

**COVID-19 HAS HIT THE MADE-IN-ITALY TEXTILE INDUSTRY HARD. THE SECTOR CLOSED 2020 WITH AN UNPRECEDENTED REDUCTION IN SALES, ESTIMATED AT -27.4%, TOTALLING LESS THAN EURO 5.5 BILLION, DOWN MORE THAN EURO 2 BILLION IN TWELVE MONTHS.**

**EXPORTS DROPPED 26.7% ON AN ANNUAL BASIS AND IMPORTS -25.7%; THE INDUSTRY'S TRADE SURPLUS STOPPED AT EURO 1.6 BILLION, ACCOUNTING FOR ABOUT A QUARTER OF THE SURPLUS FOR THE ENTIRE TEXTILE-APPAREL SECTOR. GERMANY CONFIRMED ITS POSITION AS THE LEADING EXPORT MARKET FOR ITALIAN FABRICS, FOLLOWED BY CHINA+HONG KONG AND FRANCE.**

## 1. The preliminary balance for 2020

According to Confindustria Moda's Research Center estimates for SMI - based on the economic context of reference and on internal Sampling Surveys - Made-in-Italy textiles (including wool, cotton and silk fabrics and knits) reflected the significant impact generated by the outbreak of the Covid-19 pandemic and the consequent slowdown in both international and domestic demand.

In line with the majority of the segments of the Textiles-Apparel supply chain, textiles dropped by an estimated -27.4%; sales were below euro 5.5 billion, down over euro 2 billion in twelve months.

In 2020, woven fabrics are expected to decline by -27.4%

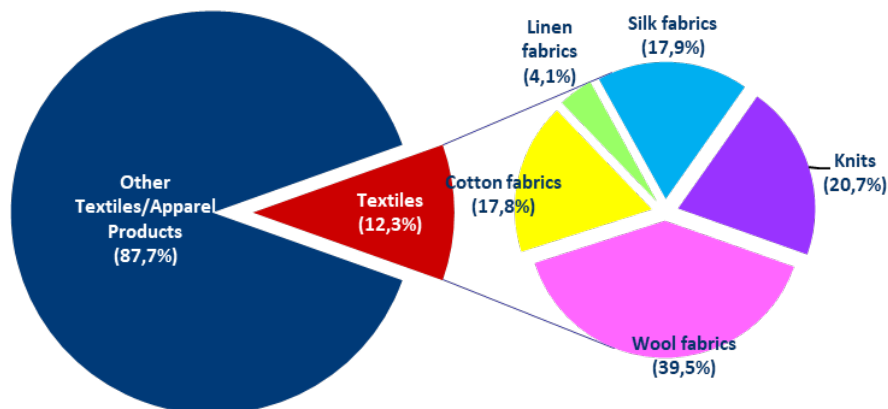
**Table 1 – Made-in-Italy textiles<sup>(1)</sup> (2014-2020<sup>(2)</sup>)**  
(Millions of current Euros)

	2014	2015	2016	2017	2018	2019	2020 <sup>(2)</sup>
<b>Sales</b>	7,985	7,910	7,839	7,882	7,947	7,555	5,484
Var. %		-0.9	-0.9	0.5	0.8	-4.9	-27.4
<b>Production value</b>	6,173	6,173	6,173	6,173	6,173	6,173	6,173
Var. %		-1.5	-1.1	0.2	0.3	-5.5	-18.6
<b>Exports</b>	4,400	4,337	4,294	4,322	4,305	4,121	3,022
Var. %		-1.4	-1.0	0.6	-0.4	-4.3	-25.8
<b>Imports</b>	2,036	2,042	2,000	2,003	1,889	1,868	1,388
Var. %		0.3	-2.1	0.1	-5.7	-1.1	-25.4
<b>Trade balance</b>	2,364	2,295	2,294	2,319	2,416	2,253	1,634
<b>Apparent consumption</b>	3,809	3,785	3,716	3,706	3,625	3,457	2,458
Var. %		-0.6	-1.8	-0.3	-2.2	-4.6	-32.2
<b>Structural indicators (%)</b>							
Exports/Sales	55.1	54.8	54.8	54.8	54.2	54.5	55.1
Imports/Apparent consumption	53.5	54.0	53.8	54.0	52.1	54.0	56.5

Source: Confindustria Moda on ISTAT data and internal surveys

(1) Silk, wool, cotton, linen fabrics and knits (2) Estimates

**Fig. 1 – The role of textiles in the Italian Textiles-Apparel supply chain (2020)<sup>(1)</sup>**  
(% on sales)



Source: Confindustria Moda

<sup>(1)</sup> Estimates

Woven fabrics in any case accounted for 12.3% of the sales generated by the Textile-Apparel industry as a whole, slightly down on a y-o-y basis (see Fig. 1).

All the different segments considered were exposed, to a greater or lesser extent, to the international economic situation, showing reductions ranging from -25% to -30%. Knits were the only segment that recorded a "relatively" lesser downturn, limiting the variation to -15.5%.

Production value (which projections by Confindustria Moda's Research Center calculate separately, considering the value of total sales net of the contribution deriving from the sale of imported products) is characterized by an equally negative evolution, with a projected decline of at least -28.3%.

As for employment, as is known, companies have made extensive use of the Covid-19 redundancy fund, as well as all the other measures implemented to face the crisis. In addition, the survey conducted by Confindustria Moda on a panel of SMI member companies revealed that in 2020 the wool fabrics mills included in the sample recorded a drop in the number of employees (e.g. consensual terminations, retirements, non-renewal of fixed-term contracts, etc.). In the January-March span, the decline was equal to -3.9%, followed by similar reduction rates in the second (-3.4%) and third quarter (-3.6%).

In 2020, the performance of trade "from" and "to" Italy showed a worrying deterioration, with exports recording a -26.7% fall rate on an annual basis and imports down -25.7%. Comprehensively, exports generated slightly more than euro 3 billion (i.e. a euro 1.1 billion reduction vs 2019), while imports dropped to nearly euro 1.4 billion.

All segments showed reductions

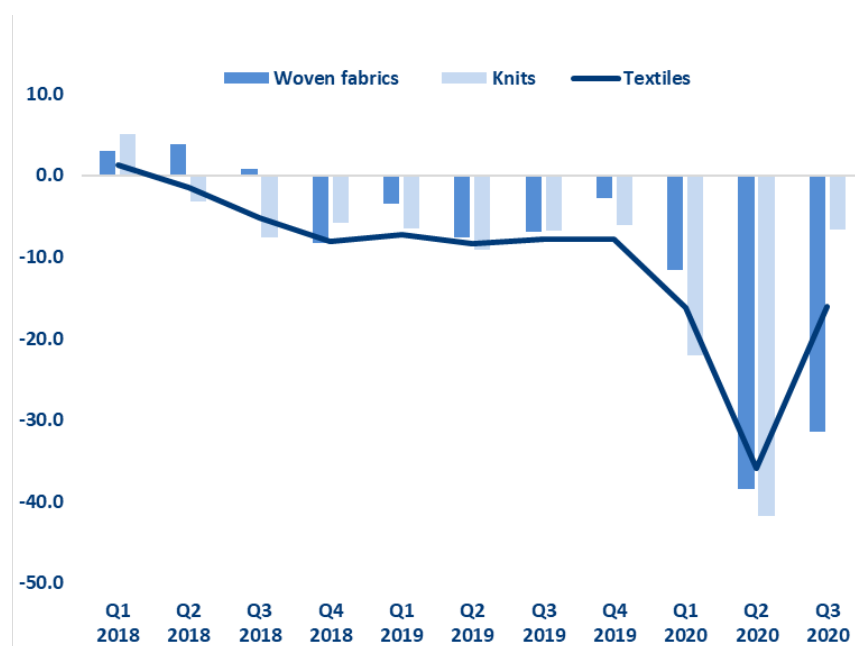
The value of production is expected to drop by -28.3%

Exports are projected to fall by -26.7% on an annual basis; similar performance for imports

Given the aforementioned trade performance, the trade surplus for the industry is expected to decrease by almost euro 620 million, down to euro 1,600 million. The surplus in textiles accounted for approximately 25.0% of the total sales generated by the Textiles/Apparel segment.

The domestic market (estimated by the 'apparent consumption' projections), often represented by luxury brands, posted a particularly significant reduction of -28.9%. The "forced" freeze on final consumption has had a domino effect upstream the entire supply chain.

**Fig. 2 – Textiles: ISTAT index of industrial production (adjusted for calendar effects, base year 2010=100), 1 Q 2018 – 3Q 2020**  
(% trend variation)



Source: Confindustria Moda on ISTAT (cod. ATECO 2007 CB13, CB132, CB1391)

According to ISTAT data on industrial manufacturing (see Figure 2), in 2020 woven fabrics were characterized by a particularly negative performance. Although the segment has been failing to record a positive performance since the third quarter of 2018, the size of the reductions registered in 2020 fully reflected the particularly severe and exceptional nature of the situation.

The first quarter recorded a decrease equal to -11.5%, followed by an additional drop of -38.5 in the April-June time span and a third of -31.4% in July-September. As for knits, ISTAT data on industrial manufacturing recorded -22.1% in the first quarter, followed by a record low of -41.8% in the second quarter. In the July-September period, however, knits managed to recover and limit the decline to more 'normal' rates, namely -6.6% (the percentage also includes the growth trend in August).

The trade balance is expected to drop to slightly more than euro 1.6 billion

According to ISTAT data on industrial manufacturing, in the January-September 2020 time span woven fabrics dropped by -27.0% and knits by -24.9%

Over the nine-month span, textile manufacturing was down -27.0% for woven fabrics and -24.9% for knits.

For the sake of completion, the most recent data available, relative to the October-November period, show a continuation of the negative trend in the segments considered, still two-digits (-26.2% and -15.4% in October and November, respectively) for woven fabrics, and -10% for knits (-8.1% and -9.8% in October and November, respectively).

## 2. International trade in the first ten months of 2020

The analysis of international trade of knits and woven fabrics composed of mainly natural fibers (see Fig. 3 Note 1) reveals that exports in the January-October 2020 period suffered the repercussions of the outbreak of the pandemic, posting a record drop of -28.5%.

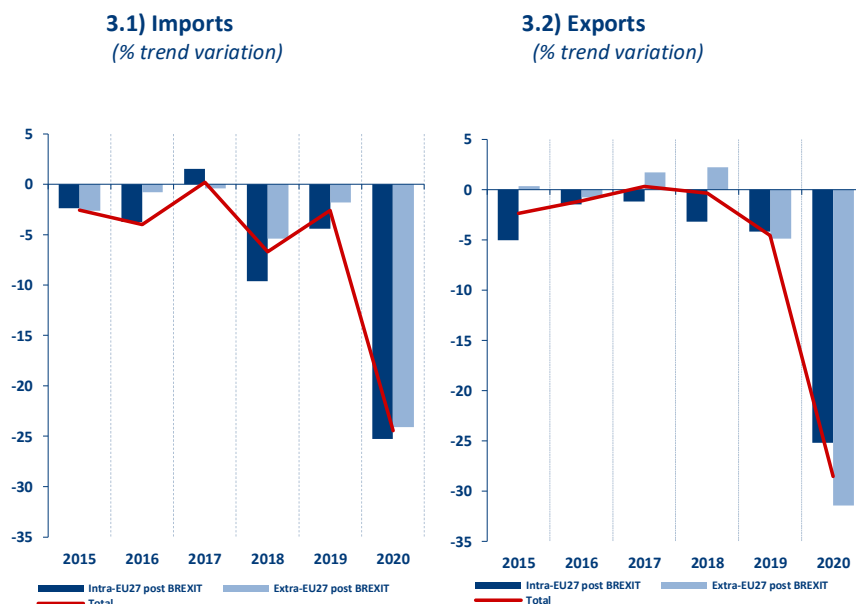
Exports for the period totaled euro 2,065 million, down euro 824 million compared to the January-October 2019 time span. For comparison purposes, in 2019 exports dropped by nearly euro 140 million compared to the January-October 2018 period. Also in terms of volume, this translated into a significant reduction, yet less severe than the corresponding value, i.e. -16.4%.

Concurrently, imports fell by -24.4% in value and by -15.5% in volume.

In the first ten months of 2020, exports of the fabrics considered in the analysis dropped by -28.5% ...

... and imports by -24.4%

**Fig. 3 – Imports and exports of textiles: analysis by geographic macro area <sup>(1)</sup>**  
(January-October 2015-2020)



<sup>(1)</sup> The products analyzed here represent a sub-group (including only woven fabrics with at least 50% of natural fiber) of those used for the definition of the industry's total results reported in Table 1. Conversely, Table 1 also considers woven fabrics with a percentage of natural fiber below 50% and the rest composed of man-made fibers. Knits are instead considered as a whole in both aggregates.

In terms of geographic macro areas, as indicated in Fig.3, both extra-EU and intra-EU exports suffered heavy losses with a few differences:

extra-EU exports, making for 48.8% of the total, declined by -25.2%, while intra-EU exports (representing the remaining 51.2%) plummeted by -31.4%.

As far as imports are concerned, two macro areas posted similar performances: EU imports were down -25.3%, while extra-EU countries, making for over 70.7% of total imports of textiles, dropped by -24.1%.

In addition to the average data by macro area, the performance of the single countries that are the main commercial partners of the Italian textiles companies is worth analyzing (see Table 2). All the top 15 countries recorded a negative performance, with no exceptions. However, the fall rate varied: Germany and France recorded reductions by -22.1% and -21.9%; Romania -26.5%, and Spain -19.5%.

China confirmed its standing among the leading export partners, even with a -32.4% reduction, while Hong Kong dropped from the twelfth to the fifteenth position, down -44.8%. Despite the aforementioned performances, overall exports to China and Hong Kong, equal to slightly more than euro 180 million in value (vs euro 286 million of the January-October 2019 period) were only just below the result recorded in Germany and in the Iberian peninsula (Spain and Portugal reached euro 181.8 million in the same time span).

Exports to Tunisia and Turkey dropped by -27.2% and -30.6%, respectively.

The worst performances, totaling -40% and even more, were recorded for strategic markets like the United States, Portugal, Japan and, as already mentioned, Hong Kong.

Considering the analysis of the top 15 markets, reductions were recorded also for Bulgaria (-32.6%), United Kingdom (-32.8%), South Korea (-24.0%) and Poland (-24.6%).

Considering the analysis of the markets of origin of textiles imported to Italy, characterized by a high concentration - from a geographic perspective - in the extra-EU regions (70.7%), China and Turkey confirmed their leading position. China, making for 24.1% of total imports, fell by -33.7%, while Turkey, representing 21.7% of the market, dropped by -14.2%, getting increasingly close to the import value of Chinese textiles.

Other suppliers with an incidence below 8.5% presented generalized reductions: Pakistan dropped by -20.9%, the Czech Republic by -27.0% and Germany and Hungary by over -22.0%.

Exports to Germany and France dropped by approximately -22.0%

Exports of fabrics to China and Hong Kong recorded a significant reduction

Imports from China, the main supplier, representing approximately 24.1% of the total, fell by -33.7%

**Table 2 – Imports and exports of Italian textiles: analysis by country <sup>(1)</sup>***(January-October 2020)***2.1) Imports**

Country of origin	Euro Mln	Var. %	% on total
<b>Total</b>	<b>958</b>	<b>-24.4</b>	<b>100.0</b>
<i>of which:</i>			
Intra UE28	281	-25.3	29.3
Extra UE28	677	-24.1	70.7
<b>The top 15 suppliers</b>			
China	230	-33.7	24.1
Turkey	208	-14.2	21.7
Pakistan	81	-20.9	8.5
Czech Republic	61	-27.0	6.3
Germany	52	-22.8	5.4
Hungary	29	-22.1	3.1
United Kingdom	26	-12.6	2.8
Spain	26	-29.5	2.7
Romania	24	-29.0	2.5
France	22	-10.0	2.2
Japan	18	-18.3	1.9
Egypt	17	-31.5	1.7
India	16	-31.9	1.7
South Korea	15	-23.7	1.5
Serbia	12	-7.6	1.2

**2.2) Exports**

Country of destination	Euro Mln	Var. %	% on total
<b>Total</b>	<b>2,065</b>	<b>-28.5</b>	<b>100.0</b>
<i>of which:</i>			
Intra UE28	1,008	-25.2	48.8
Extra UE28	1,057	-31.4	51.2
<b>The top 15 clients:</b>			
Germany	188	-22.1	9.1
France	168	-21.9	8.1
Romania	152	-26.5	7.4
China	121	-32.4	5.9
Spain	105	-19.5	5.1
Tunisia	93	-27.2	4.5
Turkey	80	-30.6	3.9
United States	79	-40.0	3.8
Portugal	77	-40.4	3.7
Bulgaria	76	-32.6	3.7
Japan	72	-40.5	3.5
United Kingdom	62	-32.8	3.0
South Korea	61	-24.0	3.0
Poland	61	-24.6	3.0
Hong Kong	59	-44.8	2.9

<sup>(1)</sup>Cfr. Fig. 3 Note 1

Source: Confindustria Moda on ISTAT data

As detailed further below, the impact on the international markets for textiles, unlike “normal” market conditions, was reflected on all the categories of fabrics considered and only knits recorded a lesser, yet still significant, fall rate (Fig. 4).

The analysis by type of fabric revealed that in the January-October 2020 period exports of knits declined by -15.8%, a variation that qualified as the least severe for the entire industry. Cotton and linen fell by -28.6% and -25.0%, respectively. Pure silk was also down by -35.5% (silk in artificial fiber fell by -25.2%).

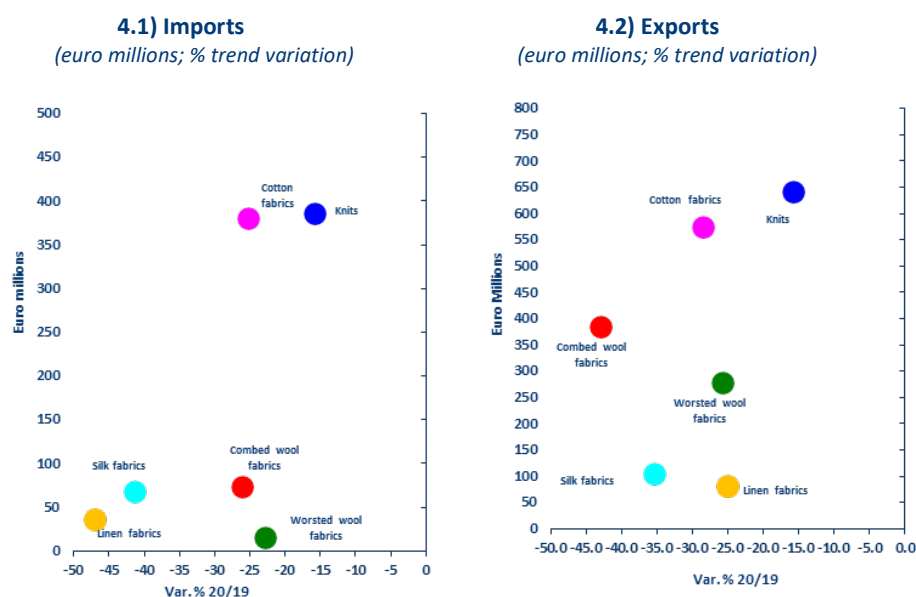
Exports of worsted wool fabrics decreased by -25.8%, but combed wool fabrics recorded an even sharper reduction of -43.1%.

In the January-October 2020 time span, imports reflected a similar situation. Imports of knits were down by -15.7%; imports of cotton fabrics fell by -25.2%, while linen plummeted by -47.0%. The reduction in imports of linen fabrics was close to that of pure silk (-41.4%).

Lastly, imports of wool combed fabrics decreased by -26.2% and wool worsted fabrics by -22.9%.

The reductions in exports have strongly impacted all the textile categories considered in the analysis

**Fig. 4 – Imports and exports of Italian textiles: analysis by segment <sup>(1)</sup>**  
(January-October 2020)



<sup>(1)</sup>Cfr. Fig.3 Note 1

Source: Confindustria Moda on ISTAT data

Milan, February 2, 2021

#### Publication by Confindustria Moda

This publication (hereinafter the "Document") is an exclusive and original draft prepared by Confindustria Moda in favor of Federazione Tessile e Moda – SMI (on behalf of Tessile & Moda Service – Sole Proprietorship). Confindustria Moda is committed to carrying out numerous activities to promote the interests of businesses operating in the reference industries. This Document, developed for SI.TEX SpA, is meant to be circulated by mail, both email and ordinary mail, and may not be re-distributed, reproduced, published or changed in any of its parts by subjects not explicitly authorized. All copyrights are reserved. This Document is exclusively intended to provide information and does not contain any offer or request to carry out any transaction. The information, opinions, evaluations and projections included herein were obtained or derived from sources that Confindustria Moda considers reliable, but they do not represent any guarantee, either implicit or explicit, and therefore Confindustria Moda and Federazione Tessile e Moda shall in no event be held liable.