

## **US factories retool from hoodies to face masks to fight coronavirus**

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US factories that usually mass produce hoodies and T-shirts are being retooled to make face masks as chief executives in the clothing industry try to alleviate shortages of equipment to combat coronavirus.

A group of nine American apparel companies began producing the masks on Monday, saying they aimed to dispatch their first shipments to users by the middle of the week and produce 5m-10m masks a week by mid-April.

The coalition was organised by Parkdale, the country's largest yarn spinner, and includes the large brands Fruit of the Loom and Hanesbrands as well as smaller operations such as Beverly Knits, American Giant and AST Sportswear.

The effort, which was voluntary but encouraged by a senior White House official, reflects the growing urgency of the coronavirus crisis in the US and pressure on both the public and the private sector to help stem it. Most of the companies are part of a high-density apparel supply chain in North and South Carolina, where the businesses that have survived in the ultra-competitive global clothing market tend to be highly nimble and efficient.

The mask-making coalition was formed at the behest of Peter Navarro, the White House's trade and manufacturing adviser, who has pushed for more localisation of American supply chains for some time. Coronavirus business update How is coronavirus taking its toll on markets, business, and our everyday lives and workplaces?

Anderson Warlick, chief executive of Parkdale, a family-owned business, said he received a call from Mr Navarro last week after the White House official learned about a shortage of cotton swabs for healthcare workers battling Covid-19. "Peter wanted to know what we could make," said Mr Warlick. "We don't make swabs usable for testing, but he asked if we could make masks."

Mr Warlick quickly organised a conference call with a group of companies and found that a number of them were already working individually on mask prototypes on their own. Hanes was furthest along and over the weekend its fabric was fast tracked for approval by the US Department of Health and Human Services for use in medical masks.

A first shipment of fabric was delivered on Monday to Beverly Knits, which is co-ordinating a larger group of cut and sew operators that have retooled their factories and production lines to make masks. The masks are not the professional N95 respirator model that has become much sought after globally, but three-ply cotton masks designed to be used by both healthcare workers and the public.

Bayard Winthrop, American Giant chief executive, said: "Consumers are not thinking about things like T-shirts and hoodies at the moment, and that's totally appropriate. Our business has definitely taken a hit, and it's not great for business to have to retool a factory but that's not as important as helping [with the Covid crisis] right now."

The other companies in the coalition are Sanmar, America Knits, Riegel Linen and Los Angeles Apparel. Apparel manufacturing in the Carolinas is a shadow of its former self, enduring major job losses and a spate of factory closures over the past two decades because of technological change, globalisation and

China's 2001 entry into the World Trade Organization. But the companies that remain are especially resilient, and both collaborators and competitors are working closely together on the mask project.

Like the more fabled companies of Germany's Mittelstand, many Carolina apparel companies are family-owned and able to reinvest the majority of profits back into their businesses, unlike public companies that have done record share buybacks in recent years. Parkdale, for example, puts roughly 75 per cent of profits per year back into the company.

There are still plenty of challenges to retooling. Mr Warlick quickly discovered, for example, that some of the machines he would need were made in Taiwan and would take six months to import.

Similarly, Mr Winthrop of American Giant said the biggest impediment to increasing production from his initial target of 35,000 masks a week from two factories is equipment. "A lot of it is made in Germany and Switzerland," he said. The shift of entire US industries overseas in recent years is decried by many — including US president Donald Trump and a number of Democratic politicians.

Some economists claim that both innovation and higher wages depend in part on the ability of a nation to manufacture locally as well as to do research and development.

It is possible that coronavirus will increase political pressure from both Democrats and Republicans for US businesses to build in supply chain redundancy and decouple themselves from China. Already there is a growing push for the government to use the Defense Production Act to force industries that are not already involved voluntarily in such efforts to help with the Covid-19 fight.

"We're in uncharted territory here," said Mr Warlick. "We'll have a lot of inefficiency [in the mask making process], because we are used to doing T-shirts and sweatshirts. We aren't well prepared right now as a nation, and that's a real issue. Our supply chains have been dismantled for 30 years and manufacturers in the US haven't been as respected as they should be. You can't turn back the clock on 30 years overnight. But that doesn't mean you shouldn't start to invest in that capacity now." The mask initiative is likely to be the first of many such public-private crisis efforts. Politicians and policymakers are doing crisis management "with their hair on fire", Mr Warlick said.

"They need people in private industry to point them in the right direction."