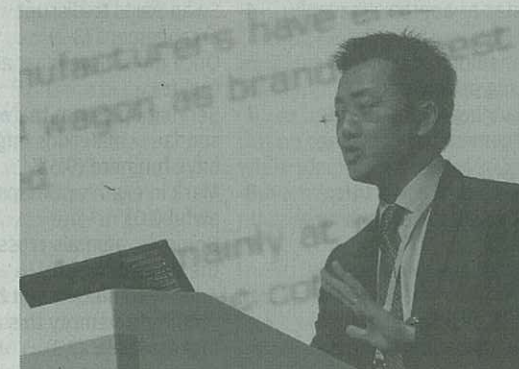
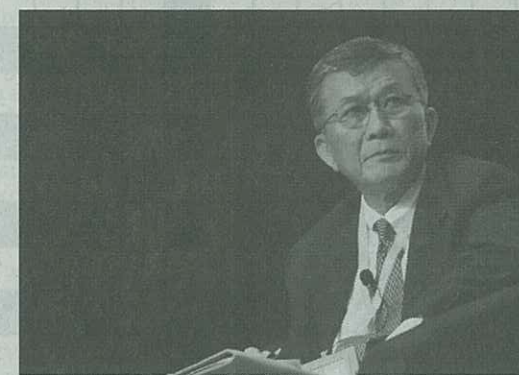
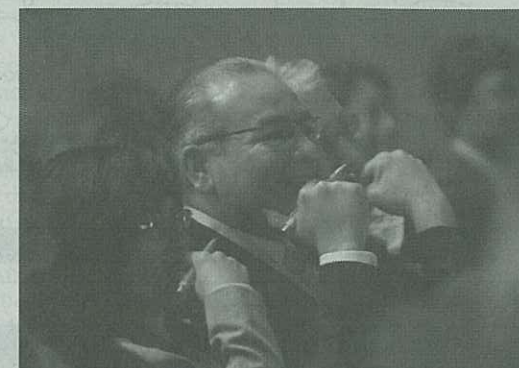
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