

OUT OF CONTEXT | KURT GRAY

Made in America ... by whom?

I recently came across a scholarly account of apparel 'global commodity chains' written by Duke University professor Gary Gereffi entitled, *Outsourcing and Changing Patterns of International Competition in the Apparel Commodity Chain* <http://www.colorado.edu/IBS/PEC/gadconf/papers/gereffi.html>

Gereffi describes 'leading firms' and the impact of their flight from hands-on manufacturing, becoming in his words, 'manufacturers without factories'.

"Firms that fit the buyer-driven model, including retailers..., athletic footwear companies..., and fashion-oriented apparel companies... generally design and/or market—but do not make—the branded products they order. They are "manufacturers without factories" that separate the physical production of goods from the design and marketing stages of the production process. Profits in buyer-driven chains derive not from scale, volume, and technological advances as in producer-driven chains, but rather from unique combinations of high-value research, design, sales, marketing, and financial services that allow the retailers, designers, and marketers to act as strategic brokers

in linking overseas factories and traders with evolving product niches in their main consumer markets" - Gereffi

In other words, our brands function more as brokers and bankers than artisans. The 'lead firms' do bring considerable value and experience to their associated partners in the commodity chain. They are savvy merchants of taste and keen manipulators of distribution, however, they require the partnership of a well-connected and service-enhanced supply chain that actually makes their product.

"Full-package production is needed because the retailers and marketers that order the garments do not know how to make them"... "buyer-driven chains are dependent upon the suppliers in their global sourcing networks". - Gereffi

The difficulty with American apparel production facilities every getting a seat at the table is clear. Since the brands have passed the dirty work of cut and sew and all the expertise that goes along with it on to the package manufacturers, and our apparel merchants are ever more involved

with the repeated sourcing to those OEM makers, what has evolved is a leveling out of the production environment, i.e. the apparel companies have put their resources into marketing and design while the manufacturers have grown steadily more competent inside their commodity chains.

"Asian apparel supply to the United States has primarily been oriented to filling the OEM orders of U.S. retailers and branded marketers. Apparel manufacturers in North America will need to develop the capability to carry out full-package supply" - Gereffi

There are plenty of market scenarios where American made apparel can be competitive, and distribution is mature enough to satisfy demand, but there is simply no way that our factories can take on the list of responsibilities that apparel brands no longer shoulder, they are undercapitalized and not well enough connected. The elephant in the room is that most American brands don't make anything, and they are really in no position to help.

So, the question remains, who will sew garments in the USA?



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