



SUMMARY OF THE ECONOMIC SURVEY 37TH EDITION OF MILANO UNICA

In the January-March 2023 time span, exports of fabrics recorded a double-digit increase (+13.8%) although well below the increase in the same period of 2022 (+46.2%).

In the period, exports offset both the performance of fabric manufacturing and imports trend. According to the ISTAT industrial producer price index, woven fabrics fell by -19.8% and knits were down by -11.5%, while imports dropped by -21.4%. As a result of the short-term diverging trend between imports and exports, the industry's trade balance topped euro 517 million, up approximately euro 225 million against the surplus recorded in the same period of 2022. Along with this positive trend, it should also be noted that the comparison between Q1 2023 and Q1 2019 results shows growth rates both for exports (+15.2%) and imports (+7.7%).

The positive performance of exports, visible across all product categories surveyed by the Confindustria Moda study center, was driven by carded and worsted woolen fabrics (+37.9%) and pure silk fabrics (+19.5%). France and Germany, representing the first and second largest export markets, rose +13.7% and +13.5%, respectively; China and Hong Kong, despite the latter's sharp decline, ranked third, while the United States recorded a -12.5% drop.

2022 had started off with very favorable indicators for Made-in-Italy textiles (including wool, cotton, linen, silk and knits) while 2023 presented lights and shadows. In the first 3 months of 2023, exports performed positively while both domestic production and imports were down. The slowdown was in many ways predictable given the previous, strong rebounds that followed the halts in production and international



trade caused by Covid-19 and, also, the subsequent geopolitical and economic tensions which resulted in soaring commodity costs and inflation.

Based on ISTAT surveys of industrial production (adjusted for calendar effects), woven fabrics fell by -19.8%, well off the +34.3% increase recorded at the end of the first quarter of 2022. The negative performance recorded in the last quarter of 2022 (-7.9%) was therefore confirmed. Knits followed a similar trend: in the first quarter of 2022, knits rose +2.7%, while in the first quarter of 2023 they dropped by -11.5%. In the January-March 2023 time span (the latest data available to date), exports showed a double-digit increase (+13.8%); imports, instead, decreased by -21.4% (in the first quarter of 2022 they soared +65.7%).

However, it should be noted that a comparison of the above figures with the values recorded in the first quarter of 2019 shows that both exports and imports were up by +15.2% and +7.7%, respectively.

As a result of the divergent performance of imports and exports in the January-March 2023 period, the industry's trade balance topped Euro 517 million, up approximately Euro 225 million compared to the surplus in the corresponding period of 2022.

On average, the performance of exports was comprehensively positive with, however, different rates in terms of individual categories. Exports of woolen fabrics (carded and worsted) recorded significant growth (+37.9%); pure silk fabrics followed with +19.5%. Exports of linen fabrics and knits showed +14% and +7.1%, respectively. Finally, overseas exports of cotton fabrics grew to a lesser extent, by +0.6%.

A comparison with pre-Covid Q1 2019 figures reveals that exports were higher in all categories except for cotton fabrics, which remained below -0.7%. Linen and woolen fabrics exceeded pre-Covid values by +35.0% and +36.7%, respectively. Silk fabrics recorded +13.8% and knits +8.5%.

The analysis of imports shows a negative performance of all categories except for wool, which was up sharply (+51.0%). Silk fabrics fell considerably, by -36.1%, and linen by -32.6%. Imports of knits and cotton fabrics were down by -27.2% and -21.0%, respectively. As for exports, the comparison with pre-Covid Q1 2019 values reveals that imports were higher for all categories except for silk, still down by -31.1%. Linen was instead up +26.3%, knits and wool rose +18.6% and +14.9%, respectively. Lastly, cotton fabrics grew by +6.3%.

From a geographic standpoint, in the January-March 2023 time span, exports of Made-in-Italy textiles performed positively both in the EU and extra-EU markets. Exports to EU countries (accounting for 49.0% of total exports) rose +12.7%, while exports to extra-EU countries were up by +14.9%.

An analysis of the performance of the individual export markets shows that France



and Germany, the first and second markets, grew by +13.7% and +13.5%, respectively, making for 9.4% and 8.5% in total sales. In third place, with a +14.3% increase, is Romania, while Tunisia (+33.5%) and Turkey (+52.5%) recorded substantial upswings. As to China, the sixth export market, exports of Made-in-Italy textiles showed a positive variation of +7.3% while Hong Kong slipped to the nineteenth position with a -19.3% reduction. However, if taken together, exports to China and Hong Kong, amounting to Euro 67.2 million, would rank third after France and Germany.

Considering the list of the top 15 export markets by value for Made-in-Italy fabrics, Portugal, in the eighth position, recorded a +45.2% increase, followed by Spain, which, however, showed a -1.2% decrease. As a whole, the Iberian countries made for nearly Euro 85 million (accounting for 9.1% of the total), which is only Euro 3 million less than France, which leads the ranking. Probably, this data was influenced by reshoring decisions. Worth noting is the growth rate of Japan (+51.6%). The United States, conversely, recorded a -12.5% decline, totaling Euro 41 million (4.4% of the total).

As to the analysis of imports to Italy, China, despite a -45.1% plunge, maintained the first position with a 21.6% share of total imports. Turkey came in second with a -37.3% drop and a 16.7% share of semi-finished textiles. Germany followed with a +16.2% increase, overtaking Pakistan, down -9.8%.

THE INDUSTRY BALANCE FOR 2022

In 2022, Made-in-Italy textiles recorded a year-on-year growth of +29.6%. Overall sales had risen to Euro 7.9 billion, with an overall gain in absolute terms of Euro 1.8 billion vs 2021. The positive estimates made by the Confindustria Moda Research Center at the previous edition of Milano Unica last February, projecting a +32.4% recovery, were thus confirmed, albeit with a slight reduction in the pace of growth. This performance resulted in the sector's performance exceeding pre-Covid levels, with an increase of Euro 367 million in absolute value over 2019 sales.

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**

Data processed by Confindustria Moda's Research Center