



## SUMMARY - ECONOMIC NOTE

**The Covid-19 pandemic has cancelled any sign of trend recovery in the first two months of 2020 compared to the previous year, which had closed with a -4.9% Overall drop in sales and a -4.3% Reduction in exports, but with a positive trade balance result of euro 2.25 Billion. In the first six months of 2020, manufacturing of woven fabrics was down -25.1% And knits -31.7%. In the january-may period, exports decreased by -34.4% And in the first 5 months of 2020 trade balance amounted to approximately euro 500 million.**

The textile industry had opened 2020 with a rather favorable performance for the first two months. The studies conducted by Confindustria Moda's Research Center highlighted that woven fabrics in February 2020 recorded a +4.2% growth rate versus February 2019 and knits were up +0.3. In the first two months of the year, exports limited their drop to -3.7% and imports to -0.2%.

In 2019, the decrease was equal to -4.9% on an annual basis with sales of euro 7,555 million for the entire industry. Exports were down -4.3%, but contributed to generating a surplus in the industry's trade balance of over euro 2.25 billion.

Starting in March 2020, the outbreak of the Covid-19 health crisis in China and the spread of the pandemic in the rest of the world profoundly changed the scenario.

Since that date, in fact, following the lockdown of all production activities mandated by the government to face the pandemic, the textile sector has suffered badly.

According to ISTAT data, in the first six months of 2020, manufacturing of woven fabrics comprehensively decreased by -25.1% and knits by -31.7%.

When activities reopened in May, manufacturing kicked off again compared to April, but values remained significantly lower than they were in May 2019. Woven fabrics posted a -14.6% reduction and knits -19.3%. June saw another decrease in the manufacturing index, with woven fabrics down -31.3% compared to June 2019, and knits down -33.0%.

In the January/May period, exports of Made-in-Italy textiles fell by -34.4%, with a greater drop towards non-EU markets, while imports limited their fall to -24.9%.

In the first 5 months of 2020, exports to China and Hong Kong fell by -41.6% and



-51.5%, respectively (this data also reflects the serious political unrest there), and exports to the USA (-34.7%) recorded an average value of the decline. Based on these partial data, the China+Hong Kong region now ranks as the third-largest export market for Made in Italy fabrics, after Germany and France. In detail, the reduction in the German market (-25%) was 10% less than the average fall rate, certainly as a result of the lower intensity of the lockdown measures adopted by the government led by Angela Merkel.

The negative scenario becomes even more problematic if one considers the export data of the single segments. Linen (-22.4%) and knits (-23.9%) recorded the least drop, followed by cotton (-34.5%), silk (-34.6%), worsted wool (-41.4%) and carded wool (-47.2%).

In the period, the trade balance amounted to euro 500 million, which if projected to year-end would still yield a surplus of approximately euro 1.2 billion.

**The complete economic note – in Italian and in English – is available for download in the Media section of Milano Unica's website at [www.milanounica.it](http://www.milanounica.it)**

**Data processed by Confindustria Moda's Research Center**