

Report: US Textile Mills Faced Weaker Order Demand, Higher Material Costs in June



U.S. TEXTILE MILLS REPORTED LESS ORDERS, PRODUCTION AND EMPLOYMENT IN JUNE. ADOBE / ALEKSANDR MATVEEV

U.S. manufacturing saw an estimated 8,000 jobs lost last month, according to data released by the Bureau of Labor Statistics (BLS) on Friday. And U.S. textile mills are among the stateside producers that reported an economic contraction in June amid the overall compression in the manufacturing environment.

According to the Institute for Supply Management's latest Manufacturing ISM Report On Business—based on a June survey of purchasing and supply executives, including those working in textile mills as well as apparel, leather and allied products—new orders, production and employment are all tightening.

"U.S. manufacturing activity continued in contraction at the close of the second quarter," said Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee,

commenting on the overall manufacturing trends. "Demand was weak again, output declined and inputs stayed accommodative."

ISM's Manufacturing PMI, an index that reflects sentiment on new orders, production, employment, supplier deliveries and inventories, was at 48.5 percent in June. Although this represented a 0.2 percentage point drop from May's figure, Fiore noted that aside from a dip in April 2020, the index has steadily remained over 42.5 percent for 50 months now, a sign of overall economic expansion in the nation over this period.

Bucking the broader trend of lower manufacturer-held inventory, textile mills said their inventories were higher in June. Apparel and leather goods producers along with textile mills said their customers' inventories were "too high" in last month, in contrast to the overall decreasing index.

The New Orders Index was at 49.3 percent in June, falling below the threshold that separates growth from contraction. This was, however, above May's 45.4 percent index. Textile mills were among the respondents that said new orders had declined. "Panelists' comments noted a continued level of uncertainty and cautiousness as new order

No.437 July, 2024

levels and customer inventory accounts continue to underperform,” said Fiore.

Amid slower ordering, manufacturers—including textile mills—also noted continued declines in order backlogs, a trend that has held for 21 months.

Fabric producers also reported lower production, falling into the broader experience of a production decline as the ISM Production Index decreased to 48.5 percent in June from 50.2 percent the prior month.

Also on the decline is employment with a 49.3 percent index, following May’s 51.1 percent index that countered a seven-month-long trend of contraction. Textile firms were among those pulling back on employment last month. ISM said its cross-industry panel are enacting hiring freezes, layoffs and other methods to cut head counts.

Another economic pressure is rising raw material prices, as the ISM Prices Index saw its sixth month of growth in June, with textile mills among those reporting higher input costs. However, the growth slowed from 57 percent in May to 52.1 percent in June.

“Demand remains subdued, as companies demonstrate an unwillingness to invest in capital and inventory due to current monetary policy and other conditions,” said Fiore.

“Production execution was down compared to

the previous month, likely causing revenue declines, putting pressure on profitability.”

“As we’ve regularly said for the past 18 months, the combination of an overly strong dollar and high interest rates are dampening factory jobs growth,” Alliance for American Manufacturing president Scott Paul said Friday following the release of the BLS data. “June’s numbers bear that out, with a net loss of 8,000 manufacturing jobs. Until the Federal Reserve changes course, we can expect to see a stalled factory sector.”

“We’re also concerned about the growing and persistent trade deficit in goods. It shows we still have a lot of work to do to build reshoring efforts,” he added. According to the U.S. Census Bureau’s Wednesday numbers, the U.S. goods deficit grew by \$0.9 billion to \$100.2 billion in May.

This article has been updated to reflect BLS data and comments from Scott Paul.

Link

<https://sourcingjournal.com/topics/sourcing/report-us-textile-mills-face-weaker-order-demand-higher-material-costs-june-institute-for-supply-management-517230//>

Provided by Sourcing Journal

*(*Subscription may be required to open this article online.)*

EU Eyeing Import Duties That Would Stunt Shein, Temu



KATJA KNUPPER / DIE FOTOWERFT / DEFODI IMAGES
VIA GETTY IMAGES

Shein has a new headache that could impact growth plans.

The impossibly cheap exports hawked by China-based e-commerce titans are reportedly under the microscope of European regulators.

The Financial Times reported that the European Commission is putting together a plan that would impose customs duties on low-priced imports from online retailers—a move that would target the likes of Shein, Temu and AliExpress by lowering the current duty-free threshold of 150 euros (\$161).

The proposal, expected to be unveiled at the end of this month, will then need to be approved by the European parliament.

The European Union isn't alone in its concern about the deluge of imports and their impact on domestic and local industries. In the U.S.,

lawmakers have been debating reforms to the de minimis rule, which allows shipments worth \$800 or less into the country duty-free. South Africa on Monday closed its de minimis “loophole,” with small overseas shipments valued at under 500 South African rands (\$27) now taxed at the same rate as larger ones.

Critics believe de minimis loopholes have aided the growth of ultra fast-fashion e-tailers due to an operating model that exploits key advantages over competitors—namely, not having to pay import duties on small shipments. Closing the loopholes is about leveling the playing field so all companies can compete fairly without any unfair advantages, de minimis detractors say.

Shein in February 2022 was eyeing an initial public offering in the U.S., but scrapped those plans after Russia's attack on Ukraine, which caused chaos in the financial markets. Since then, Shein has drawn intense scrutiny from American lawmakers over its Xianjiang links to alleged forced labor. Shein has consistently said it has “no tolerance” for forced labor.

The Chinese fast-fashion firm began looking elsewhere to float its IPO, and London became a viable option. Word surfaced last month that Shein had confidentially filed IPO plans in the U.K. Capitol. But even before the confidential

filing, there were rumblings that Shein could face similar regulatory hurdles. With upcoming U.K. elections on Thursday, the company's plans could change again.

A Shein spokesperson could not be reached by press time.

Shein has consistently declined comment on queries related to a potential IPO filing. As for potential London IPO concerns from British lawmakers, the company has said to media outlets that it does pay required U.K. taxes. It also has told Sourcing Journal that its Modern Slavery Statement is published and publicly available on its U.K. website.

Link

<https://sourcingjournal.com/topics/business-news/shein-de-minimis-eu-unfair-advantage-domestic-competitors-duty-imports-517186/>

Provided by Sourcing Journal

*(*Subscription may be required to open this article online.)*

ECHA adds one flame retardant to REACH candidate list

Decision on another, TPP, postponed in face of significant new information



©Rawpixel.com stock.adobe.com

ECHA has added one flame retardant to the REACH candidate list of SVHCs but has postponed its decision on another, after receiving a study containing "significant hazard information" at the last minute.

The substance added to the list – bis(α,α -dimethylbenzyl) peroxide – is toxic for reproduction and has wide dispersive uses in:

- wooden flooring, furniture and toys;
- food contact and packaging materials;
- construction and isolation materials; and
- mobile phones.

The chemical, which is registered under REACH and manufactured in and/or imported to the European Economic Area (EEA) at between 1,000 and 10,000 tonnes per year, is now scheduled for inclusion on the authorisation list (Annex XIV). Once added, companies will have to apply for permission to continue using it.

Importers and producers of articles have to notify ECHA if their article contains a candidate list substance within six months from the date it has been included in the list. Other obligations include giving consumers information on how to use articles safely that contain one or more listed substances above a concentration of 0.1% weight by weight (w/w).

Norway, which concluded its evaluation on bis(α,α -dimethylbenzyl) peroxide and identified it as an SVHC last September, is currently assessing it as persistent, bioaccumulative and toxic (PBT). According to EU harmonised classification and labelling, the substance may damage the unborn child, is toxic to aquatic life with long-lasting effects and causes serious eye irritation.

Additionally, the classification companies have provided to ECHA in REACH registrations identifies that this substance may cause an allergic skin reaction.

The REACH candidate list now contains 241 entries, although the agency said the overall number of chemicals affected is higher because some are substance groups.

ECHA updates the list twice a year. The last addition took place in January, when the agency added five chemicals. In 2023 it added 11 chemicals.

TPP delayed

ECHA said it has suspended the process to identify another flame retardant, triphenyl phosphate (TPP), as an SVHC based on its endocrine disrupting properties to the environment.

ECHA's member state committee (MSC) was due to agree on the SVHC listing at its June meeting, but the agency said it decided to postpone this as it received "just before the meeting a study containing some significant information that needs to be taken into account for the hazard assessment of the substance before deciding on its listing".

"This is an exceptional arrangement and applies only in the conditions specific to this case," ECHA said.

The information appears to relate to an OECD Conceptual Framework level 5 study commissioned by the Japanese Ministry of Environment, it said. The potential existence of the study was referred to in a comment submitted by the UK Environment Agency during the consultation.

France has evaluated TPP and, in May last year, recommended its SVHC identification and harmonised classification. The substance, used as a flame retardant and plasticiser in polymer formulations, adhesives and sealants, cosmetics and personal care products, was added to the community rolling action plan (CoRAP) list in 2017.

France said in its evaluation report that the impending outcome of the one-generation reproductive toxicity study under the US national toxicology programme could lead to an update of the EU's proposed SVHC identification for endocrine properties to human health.

Anna Lennquist, senior toxicologist at ChemSec, said it is worrying that this case could inspire industry to continue submitting data very late, as a strategy to further delay SVHC identification.

The population of the candidate list is "too slow" and the current update, which adds just one substance, exemplifies this, she added.

TPP is registered under REACH and manufactured in and/or imported to the EEA at less than 100 tonnes per year.

Link

<https://product.enhesa.com/1134565>

Provided By Chemical Watch

*(*Subscription may be required to open this article online.)*