

## **SMART Position Statement on Wiping Cloth Availability Due to COVID-19**

To assist its members in the wiping and polishing cloth industry effectively communicate to their customers the recent changes in the marketplace due to the COVID-19 Pandemic, the Secondary Materials and Recycled textiles Association (SMART) offers the following position statement:

The arrival of COVID-19 has had a significant global impact on many supply chains -- and the wiping material supply chain was not exempt. This spring, business closures, reductions in labor, panic buying, and a myriad of international issues depleted global inventories of wiping cloths and their raw material components.

While inventories of raw materials used to produce wiping cloths have increased recently, limitations caused by COVID-19 on normal business practices continue to restrict their global production. As a result, many wiping cloth styles are subject to double digit cost increases.

As an industry, we are forecasting a return to market stability in the spring of 2021.

### **COVID-19 Impact on Supply and Demand**

The impact on COVID-19 has been felt worldwide leaving virtually no country unaffected. Borders were closed. Trade came to a halt. Businesses shut down. Stay at home orders emptied the streets. Schools closed, and life as we knew it literally changed overnight. We had to adapt quickly, as new terminology came into being: the new norm, social distancing, wear a mask, COVID-related. Basic life staples such as meat, toilet paper, household items, cleaning and disinfecting products were suddenly swept off the shelves. Supply lines were broken, global trade interrupted.

Wiper businesses traditionally deal in four main verticals: recycled clothing wipers, new knit and toweling mill ends, hospital and hospitality discards and industrial non-woven paper towels. As a result of the pandemic, here's a breakdown of how each of these verticals have been affected:

**Reclaimed wipers:** In early March of 2020 with the pandemic reaching initial concerns of the dangers it proposed, the shutdown started. Crucial areas of trade closed, including Pakistan, the Canadian border, the Mexican border, Houston and European trade. Supply lines were interrupted. Clothing donations ceased and the thrift markets collapsed with for profit and non-profits closing, which choked off supplies. This continued through early July 2020 with thrifts and non-profits still reeling from the effects of COVID-19 on their businesses. Supply has substantially decreased, resulting in a more than 60% reduction in in-bound goods. With little goods hitting the market, increased demand created vast shortages leading to an unstable market and high and fast rising pricing models. The industry expects the situation to remain volatile through year-end and beyond.

**New knit and toweling mill ends:** With closed borders, labor in lockdown, shuttered business and the collapse of the clothing and apparel markets, mill ends which are a byproduct of clothing and retail production, ground to a halt. Spring and summer retail sales collapsed. Bankruptcy among storied retailers like Lord & Taylor and JC Penney skyrocketed. A pushback from buyers and the shutdown of production along with countries closing halted the processing and shipments of inventory. Shortages have occurred, causing the market to raise prices or substitute goods to their customers.

### **SMART Position Statement on Wiping Cloth Availability Due to COVID-19 (continued)**

**Hospital and hospitality discards:** COVID-19 brought dramatic changes to the food service and hospital industries. Travel and lodging, restaurants, air and water travel stopped. Hospitals changed their service and patient care procedures literally overnight. Unless you were infected, elective procedures, regular office visits, testing and admissions came to a halt in many areas across the United States. Hospitals changed from linens to PPE and disposables, which dramatically minimized the amount of discards coming from commercial healthcare laundries. Supplies have and will remain in short supply for weeks, if not months to come. Sheeting, towel discards, blankets, surgical towels and the like remain scarce compared to pre-COVID levels. Supply and demand have caused shortages and price increases in all regions of the country.

**Non-woven industrial paper towels:** COVID-19 has affected hospital protocol like never before. With the advent of the pandemic, hospitals switched to disposable apparel and PPE. Low patient census meant to control the spread of the virus led to the decision to replace traditional cloth apparel and bedding with non-woven fabrics. The need was immediate, swift and unprecedented. Manufacturers and converters became overwhelmed. Production lines traditionally producing goods for the wiping industry suddenly diverted time, energy and inventory to high demand PPE and disinfecting products.

What was once considered a “stock” item now takes weeks to make its way back to grocery and box store shelves. Many inventory basics like cloth and nonwovens are processed abroad, leaving production exposed to the same constraints as all other international trade. Substitutions have become normal. Lead times stretch to month and months for certain items instead of days and weeks. Demand for certain disinfecting wipes is at an historic high. With the pandemic stretching on much longer than originally thought, pressure on the market continues and will continue on through cold and flu season. The outlook is rough at best for availability of goods for those who need them in a hurry.

SMART hopes this analysis of current market conditions helps our members’ wiper customers understand how shortages in supply and increased demand for wiping cloths worldwide have impacted pricing and availability of these products. We wish you and your employees well as we continue navigating the COVID-19 pandemic.

#### **About SMART**

Established in 1932, the Secondary Materials and Recycled Textiles Association (SMART) is an international nonprofit trade association that strengthens the economic opportunities of its diverse membership by promoting the interdependence of the for-profit textile recycling industry segments and providing a common forum for networking, education and trade. SMART members use and convert recycled and secondary materials from used clothing, commercial laundries and non-woven, off spec material, new mills ends and paper from around the world. SMART member companies create thousands of jobs worldwide, proving each day you can make money by being socially responsible.

For additional information about SMART or this positions statement, contact SMART Executive Director Jackie King, [jackie@kingmgmt.org](mailto:jackie@kingmgmt.org) or visit the SMART website [www.smartasn.org](http://www.smartasn.org).