

**IN 2021, THE ITALIAN TEXTILE INDUSTRY TRIES TO RECOVER AFTER THE *ANNUS HORRIBILIS* CHARACTERIZED BY SUSPENDED PRODUCTION AND A SLOWDOWN IN GLOBAL TRADE DUE TO THE PANDEMIC. IN MARCH AND APRIL THE INDUSTRY SAW THE FIRST POSITIVE SIGNS OF A TURNAROUND, WITH KNITS EVEN GROWING BY +25% COMPARED TO THE SAME PERIOD IN 2019. IN Q1 2021, IMPORTS DECREASED BY -8.7%, WHILE EXPORTS WERE DOWN -21.6% OVERALL. HOWEVER, EXPORTS OF KNITS, COTTON AND LINEN FABRICS RECORDED A MARKED REDUCTION IN THE FALL RATE, WHICH BODES WELL FOR A CHANGE OF PACE SOON. IN THE SAME QUARTER, THE TRADE BALANCE FOR THE SECTOR REMAINS POSITIVE AT AROUND EURO 242 MILLION.**

## 1. The balance for 2020

As is known, the Italian textiles-clothing industry has been one of the industrial sectors hardest hit by the Covid-19 pandemic and the consequent restrictions to contain infections; in the supply chain, textile manufacturing was one of the most impacted segments, reflecting an unprecedented massive slowdown in both domestic and foreign demand. Made-in-Italy textiles (including wool, cotton and silk fabrics and knits) closed 2020 with a reduction equal to -29.7% in sales on a year-on-year basis; total sales dropped to euro 5.3 billion, more than euro 2.2 billion lower than in 2019. The projections of the Confindustria Moda's Research Center for SMI released in the past month of February on the occasion of the previous Milano Unica edition, forecasting a -27.4% reduction by year end, proved

In 2020, textiles were comprehensively down -29.7% to euro 5.3 billion

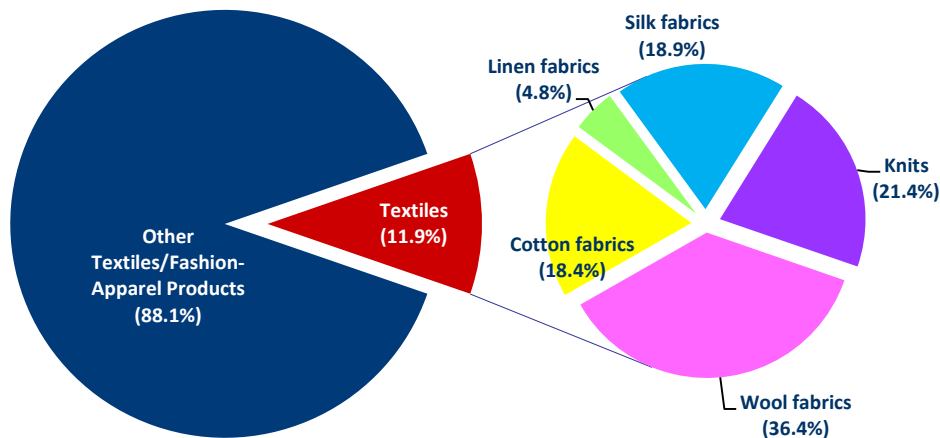
**Table 1 – Made-in-Italy textiles (2014-2020)<sup>(1)</sup>**  
(Millions of current Euros)

	2014	2015	2016	2017	2018	2019	2020
<b>Sales</b>	7,985	7,910	7,839	7,882	7,947	7,555	5,307
Var. %		-0.9	-0.9	0.5	0.8	-4.9	-29.7
<b>Production value</b>	6,173	6,079	6,011	6,025	6,041	5,711	4,049
Var. %		-1.5	-1.1	0.2	0.3	-5.5	-29.1
<b>Exports</b>	4,400	4,337	4,294	4,322	4,305	4,121	3,009
Var. %		-1.4	-1.0	0.6	-0.4	-4.3	-27.0
<b>Imports</b>	2,036	2,042	2,000	2,003	1,889	1,868	1,401
Var. %		0.3	-2.1	0.1	-5.7	-1.1	-25.0
<b>Trade balance</b>	2,364	2,295	2,294	2,319	2,416	2,253	1,609
<b>Apparent consumption</b>	3,809	3,785	3,716	3,706	3,625	3,457	2,440
Var. %		-0.6	-1.8	-0.3	-2.2	-4.6	-29.4
<b>Structural indicators (%)</b>							
Exports/Sales	55.1	54.8	54.8	54.8	54.2	54.5	56.7
Imports/Apparent consumption	53.5	54.0	53.8	54.0	52.1	54.0	57.4

Source: Confindustria Moda on ISTAT data and internal surveys

(1) - Wool, cotton, linen, silk and knits

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



Source: Confindustria Moda

over optimistic.

Despite the performance, the textile industry still wields significant weight in the Italian Textiles-Fashion Apparel supply chain, making for 11.9% in terms of total turnover (see Fig. 1), down 1.6% against 2019; this incidence rises to 35.5% if the analysis is limited to the “upstream” part of the supply chain (38.4% in 2019).

As for textiles, the most significant segment is still wool, representing 36.4% of the sector’s total, followed by knits with 21.4, silk with 18.9, and cotton at 18.4%. Lastly, linen accounts for 4.8%.

All segments in the textile supply chain showed negative performances in 2020, albeit of varying intensity.

Wool absorbed the heaviest impact, with a -38.6% reduction. Cotton, which had already been characterized by a negative trend in past years, dropped sharply at -28.0% on a year-on-year basis; similarly, silk (net of scarves) recorded a -27.7% reduction. Conversely, linen, down -19.7%, and knits, down by -15.2%, performed better than the sector average.

In 2020, production value (whose projections Confindustria Moda’s Research Center calculate separately, considering the value of total sales net of the contribution deriving from the sale of imported products) also lost ground, showing a negative performance of -29.1%, in line with that of sales.

In 2020, Italian textiles accounted for 11.9% of the total turnover of Textiles-Fashion Apparel industry

All segments of the textile manufacturing supply chain showed a negative performance

The domestic market (estimated by the ‘apparent consumption’ projections) dropped by -29.4%. This variation, once again, corresponds to the average of the results obtained in the individual segments, with wool proving to be the worst performer and knits as the best performer.

In 2020, the performance of trade “from” and “to” Italy showed a total reduction in exports by -27.0%, generating sales of approximately euro 3 billion. Concurrently, imports posted a similar performance, with a -25.0% reduction at euro 1.4 billion.

Given the aforementioned trade performance, the trade surplus for the industry is expected to further decrease (euro -644.5 million less compared to 2019), down to euro 1.6 billion. The surplus in textiles accounted for approximately 27.6% of the total sales generated by the Textiles/Apparel segment (down euro 5.8 billion in turn).

In 2020, in terms of geographic areas, as indicated in Fig. 2, EU (post-Brexit) and extra-EU showed a negative performance both for exports and imports. More specifically, EU imports were down -23.7% on a year-on-year basis, while EU exports dropped by -24.5%. Extra-EU imports of textiles fell by -22.5% and extra-EU exports also decreased by -30.1% (it should be noted that, as specified in the Note of Fig.2, only fabrics with a percentage of natural

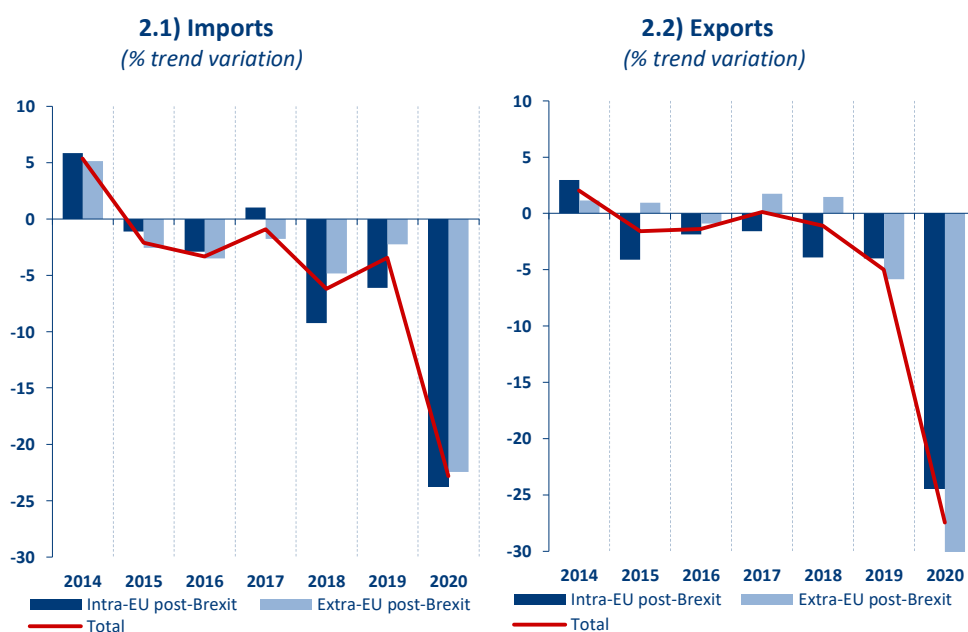
Apparent consumption is expected to drop by -29.4%

In 2020, exports fell by -27.0% on a year-on-year basis, imports were down 25.0%

The trade balance declined to euro 1.6 billion, making for 27.6% of the Textiles-Fashion Apparel surplus

In terms of macro-areas, exports both to the EU and extra-EU markets reported reductions

**Fig. 2 – Imports and exports of textiles: analysis by geographic macro area <sup>(1)</sup>**  
(January-December 2014-2020)



<sup>(1)</sup> The products analyzed here represent a sub-group (including only woven fabrics with at least 50% 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.  
Source: Confindustria Moda on ISTAT

fibers above 50% are considered, thus excluding blended compositions or fabrics containing chemical fibers. This results in a discrepancy when compared to the figures reported in Table 1).

As for employment, despite the extensive use of the Covid-19 redundancy fund by companies, in 2020 there were reductions in the workforce employed in the textile industry to the extent allowed by law. While the Textiles-Fashion Apparel industry decreased comprehensively by -3.8%, textiles alone recorded a negative performance in the order of -10% (ATECO code 13.2- Source: Chamber of Commerce of Milan).

## 2. Italian textiles in the first part of 2021

In 2021, Italian textiles are expected to perform similarly to 2020, even if, despite an overall negative scenario, there are a few signs of recovery in demand and some confidence for the sector, at least with reference to some specific fabrics or markets.

First of all, according to ISTAT data on industrial manufacturing (adjusted for calendar effects), in 2021 woven fabrics posted a -16.3% reduction compared to the first quarter of 2020, still a negative performance, but with a lesser drop than those posted in the second, third and fourth quarters of 2020. More in detail, the performance in January and February showed fall rates of -13.8% and -34.9%, respectively, while in March a countertrend was reported, with a long-awaited uptrend equal to +6.4% compared to March 2020. However, if compared to March 2019, the percentage is still negative at -30.1%. As for knits, the January-March 2021 time span registered a recovery of production activities, with a +22.0% growth rate. In January, the reduction totaled -0.6% and in February -3.6%, while knits bucked the trend in March with a +109.9% growth rate, even if still with a comprehensively negative performance of -6.5%. In April, woven fabrics and knits accelerated the uptrend registered in April 2020 (a period, however, characterized by the lockdown of production activities): +189.4% the first, and +723.9% the second. If compared to April 2019, woven fabrics dropped -21.7%, while knits were instead up +24.8%.

As for exports, in the January-March 2021 period (the most recent data available), exports of textiles were down by -21.6%, while imports dropped by -8.7%.

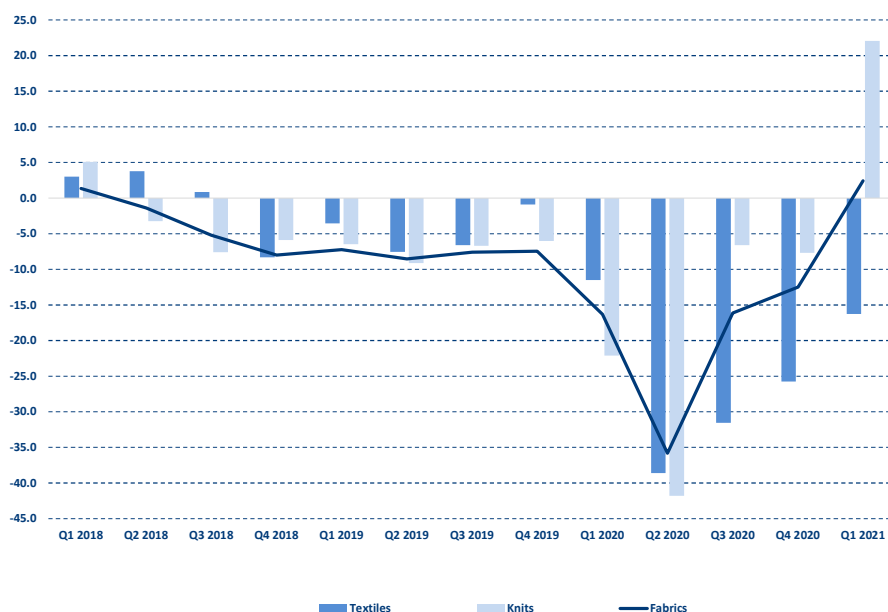
Based on the results described above, in the January-March 2021 time span the sector's trade balance remained positive at euro 241.9 million, in any case down by approximately euro 124 million compared to the surplus registered in the corresponding period in 2020.

In the first quarter of 2021, the ISTAT index of industrial production for woven fabrics decreased by -16.3% on a year-on-year basis, but rose by +22.0% for knits

In April, the ISTAT index for industrial production recorded a mini-boom compared to April 2020 (the month of lockdown); compared to April 2019, woven fabrics were down -21.7%, while knits were up +24.8%.

From January to March 2021, exports dropped by -21.6% and imports by -8.7%

**Fig. 3 - Textiles: ISTAT index of industrial production (adjusted for calendar effects, base year 2015=100), Q1 2018 – Q1 2021**  
(% trend variation)



Fonte: Confindustria Moda su ISTAT (cod. ATECO 2007 CB13, CB132, CB1391)

As might be expected, however, the average figures for the textile industry show an overall negative performance with different levels of intensity in terms of individual product categories considered in this analysis, namely knits and woven fabrics with a percentage of natural fibers above 50% (see Fig. 2 Note 1). Exports of woolen fabrics recorded the greatest reduction (-49.3%) in the first three months of the year; more specifically, worsted fabrics were down -30.5%, while combed fabrics fell -56.7%. In terms of volume, exports of woolen fabrics fell by -43.4% (-28.8% for worsted fabrics and -55.5% for combed fabrics). Exports of pure silk fabrics also recorded a marked decrease, on the order of -28.5%.

In the same period, exports of cotton and linen fabrics also decreased, but at a slower rate than woolen fabrics. Exports of cotton fabrics dropped by -12.3% (-0.9% in volume) and linen was down by -11.4% (-7.4% in volume). Finally, knits recorded the most satisfactory performance, with a -3.7% reduction across borders (+3.8% in terms of volume).

As for imports, knits bucked the trend with a +16.2% increase in the first three months of 2021, and even compared to the first three months of 2019, imports of knits are up +12.8%. Conversely, imports of woolen fabrics fell by -35.1%, with worsted wool down specifically -13.6%, and combed wool -39.4%. Imports of cotton and linen fabrics showed a negative performance with -15.2% and -24.9%, respectively. Imports of silk fabrics dropped by -45.1%.

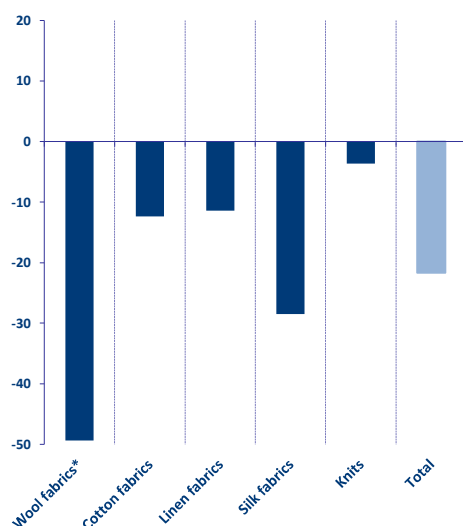
In the first quarter of 2021 all product categories considered in the analysis reported reductions in exports, albeit of lesser magnitude, including cotton, linen and, above all, knits (-3.7%)

Imports of knits bucked the trend, growing +16.2%

**Fig. 4 – Exports of Italian textiles<sup>(\*)</sup>**

(January-March 2021)

**4.1) The segments**  
(% trend variation)



**4.2) The markets**

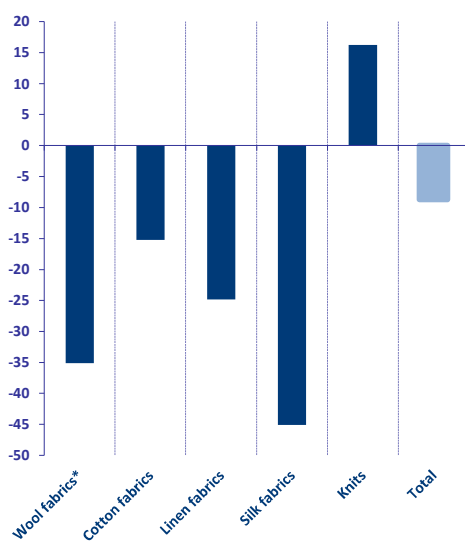
Country of destination	Euro mln	Var. %	% on total
<b>Total</b>	<b>558</b>	<b>-21.6</b>	<b>100.0</b>
<i>of which:</i>			
Intra EU-27 post-Brexit	285	-16.2	51.1
Extra EU-27 post-Brexit	273	-26.6	48.9
<b>The top 15 clients</b>			
France	54	-6.2	9.7
Germany	46	-35.9	8.2
Romania	36	-25.0	6.5
Spain	35	18.7	6.2
China	31	-13.8	5.6
United States of America	29	-26.8	5.2
Tunisia	27	-10.7	4.9
Bulgaria	21	4.0	3.8
Turkey	20	-22.4	3.6
Portugal	19	-32.8	3.4
Poland	18	-24.6	3.2
Sri Lanka	16	5.7	3.0
United Kingdom	15	-42.0	2.6
Hong Kong	14	-30.4	2.6
Japan	13	-47.8	2.3

Source: Confindustria Moda on ISTAT data; <sup>(\*)</sup> – See Note 1 of Fig 2

**Fig. 5 – Imports of Italian textiles<sup>(\*)</sup>**

(January-March 2021)

**5.1) The segments**  
(% trend variation)



**5.2) The markets**

Country of origin	Euro mln	Var. %	% on total
<b>Total</b>	<b>316</b>	<b>-8.7</b>	<b>100.0</b>
<i>of which:</i>			
Intra EU-27 post-Brexit	88	-11.3	28.0
Extra EU-27 post-Brexit	228	-7.7	72.0
<b>The top 15 suppliers</b>			
Turkey	89	35.2	28.2
China	67	-27.1	21.3
Pakistan	24	-20.3	7.6
Germany	17	-6.4	5.5
Czech Republic	12	-41.4	3.8
Hungary	10	-9.9	3.2
Spain	10	-10.3	3.0
France	7	4.7	2.2
Japan	6	-2.1	2.0
Egypt	6	-10.8	1.9
United Kingdom	6	-38.5	1.8
Malta	5	13.5	1.7
India	5	-29.6	1.5
Belgium	5	30.0	1.5
Romania	4	-53.2	1.4

Source: Confindustria Moda on ISTAT data; <sup>(\*)</sup> – See Note 1 of Fig 2

The analysis of exports from a geographic perspective reveals that in the January-March 2021 time span export sales decreased both in the EU and in the extra-EU regions; EU exports (representing 51.1% of total exports) dropped by -16.2%, while extra-EU exports were down -26.6%.

With reference to the main export markets (see Fig. 4.2), most of which are still characterized by reductions in purchases of Italian fabrics, positive signs of recovery seem to emerge from some countries. France limited the fall to -6.2%, while Germany was down -35.9%. Romania declines by -25.0%. Spain, which represents the fourth largest export market for Italy, is going against the tide with a +18.7% growth rate. This is evidence of a new dynamism that is pushing towards a return to the levels of January-March 2019 (-0.9%). As to extra-EU markets, exports of textiles to China were down -13.8%, Hong Kong reported -30.4% (taken together they would rank third, after France and Germany); far more marked is the drop registered in exports to the US, showing a -26.8% reduction. Considering the top 15 export markets for Italian textiles, Bulgaria and Sri Lanka are also reporting a performance against the general downturn, up +4.0% (but over -20% below the January-March 2019 figure) and +5.7% (for a total 50% higher than the figure reported in the same period of 2019), respectively.

In the January-March 2021 period, imports, also characterized by high reductions from a geographic perspective in the extra-EU area (72.0%), performed negatively in both macro-areas: EU was down -11.3%, while extra-EU reported -7.7%. Considering the analysis of the markets of origin of textiles imported to Italy, Turkey stands out in a generally bearish scenario. For the first time in years, China is no longer the first market: its -27.1% drop leaves it with a 21.3% incidence. Turkey now ranks first, up +35.2%, making for 28.2% of the imports of semi-finished products. Pakistan is the third largest import market, despite registering a significant reduction, equal to -20.3%. Imports from Germany were down by -6.4%, from the Czech Republic -41.4%, Hungary -9.9% and Spain -10.3%. Conversely, in the same period imports from France were up +4.7%.

Milan, July 6, 2021

#### Publication by Confindustria Moda

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From January to March 2021, exports of Made-in-Italy textiles in France limited the fall rate to - 6.2%, while Spain stood out from the pack, growing by +18.7% (-0.9% against the first quarter of 2019)

Exports to Bulgaria and Sri Lanka also showed a growth trend

Imports from China (21.3% of the total) were down -27.1% in the first three months of the year, and were surpassed by imports from Turkey up +35.2% (28.2% of the total)