ACCORDING TO CONFINDUSTRIA MODA'S RESEARCH CENTER ESTIMATES, MADE IN ITALY TEXTILES ARE EXPECTED TO CLOSE 2021 WITH TOTAL SALES AT JUST OVER EURO 5.8 BILLION (+9.6% ON A Y-O-Y BASIS), STILL BELOW PRE-PANDEMIC LEVELS. IN ADDITION, THE PERFORMANCE OF THE INDUSTRY IN THE SECOND HALF OF 2021 WAS SIGNIFICANTLY IMPACTED BY PRICE INCREASES AND DIFFICULTIES IN RAW AND SEMI-FINISHED MATERIALS PROCUREMENT, AS WELL AS THE SURGE IN ENERGY PRICES. DESPITE THIS, THE TEXTILE TRADE BALANCE RECORDED A SURPLUS OF EURO 1,740 MILLION. CHINA-HONG KONG, WITH A TOTAL OF APPROXIMATELY EURO 244 MILLION IN EXPORTS, CONFIRMS ITS STANDING AS THE FIRST EXPORT MARKET FOR ITALY, FOLLOWED BY FRANCE.

The pre-balance for 2021

In 2021, textiles are expected to post growth of +9.6%

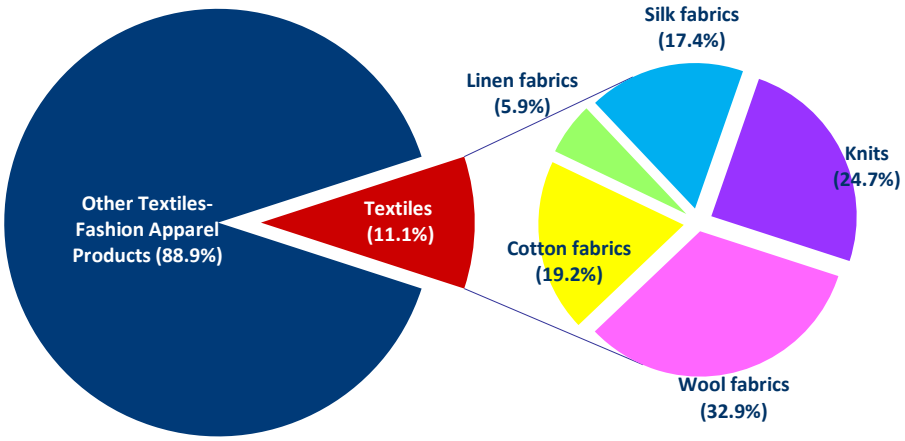
According to the preliminary estimates based on the economic scenario of reference and internal sample surveys published by Confindustria Moda's Research Center, in 2021 the overall performance of Made-in-Italy textiles (including wool, cotton, linen, silk and knits) showed a comprehensively positive trend, albeit slow and complex. In fact, most segments reflected the aftermath of the pandemic for most of the year. In the second half of 2021, in addition to market uncertainties, there were also price increases and difficulties in raw and semi-finished materials procurement, along with a surge in energy prices. All these factors affected business operations and many of the segments considered in this analysis. Conversely, only knits, and to a lesser extent linen, recorded a real rebound. That said, Made in Italy textiles are expected to close 2021 with a positive sign of +9.6%, at just over Euro 5.8 billion. This represents only a partial recovery compared to the pre-pandemic period, as total sales were down -23.0% vs 2019.

Table 1 – Made-in-Italy textiles [(1)] (2015-2021[2])
(Millions of current Euros)

	2015	2016	2017	2018	2019	2020	2021[(2)]
Sales	7 910	7 839	7 882	7 947	7 555	5 307	5 818
Var. %		*-0,9*	*0,5*	*0,8*	*-4,9*	*-29,7*	*9,6*
Production value	6 079	6 079	6 079	6 079	6 079	6 079	6 079
Var. %		*-1,1*	*-1,1*	*0,2*	*0,3*	*-5,5*	*-18,6*
Exports	4 337	4 294	4 322	4 305	4 121	3 009	3 345
Var. %		*-1,0*	*-1,0*	*0,6*	*-0,4*	*-4,3*	*-25,8*
Imports	2 042	2 000	2 003	1 889	1 868	1 401	1 607
Var. %		*-2,1*	*-2,1*	*0,1*	*-5,7*	*-1,1*	*-25,4*
Trade balance	2 295	2 294	2 319	2 416	2 253	1 609	1 738
Apparent consumption	3 785	3 716	3 706	3 625	3 457	2 440	2 677
Var. %		*-1,8*	*-0,3*	*-2,2*	*-4,6*	*-29,4*	*-22,6*
Structural indicators (%)							
Exports/Sales	54,8	54,8	54,8	54,2	54,5	56,7	57,5
Imports/Apparent consumption	54,0	53,8	54,0	52,1	54,0	57,4	60,0

Source: Confindustria Moda on ISTAT data and internal surveys
(1) Silk, wool, cotton, linen and knits (2) Estimates

Fig. 1 – The role of textiles in the Italian Textiles-Apparel supply chain (2021)[(1)]
(% on sales)



Source: Confindustria Moda
(1) Estimates

Textiles account for 11.1% of total sales generated by the Textiles-Fashion Apparel supply chain, slightly down on a Y-o-Y basis (see Fig. 1).

All the segments considered in this analysis have been affected by a change of pace, but the intensity and timing of the recovery differed enormously from segment to segment and also from company to company. The greatest difficulties were recorded by wool and silk. Conversely, knits and linen performed well and expectations are for these segments to exceed 2019 levels.

The recovery differed from segment to segment

The producer price index measured by ISTAT (taking into account the monthly price fluctuations in the first stage of marketing of the goods produced by Italian manufacturers) also showed a better performance for knits, recording +2.4% in the January-November 2021 period compared to the same time span in 2020, while woven fabrics stopped at +0.2%.

Production value (whose projections the Confindustria Moda's Research Center calculates separately, considering the value of total sales net of the contribution deriving from the sale of imported products) is characterized by a positive trend that allows the industry to predict a +9.0% variation over 2020.

Production value is growing by +9.0% over 2020

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. The Economic Survey carried out by Confindustria Moda on a panel of SMI member companies showed that wool mills recorded a decrease in the number of employees. In the January-March period, the reduction was estimated at -8.9%, followed by other reductions of slightly over -10.0% in both the second and third quarters.

In 2021, the performance of trade "from" and "to" Italy showed a reversal of the trend against the heavily negative results recorded in 2020. Exports are expected to post a performance equal to +11.2% over the twelve months, and imports +14.7%. Total exports are projected to reach nearly Euro 3,350 million (up approximately Euro 340 million vs 2020), while imports would total around Euro 1,600 million.

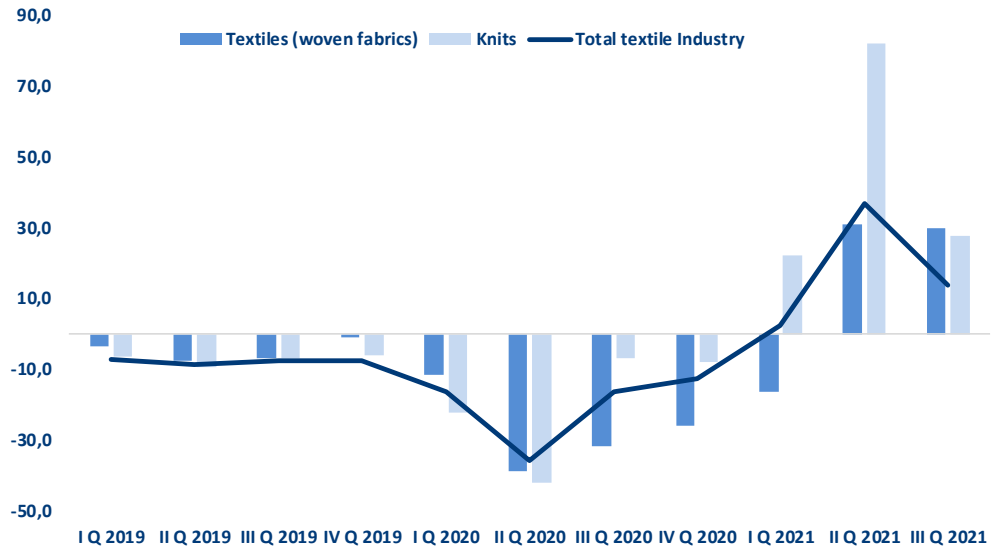
Exports are projected to rise by +11.2% on a y-o-y basis, imports by +14.7%

Given the aforementioned trade performance, the trade surplus for the industry would increase by almost Euro 130 million over 2020, totaling Euro 1,740 million. The surplus in textiles would account for approximately 13.5% of the total sales generated by the Textiles/Apparel segment.

The trade balance of textiles is expected to total Euro 1.7 billion

The domestic market (estimated by the "apparent consumption" projections), often represented by luxury brands, again showed a positive performance, in the order of +9.7% compared to the previous twelve months.

Fig. 2 – Textiles: ISTAT index of industrial production (adjusted for calendar effects, base year 2010=100), QI 2019 – Q III 2021
(% trend variation)



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

According to ISTAT data on industrial manufacturing (see Figure 2), woven fabrics started 2021 still with a negative sign equal to -16.3% compared to the first quarter of 2020. In the second quarter a reversal of the trend was observed, with a +31.0% variation. The positive performance continued over the third quarter at +29.9%. However, when compared to the corresponding 2019 values, the overall performance of Made in Italy textiles was down -19.6% in the April-June period and -11.1% in the July-September time span.

As for knits, the change of pace was already recorded in the January-March 2021 period, when the ISTAT manufacturing index recorded a +22.0% increase, followed by a +81.8% surge in the second quarter (compared against the period including the closures resulting from the first lockdown in 2020). In the July-September period, knits posted further growth at +27.9%. As mentioned above, while the manufacturing of woven fabrics remained comprehensively lower than 2019 results, knits posted -4.9% in the January-March period, and +5.8% and +19.4% in the two subsequent quarters, namely April-June and July-September, over the comparative periods in 2019.

Considering the entire nine-month period, textile manufacturing recorded +10.5% for woven fabrics and +40.5% for knits. The comparison with the January-September 2019 period – as already mentioned for each quarter – reveals a -19.3% gap for woven fabrics and a positive variation equal to +5.5% for knits.

To complete the picture, the most recent data available, reflecting the October-November period, show a continuation of the positive trend for the segments included in this analysis compared to 2020.

From January to September 2021, the ISTAT manufacturing index regarding woven fabrics recorded a +10.5% increase, while knits showed out at +40.5%

2. Imports and exports in the first ten months of 2021

The analysis on imports and exports of knits and woven fabrics with a percentage of natural fibers above 50% (see Figure 3 Note 1) reveals that in the January-October 2021 period exports – after the -28.5% reduction recorded in the first 10 months of 2020 – grew by +13.3%.

From January to October 2021, exports grew by 13.3%....

Therefore, exports totaled slightly over Euro 2,339 million, re-gaining approximately Euro 274 million of the over Euro 800 million lost during the previous year. The comparative analysis with 2019 shows that exports of Italian textiles show a -19.0% gap, equal to Euro 550 million in absolute terms. In the January-October 2021 time span, the volume of exports was up +17.5% (limiting the difference with the pre-Covid quantity levels to -1.7%).

Concurrently, imports also recorded a positive trend of +19.6% in value and +22.0% in volume.

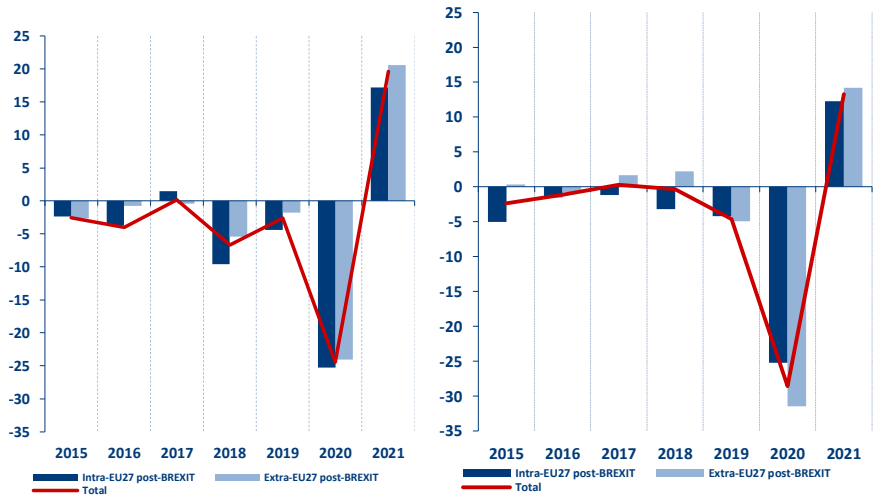
... imports by 19.6%

Exports broken down by geographic macro areas – as indicated in Fig. 3 – recorded a recovery in the intra-EU and extra-EU countries. The first grew by +12.3%, with a 48.4% incidence on the total and the second (covering the remaining 51.6%) were up +14.2%. The two macro areas also posted a positive performance in the case of imports: the EU was up 17.2%, while extra-EU, accounting for over 71.3% of imported fabrics, increased by +20.6%.

Fig. 3 – Imports and exports of textiles: analysis by geographic macro area [(1)]
(January-October 2015-2021)

3.1) Imports
(% trend variation)

3.2) Exports
(% trend variation)



[(1)] The products analyzed here represent a sub-group (including only woven fabrics with at least 50% natural fiber) of those used to calculate 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

In addition to the averages for the macro-area, it is extremely interesting to analyze the performance of the individual countries that are the main commercial partners of the Italian textile companies (see Table 2). In January-October 2021, France was the first export market, with a +15.3% increase, accounting for 8.3% of total exports. Germany ranked second, reflecting a -6.5% drop in sales. China rose to the third position with +37.6% in the period in question, accounting for 7.1%, not far behind Germany. Hong Kong ranks eleventh despite a +29.6% growth rate, and the combined China-Hong Kong region, accounting for approximately Euro 244 million in terms of exports of fabrics, would be the biggest export market, ahead of France.

Exports to France were up +15.3%, but China was the best performer with a 37.6% growth rate

Exports to Romania showed a timid growth rate at 2.0%. Insofar as the Iberian Peninsula, direct sales to Spain and Portugal registered an increase of 42.8% and 22.2%, respectively. The top export market analysis also revealed that exports to Tunisia and Turkey grew by +8.9% and +14.2%, respectively. Outside Europe, the USA was up +36.7%.

In addition to the 2020 comparative performance data of the main markets for Italian textiles, the comparison with pre-pandemic levels is also interesting. In fact, even if some of the above-mentioned markets managed to regain ground from the slide caused by the pandemic, many have not yet fully closed the gap.

More specifically, if we limit the analysis to the top ten markets, only Spain showed an increase of +15.0% over the January-October 2019 period. China recorded a negative performance, limiting the reduction to -7.0%. Similarly, France posted a -10.0% drop.

Exports to the USA were -18.0% lower than pre-pandemic levels. There is greater concern about the other markets showing reductions in the order of -28.5% (Hong Kong) and -20.8% (Tunisia, Turkey and Bulgaria, albeit with different absolute values).

Moving on to the analysis of imports, characterized by a high concentration in the extra-EU countries from a geographic standpoint (71.3%), Turkey and China remained the top two suppliers. With an incidence of 25.8% on total imports, Turkey grew by +41.8% in the January-October 2021 period, while China, after more than a decade, fell to the second position at 22.0%, with a +9.5% increase.

Turkey and China confirmed their status as the main suppliers, with a 25.8% and 22.0% incidence, respectively, on the total

With reference to the other minor partners, all with values equal to or lower than 8.0%, performances are mainly positive. Imports from Pakistan rose by +12.6%, Germany +20.1%, Hungary +16.2%, and Spain +28.0%. The Czech Republic instead showed a reduction equal to -25.6%.

Table 2 – Imports and exports of textiles: analysis by country [(1)]
(January-October 2021)

2.1) Imports

Supply countries	Euro mln	% Var.	% on total
Total	**1 145**	***19,6***	***100,0***
of which:			
Intra EU27 post Brexit	*329*	*17,2*	*28,7*
Extra EU27 post Brexit	*816*	*20,6*	*71,3*
The top 15 suppliers			
Turkey	295	*41,8*	*25,8*
China	252	*9,5*	*22,0*
Pakistan	91	*12,6*	*8,0*
Germany	62	*20,1*	*5,4*
Czech Republic	45	*-25,6*	*3,9*
Hungary	34	*16,2*	*3,0*
Spain	34	*28,0*	*2,9*
France	26	*22,4*	*2,3*
Japan	24	*29,5*	*2,1*
United Kingdom	23	*-12,2*	*2,0*
Egypt	21	*28,8*	*1,9*
Uzbekistan	21	*296,9*	*1,8*
The Netherlands	18	*210,2*	*1,6*
India	18	*11,3*	*1,5*
Romania	17	*-28,2*	*1,5*

2.2) Exports

Destination countries	Euro mln	% Var.	% on total
Total	**2 339**	***13,3***	***100,0***
of which:			
Intra EU27 post Brexit	*1 131*	*12,3*	*48,4*
Extra EU27 post Brexit	*1 207*	*14,2*	*51,6*
The top 15 customers			
France	193	*15,3*	*8,3*
Germany	176	*-6,5*	*7,5*
China	166	*37,6*	*7,1*
Romania	155	*2,0*	*6,6*
Spain	149	*42,8*	*6,4*
United States	108	*36,7*	*4,6*
Tunisia	101	*8,9*	*4,3*
Portugal	94	*22,2*	*4,0*
Turkey	91	*14,2*	*3,9*
Bulgaria	89	*17,5*	*3,8*
Hong Kong	77	*29,6*	*3,3*
Poland	71	*16,0*	*3,0*
South Korea	63	*2,7*	*2,7*
United Kingdom	58	*-6,2*	*2,5*
Morocco	54	*3,9*	*2,3*

[(1)] See Fig.3 Note 1
Source: Confindustria Moda on ISTAT

In addition to market performance, it is possible to analyze data broken down by type of fabric: in the January-October 2021 period, cotton exports were up +19.3%, and linen +30.0%. Knits rose by +24.7%. Conversely, pure silk exports (+4.7%) and carded wool fabrics (+2.2%) posted weaker performances. Exports of worsted wool recorded another -7.9% reduction in the first ten months of 2021.

In term of exports, best performer linen (+30,0%) and knits (+24,7%); reduction for worsted wool (-7,9%)

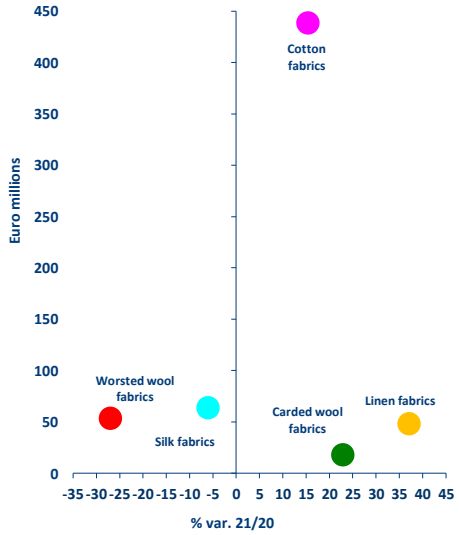
The comparison with the levels of the first ten months of 2019 shows that only knits grew by +5.0%. Exports of linen limited the drop to -2.5%, while the other types of fabrics

recorded much greater reductions: exports of cotton -14.8%, carded and worsted wool -24.2% and -47.6%, respectively, and, last but not least, pure silk -32.5%.

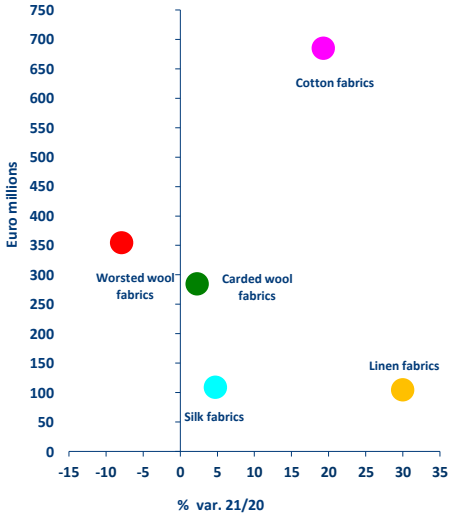
With reference to imports, from January to October 2021, knits grew by +35.6%; cotton recorded a +15.3% increase, and linen was up +37.0%. As for wool, imports of carded wool rose by 22.8%, while worsted wool dropped by 27.0%. Finally, pure silk was down -6.1%.

Fig. 4 – Imports and exports of textiles: analysis by segment [(1)]
(January-October 2021)

4.1) Imports
(Euro millions; % trend variation)



4.2) Exports
(Euro millions; % trend variation)



(1) See. Fig.3 Note 1
Source: Confindustria Moda on ISTAT

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