

Naturally Advanced Technologies of Portland seals deal with Hanesbrand

Published: Thursday, March 17, 2011, 7:12 PM Updated: Friday, March 18, 2011, 6:10 AM
By Allan Brettman, The Oregonian

Portland-based **Naturally Advanced Technologies** announced Thursday it has reached a 10-year agreement to supply Hanesbrands Inc., with a proprietary fiber that could compete with cotton.

The agreement marked the first commercialization of a fiber created from the stalks of flax, which has the name "CRAiLER."

Ken Barker, the president and chief executive of NAT and the one-time head of apparel for Adidas America, said the product has developed rapidly in recent months based, in part, on demand.

"We didn't think it would happen this fast," Barker said Thursday. "I thought it would be 10 to 15 years."

Terms of the agreement were not disclosed. However, in December the companies announced product testing that called for Hanesbrands to purchase up to \$375,000 in the proprietary fiber between December and early this year.

Winston Salem, N.C.-based **Hanesbrands** makes and markets T-shirts, socks, underwear and activewear under such labels as Hanes, Playtex and Champion. It posted sales of \$4.3 billion in 2010 and has projected double-digit sales growth for 2011, from \$4.9 billion to \$5 billion.

The company's deal with Hanesbrands has benefited from the escalating price of cotton.

When Barker started forging relationships in 2006 that paved the way for Thursday's announcement, the price of cotton was about 60 cents a pound. At the time, Barker envisioned the flax fiber as a potential supplement, or complement, to the more expensive organic cotton.

But, today, cotton is trading at about \$2 a pound. NAT estimates it will be able to

provide its flax fiber for 90 cents to \$1.25 a pound.

Barker said the flax-based fiber is more environmentally friendly than cotton, requiring fewer chemicals and consuming less energy and water to grow.

"Cotton is one of the most destructive crops we grow on the planet," Barker said.

The end product can be used either on its own or in combination with cotton fibers for apparel products. NAT claims the fiber is even better than cotton, and that it shrinks less, wicks moisture better and takes less dye chemicals to reach the same color levels.

The proprietary fiber first was developed in a National Research Council of Canada lab. NAT has an exclusive, 20-year agreement with the research council for commercial development of the fiber, Barker said.

With the Hanesbrands agreement, NAT is now at capacity for supply of its product.

Flax is grown on about 2 million acres of farmland in the U.S., Barker said -- but this has been only for the seed which is used for industrial oils, livestock feed and human consumption.

The fiber for yarn, however, uses the flax stalk which previously has been discarded in the cultivation process, Barker said.

He said acreage dedicated to growing flax for fiber uses will take place in South Carolina in winter months and test plots will be grown in Michigan and Maine for summer months.

Barker said a one-time colleague at Adidas America, Peter Moore, its former president, first told him about the flax fiber that had been developed in a lab in Canada.

NAT is traded on the Toronto Stock Exchange. It closed at \$1.44 a share, with a 52-week low of 63 cents and high of \$1.72.