

**SPRINT START FOR ITALIAN TEXTILES IN Q1 2022, DESPITE RAW MATERIAL PRICE INCREASES SINCE 2021 AND SOARING ENERGY COSTS ALONG WITH INFLATION CAUSED BY THE WAR AGAINST UKRAINE. ACCORDING TO ISTAT INDUSTRIAL PRODUCTION INDEX, WOVEN FABRICS WERE UP +34.3%, EXPORTS RECORDED A DOUBLE-DIGIT GROWTH RATE (+46.2%), DRIVEN BY WOOL FABRICS (CARDED AND WORSTED (+85.1%)), CHINA AND HONG-KONG RANKED THIRD AS EXPORT MARKETS AFTER FRANCE AND GERMANY, BUT WOULD SURPRISINGLY COME AFTER THE IBERIAN PENSINSULA IF SPAIN AND PORTUGAL ARE CONSIDERED AS AN AGGREGATE VALUE. THE TRADE BALANCE AMOUNTED TO EURO 292.3 MILLION, UP EURO 50.4 MILLION.**

### 1. The balance for 2021

The Italian textile-apparel industry was one of the hardest hit sectors by the Covid-19 pandemic, but also one of the first to recover. In this context, Made-in-Italy textiles (including wool, cotton, linen, silk and knits), after being hit hard in 2020 (-29.7%), turned things around in 2021, targeting an annual growth rate of +15.2%. Overall sales slightly exceeded euro 6.1 billion, with a euro 808 million positive difference against 2020. The cautious projections made by the Confindustria Moda Research Center last February on the occasion of the past edition of Milano Unica, when the expected

In 2021, textiles reversed the trend targeting a +15.2% growth rate at euro 6.1 billion

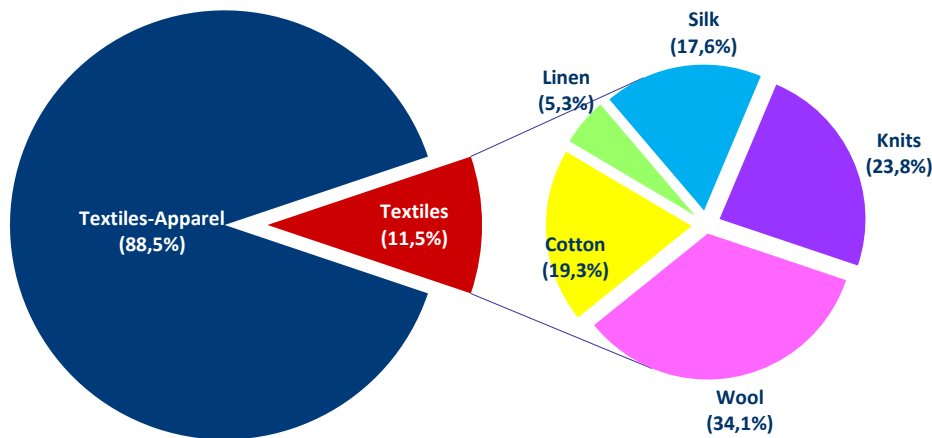
**Table 1 – Made-in-Italy textiles (2015-2021)<sup>(1)</sup>**  
(Millions of current Euros)

	2015	2016	2017	2018	2019	2020	2021
<b>Sales</b>	7 910	7 839	7 882	7 947	7 555	5 307	6 115
% Var.		-0,9	0,5	0,8	-4,9	-29,7	15,2
<b>Value of production</b>	6 079	6 011	6 025	6 041	5 711	4 049	4 688
% Var.		-1,1	0,2	0,3	-5,5	-29,1	15,8
<b>Exports</b>	4 337	4 294	4 322	4 305	4 121	3 009	3 474
% Var.		-1,0	0,6	-0,4	-4,3	-27,0	15,4
<b>Imports</b>	2 042	2 000	2 003	1 889	1 868	1 401	1 705
% Var.		-2,1	0,1	-5,7	-1,1	-25,0	21,8
<b>Trade balance</b>	2 295	2 294	2 319	2 416	2 253	1 609	1 768
<b>Apparent consumption</b>	3 785	3 716	3 706	3 625	3 457	2 440	2 919
% Var.		-1,8	-0,3	-2,2	-4,6	-29,4	19,6
<b>Structural indicators (%)</b>							
Exports/Sales	54,8	54,8	54,8	54,2	54,5	56,7	56,8
Imports/Apparent consumption	54,0	53,8	54,0	52,1	54,0	57,4	58,4

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-Fashion supply chain (2021)**  
(% on sales)



Source: Confindustria Moda

recovery was projected at approximately +10.0%, were decidedly exceeded. However, despite the good results reached in 2021, textiles showed a -19.1% gap against the balance of 2019, corresponding to euro -1.4 billion in absolute value.

Textiles account for a considerable share of the Italian textiles-apparel supply chain, with 11.5% in terms of total sales (see Fig.1); the weight increases to 34.6% if we consider only the upstream side of the supply chain (35.5% in 2020).

The most important segment remains wool, with 34.1% of total sales, followed by knits at 23.8%, silk at 17.6% and cotton at 19.3%. Last but not least, linen stands at 5.3%. On a year-on-year basis, knits, cotton and linen all showed an uptrend.

In 2020, all segments recorded a negative performance and in 2021 all experienced a recovery, albeit of varying proportions.

Wool bounced back from the -38.6% fall in 2020 with a +7.7% recovery. Cotton, which was down -28.0% in 2020, grew considerably, by +20.7% on an annual basis. Similarly, silk (scarves excluded), after a -27.7% drop in 2020, posted a limited growth rate at +7.3% in 2021. The most remarkable growth rates refer to the segments that had fallen the least in 2021: linen, down -19.7%, increased by +26.1%, knits, down -15.2%, were up +27.9%.

In 2021, production value (whose projections the Confindustria Moda Research Center calculates separately, considering the value of total sales net of the portion deriving from the sale of imported products) showed a positive performance, essentially in line with sales and corresponding to +15.8%.

In 2021, Italian textiles accounted for 11.5% of total sales of the apparel-fashion supply chain

All segments of textiles bounced back to recovery

The value of production was up +15.8%

After five years of reductions bottomed out with -29.4% in 2020, the domestic market (estimated by the "apparent consumption" projections) recorded a positive performance again, up +19.6%. However, this growth rate is not enough to bring the value back to 2019 levels. In any case, it should be noted that the domestic market for all segments recorded positive trends.

In 2021, the performance of trade "from" and "to" Italy showed exports making a comeback with a +15.4% after a 2020 reduction of close to -30.0%, with total sales at approximately euro 3.5 billion. As a result, exports gained euro 465 million against 2020, even if the result is still below the value recorded in 2019 by -15.7% (euro 647 million less in absolute value). Concurrently, imports grew +21.8% (+euro 305 million in absolute value), topping euro 1.7 billion. Compared to 2019 results, however, imports were still down -8.7%, corresponding to euro 163 million.

The trade surplus for the industry amounted to euro 1,768 million, up euro 160 million against the previous year, yet still far short of the trade surplus recorded in 2019. It should be noted that the trade balance of textiles accounts for 16.5% of the entire textiles-apparel industry (slightly over euro 10.7 billion) and 34.6% if limited only to the macro-area of textiles.

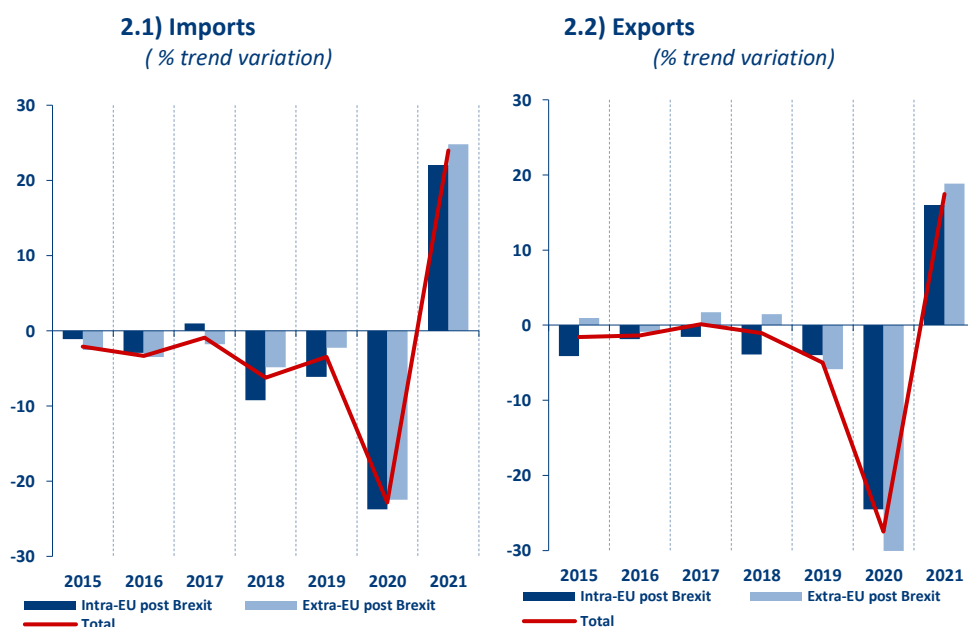
Apparent consumption is expected to recover +19.6%.

In 2021, exports were up again by +15.4% on a y-o-y basis ...

... imports rose by +21.8%.

The trade surplus for the industry exceeded euro 1,760 million, accounting for 16.5% of T-A surplus

**Fig. 2 – Imports and exports of textiles: analysis by geographic macro-area <sup>(1)</sup>**  
(January-December 2015-2021)



<sup>(1)</sup> 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 2021, exports broken down by geographic macro areas – as indicated in Fig. 2 – recorded a positive trend for the EU (post-Brexit) and extra-EU countries after the negative performance generated as a consequence of the pandemic. Now, both exports and imports are growing. In particular, EU imports rose +22.0% on an annual basis, and exports were up +15.9%. Slightly different are the variations that concern the extra-EU markets: imports were up by +24.8%, even though exports towards third countries were up by +18.9% (it should be noted, as specified in the note at the bottom of Fig.2, that only fabrics with a percentage of natural fiber above 50% are considered, excluding blends or man-made fibers. This may be the reason for discrepancies between these and the values reported in Fig. 1).

To complete the analysis, despite the recovery in demand both at the domestic and international level, in 2021 there were reductions in the workforce employed in the textile industry. The textiles-apparel industry as a whole recorded a -2.1% fall in employment, while the textiles sector alone posted -5.2% (ATECO Code 13.2 – Source: Chamber of Commerce of Milan). Based on the data published by the aforementioned source, companies recorded a total reduction in the workforce equal to -4.6%.

## 2. Made-in-Italy textiles in the first half of 2022

For Italian textiles 2021 started all uphill, while 2022 seems to be very favorable for the industry.

First of all, if we consider the trend of the ISTAT index of industrial production (adjusted for calendar effects), woven fabrics registered a trend increase of +34.3%, a considerable difference versus the -16.3% recorded at the end of Q1 2021. However, the difference is in line with the values recorded in the previous three quarters, i.e., from April to December 2021 (up +33.3% on average). It should also be noted that in January-March 2022 manufacturing activity recorded a narrow gap of -0.5% compared to the first quarter of 2019.

Knits performed differently: in the first quarter of 2021, this segment was up by +22.0%, while at the end of the first quarter of this year, this segment proved still positive, but just barely, at +2.7%. This result is also affected by the reduction recorded in January (-3.6%), which was later recovered in February and March. Against the first quarter of 2019, the first three months of 2022 were down by -2.4%.

Based on the latest data available, at April 2022 both woven fabrics and knits recorded a growth rate in line with the first quarter. Woven fabrics were up +30.3% and knits +2.6%. The same-month comparative data vs 2019 shows woven fabrics finally exceeding by +7.3% the result recorded in 2019, and knits topping +28.1%.

Exports and imports broken down by geographic macro-areas performed well both to and from EU and extra-EU markets

2022 got off on the right foot: in Q1, the ISTAT industrial production index recorded a +34.3% increase in woven fabrics against the January-March 2021 time span...

... and +2.7% in knits

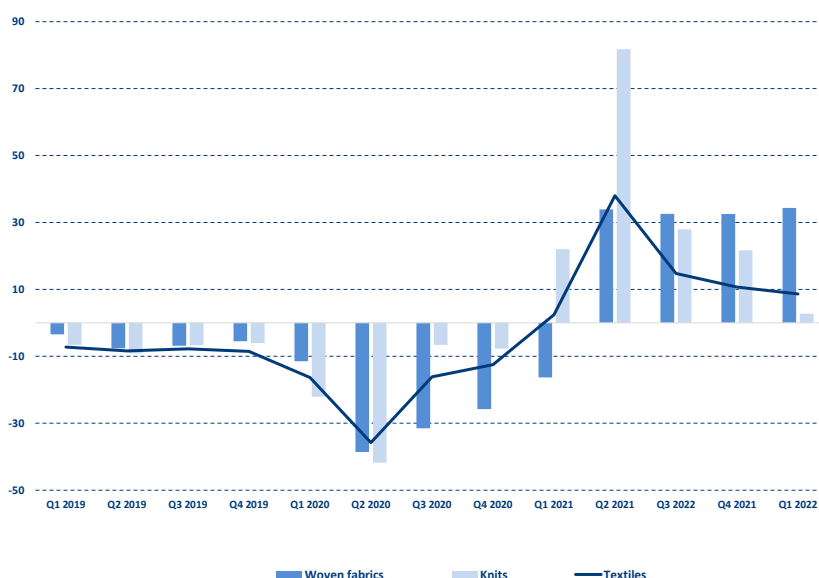
April, manufacturing activities were on a similar uptrend

The analysis of exports in the January-March 2022 period (latest data available to date) shows a double-digit growth rate equal to +46.2% (the same period in 2021 closed with a -21.6% reduction). Imports were up +65.7% (in Q1 2021 imports dropped -8.7%).

Considering the aforementioned results, in the January-March 2022 period, the trade balance accounted for euro 292.3 million, up approximately euro 50.4 million against the corresponding period in 2021.

That said, despite an increase in exports of +46.2% over the first quarter of 2021, the growth rate vs the January-March 2019 period is limited to +1.2% (i.e. euro +10 million); imports rose more considerably with an increase of +36.9% (euro +141.2 million).

**Fig. 3 - Textiles: ISTAT index of industrial production (adjusted for calendar effects, base year 2015=100), Q1 2019 – Q1 2022**  
(% trend variation)



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

As might be expected, however, the average values regarding the performance of textiles are all positive, but with varying intensity in the segments examined here: knits and natural fiber-dominated woven fabrics only (see Fig. 2 Note 1). Exports of wool fabrics (carded and worsted), which last year recorded a sharp decline, have in this quarter recorded a very brisk growth rate equal to +85.1%. Similarly, pure silk fabrics, whose recovery started later, also closed the January-March period with a +50.8% increase. Exports of cotton and linen fabrics were up +33.6% and +47.3%, respectively. Finally, exports to extra-EU countries rose by +36.2% in the quarter. Compared with pre-Covid Q1 2019 values, it is possible to say that exports of knits were +27.7% higher than pre-Covid results, and linen +18.5% higher. Conversely, despite the significant recovery, wool (i.e. worth nearly euro 54 million) remained -21.4% below the 2019 results, pure silk -4.8%, and cotton -1.5%.

In Q1 2022, exports of woven fabrics targeted +46.2% over the same period in 2021...

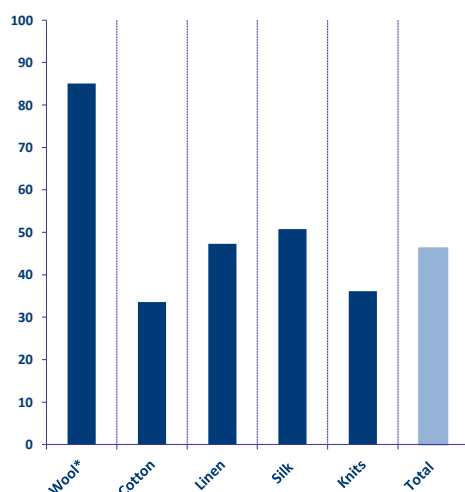
...but did not go over +1.2% recorded in the January-March 2019 period

Exports rose for all segments: wool +85.1%, silk +50.8%, +33.6% cotton, linen +47.3%, and knits +36.2%.

**Fig. 4 – Exports of Made-in-Italy textiles (\*)**

(January-March 2022)

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



**4.2) The export markets**

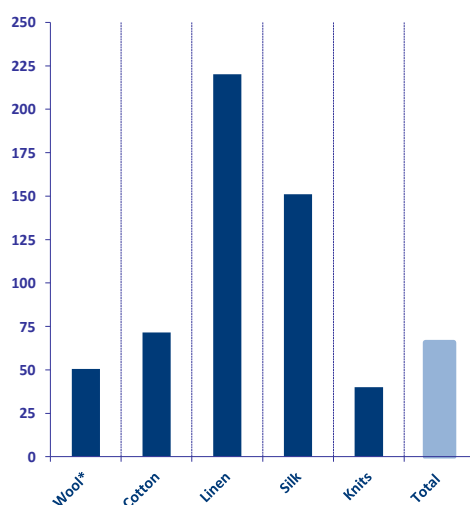
Destination countries	Euro mln	% Var.	% on total
<b>Total</b>	<b>816</b>	<b>46,2</b>	<b>100,0</b>
<i>of which:</i>			
Intra EU-27 post Brexit	404	41,7	49,5
Extra EU-27 post Brexit	412	50,9	50,5
<b>The top 15 customers</b>			
France	77	41,9	9,4
Germany	70	52,4	8,5
Rumania	50	38,8	6,2
United States	47	62,0	5,8
China	47	49,5	5,7
Tunisia	42	55,2	5,2
Spain	42	21,9	5,2
Turkey	35	70,7	4,3
Portugal	30	56,3	3,6
Bulgaria	29	36,9	3,6
Poland	25	38,0	3,0
United Kingdom	21	45,2	2,6
Hong Kong	21	48,1	2,6
Morocco	18	61,7	2,2
Vietnam	17	52,2	2,0

Source: Confindustria Moda in ISTAT; (\*) - See Note 1 Fig 2

**Fig. 5 – Imports of Made-in-Italy textiles (\*)**

(January-March 2022)

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



**5.2) The import markets**

Sourcing country	Euro mln	% Var.	% on total
<b>Total</b>	<b>524</b>	<b>65,7</b>	<b>100,0</b>
<i>of which:</i>			
Intra EU-27 post Brexit	142	60,2	27,1
Extra EU-27 post Brexit	382	67,8	72,9
<b>The top 15 suppliers</b>			
China	162	140,7	30,9
Turkey	110	23,0	20,9
Pakistan	38	59,1	7,3
Germany	30	75,5	5,8
Czech Republic	21	76,2	4,0
Spain	16	68,5	3,1
Hungary	10	2,2	2,0
Uzbekistan	10	161,2	1,9
Slovenia	10	334,5	1,8
France	10	37,1	1,8
Egypt	9	55,9	1,8
South Korea	9	149,3	1,7
India	9	93,7	1,7
Japan	8	21,6	1,5
Belgium	7	61,0	1,4

Source: Confindustria Moda in ISTAT; (\*) – See Note 1 Fig 2

Moving on to the analysis of imports, the picture is basically the same. All segments had a positive performance, but – similarly to exports – the growth rates fluctuated considerably from segment to segment. Wool fabrics were up +50.6%, and cotton +71.6%. Both linen and pure silk skyrocketed, with a three-digit growth rate equal to +220.2% and +151.1%, respectively. Imports of knits rose by +40.0%.

An analysis of exports from a geographic perspective shows that in the January-March 2022 time span exports recorded a satisfactory performance both in the EU and in the extra-EU markets; exports in the EU (equal to 49.5% of total exports) posted a +41.7% increase, and exports to extra-EU markets rose by +50.5%.

As to the export markets (see Fig. 4.2), it should be noted that all the first fifteen countries listed recorded a positive performance. France and Germany, the first and second ranking markets, grew by +41.9% and +52.4% respectively; Romania, in third, by +38.8%. The US are the first ranking extra-EU market, with a positive performance for exports equal to +62.0%.

China ranks fifth overall and second among the non-EU markets for exports of Made-in-Italy textiles, posting a +49.5% increase, while Hong Kong was up +48.1%. If considered as an aggregate value, exports to China and Hong Kong, equal to euro 67.8 million, would rank the twin markets third overall, after France and Germany.

Moving on with the analysis of the first 15 markets in terms of value of exports of Made-in-Italy textiles, Tunisia closed the first quarter with a +55.2% increase; exports to Spain and Portugal were up +21.9% and +56.3%, respectively. Overall, the Iberian peninsula made for over euro 71.8 million (weighing 8.8% on the total), below France but above Germany.

Turkey was up +70.7%. Lastly, the Eastern European countries, namely Bulgaria and Poland, recorded +36.9% and +38.0%, respectively.

Despite the positive performance of all the top 15 destinations, it is interesting to make a distinction between the markets that have reached or exceeded the level of the first quarter of 2019 and those that, instead, are still lagging behind. If we consider the macro-areas, the EU exceeded the values by +6.8%, and the non-EU stood at -3.8%.

In particular, France increased by +22.4% compared to the value of exports recorded in the first quarter of 2019; China was up +6.5% and Tunisia +12.7%, while Spain and Turkey showed similar performances at +20.9% and +19.6%, respectively. Conversely, despite the positive trends recorded in the first quarter of 2022, several markets presented sales of Made-in-Italy textiles still below pre-pandemic levels. Germany limited the reduction to -3.0%, the US -0.5%; Romania remains down by -11.4% and Portugal showed a similar rate of around -13.4%. The most important reductions concerned Hong Kong (-25.0%) (a decline only slightly offset by the growth rate of China), and Japan (-49.0%).

In the January-March 2022 period, imports were characterized by a high concentration from a geographical perspective in the extra-EU markets (72.9%) with a sustained increase on the

**In the January-March 2022 period, exports of Made-in-Italy textiles grew again in all the top 15 destination markets.**

order of +65.7%; imports from the EU markets closed at +60.2% and from extra-EU at +67.8%.

If we look at the import market trends, China is in the first position with a 30.9% share of total imports, corresponding to a total growth rate of +140.7% (an average rate that combines the different types of fabrics, excluding only worsted wool). Turkey is second again compared to the first quarter of 2021, with a consistent +23.0% increase securing 20.9% of imports of semi-finished textile products. More specifically, imports from both China and Turkey rose +50.0/+55.0% compared to the corresponding levels in the first quarter of 2019.

Pakistan ranks third with a +59.1% increase. And after last year's reductions, Germany (+75.5%), the Czech Republic (+76.2%), and Spain (+68.5%) are gaining ground again.

Despite the good results of the first quarter of 2022, Italian textile companies are still facing some critical challenges in relation to the rising costs of textile raw materials as well as increased energy costs, which obviously weigh on those production activities that employ industrial equipment such as looms. Therefore, the recovery in demand clashes with soaring costs, and this forces companies to overcome yet another obstacle to their economic sustainability in the short and medium term.

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**In Q1 2022,  
imports from China  
(30.9% of the total)  
skyrocketed  
+140.7%, Turkey  
ranks second with  
+20.9%.**