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REGIONE AUTÒNOMA DE SARDIGNA
REGIONE AUTONOMA DELLA SARDEGNA

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STUDY OF ITALIAN TRADITIONAL SECTORS

WP3 Design a value-driven traditional sectors cross-border framework

OUTPUT3.1: Framework for development of local and transnational value chains to ignite matchmaking

Prepared by:

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Introduction

- Med territories in Italy.
- Aims of study.

Traditional sector's structure

- General overview
- Turnover
- The role of textile sector in Italy
- Value Chain
- Effects of COVID-19
- Consumption and distribution

Themes in focus

- External trade

Introduction

Introduction and credits

Med territories

Aims of this study

Analyze the performance of the fashion sector, one of the most important Made in Italy sectors, through a series of economic data and indicators.

Traditional sectors’ structure

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Traditional sector's structure

Italian Fashion at a glance (2019)

Turnover: 100 billion Euro
No. Companies: 200.000
No. Employees: 800.000
11% of the total IT export

Traditional sector's structure

Turnover of the Italian Textile-Fashion Industry 2013-2019

According to the sectoral report prepared by the Confindustria Moda Study Center, the Italian Textile-Fashion industry closes 2019 with a turnover up by + 1.8% compared to the figure recorded in 2018. The sectoral turnover therefore reaches 55,946 million. euros, earning just over 970 million over the previous year.

Sector performance was affected by the discreet tone experienced by exports, while the domestic market, as indicated by the consumption estimate, is falling back not marginally.

With regard to employment, there was a decline at a worse pace than in 2018: the total number of employees returned to below 394,000 units. Companies still continue to decline by -1.9%.

Traditional sector's structure

Tab. 1 - Turnover of the Italian Textile-Fashion Industry 2013-2019 (Million Euro)

	2013	2014	2015	2016	2017	2018	2019
Turnover	50.726	52.065	52.398	52.486	54.069	54.972	55.946
Change %		*2,6*	*0,6*	*0,9*	*2,3*	*1,7*	*1,8*
Production Value	35.438	35.134	34.500	34.528	35.142	35.008	34.501
Change %		*-0,9*	*-1,8*	*0,1*	*1,8*	*-0,4*	*-1,4*
Exports	27.414	28.467	29.056	29.555	30.595	31.458	32.753
Change %		*3,8*	*2,1*	*1,7*	*3,5*	*2,8*	*4,1*
Imports	17.868	19.299	20.344	20.617	21.007	21.694	22.211
Change %		*8,0*	*5,4*	*1,3*	*1,9*	*3,3*	*2,4*
Trade balance	9.545	9.168	8.712	8.938	9.587	9.764	10.542
Change %		*-3,9*	*-5,0*	*2,6*	*7,3*	*1,8*	*8,0*
Consumption	25.893	25.965	25.788	25.590	25.555	25.243	23.959
Change %		*0,3*	*-0,7*	*-0,8*	*-0,1*	*-1,2*	*-5,1*
Companies (no.)	48.589	47.619	47.079	46.608	46.073	45.558	44.688
Change %		*-2,0*	*-1,1*	*-1,0*	*-1,1*	*-1,1*	*-1,9*
Employees (thousands)	412,3	406,4	402,9	399,6	400,1	398,1	393,7
Change %		*-1,4*	*-0,9*	*-0,8*	*0,1*	*-0,5*	*-1,1*
Structural Indicators (%)							
Export / Turnover	54,0	54,7	55,5	55,9	56,6	57,2	58,5
Propensity to import (on Turnover)	43,4	45,0	46,6	47,0	47,2	48,0	48,9

Traditional sector's structure

The role of textile-fashion in the Italian industry

If we compare the textile-fashion industry with the Italian manufacturing complex, also for 2019 we find confirmation of the key role played by the country's economy. In 2019, textiles-fashion contributed to 9.4% of the added value produced by the national manufacturing industry and 12.5% of the relative employment. Furthermore, the incidence of foreign sales of textiles-fashion on total manufacturing exports is equal to 7.2%.

Tab. 2 - Weight on the manufacturing 2019

	Incidence %
Added value	9,4
Employment	12,5
Exports	7,2
Commercial balance	10,1

Shifting the focus to the European level, the fashion textile industry, according to Euratex estimates, in 2019 generated a turnover of approximately 161.6 billion Euro, showing a slight decrease on an annual basis (-1.8%). 28% of the companies operating in the sector are located in our country, capable of generating 34.6% of the total turnover.

Traditional sector's structure

The role of Italy in the European Textile-Fashion Industry (2019)

Fig. 1 - Turnover (% on the total)

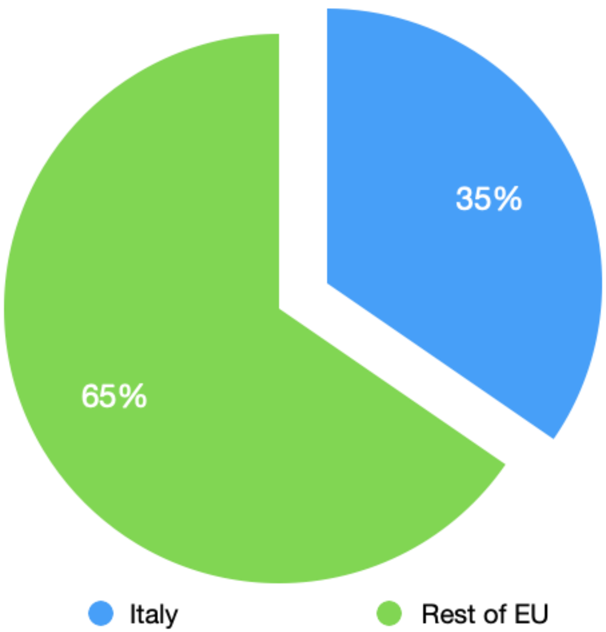
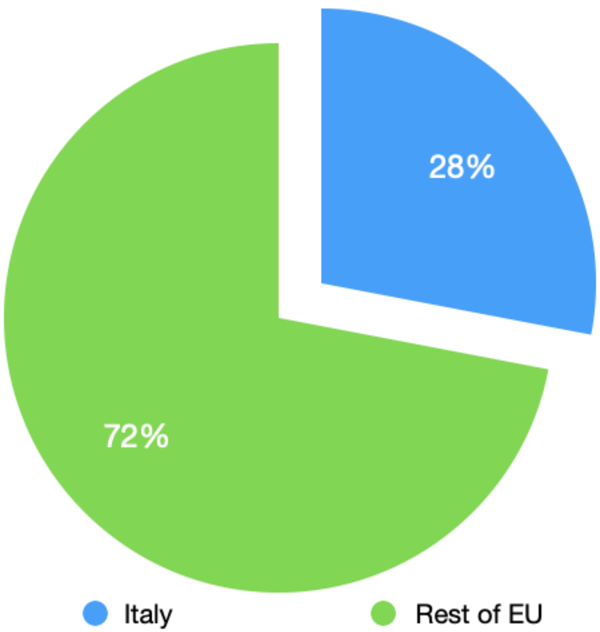


Fig. 2 - Companies (% on the total)



Traditional sector's structure

The value chain of the Italian Textile-Fashion Industry

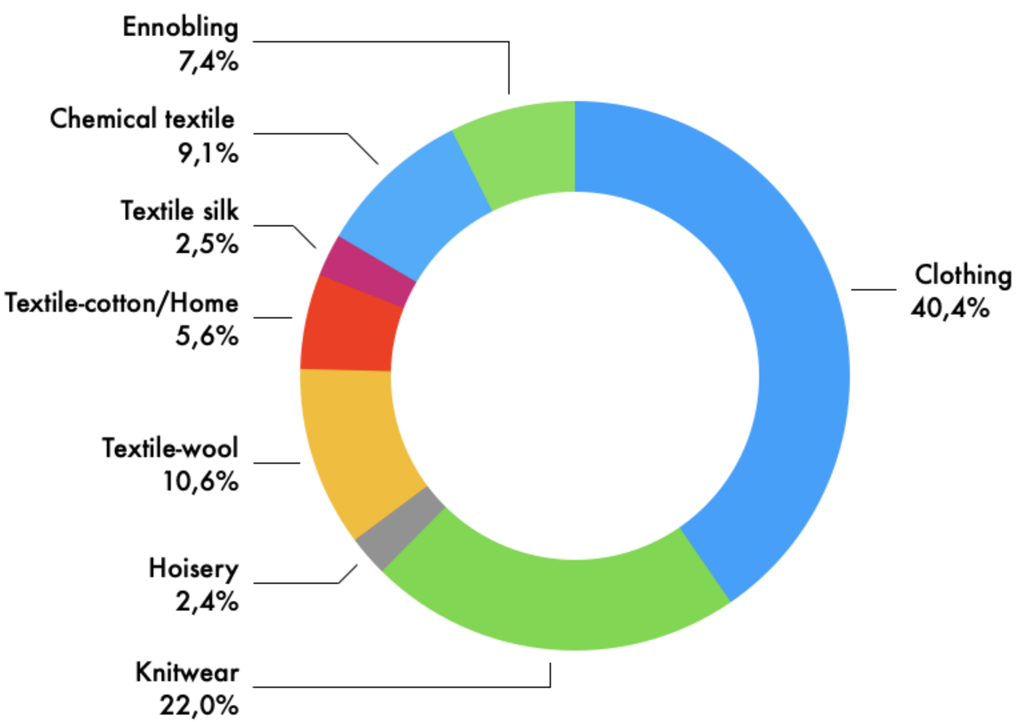
In 2019, while textiles experienced a decline of -3,9% compared to 2018, clothing-fashion remained positive, accelerating compared to the performance of 2018 and in fact filing an increase of + 5.1% on an annual basis . The turnover of textiles passes to just under 19.7 billion euros, while that of fashion clothing rises to almost 36.3 billion, contributing to 64.8% of the overall turnover generated by the textile-fashion chain.

By looking more closely at the analysis by sector in the Textile sector, all the sectors making up this part of the supply chain moved into negative territory, with the exception of only the silk weaving which closed 2019 with a timid increase of 0.8%. On the other hand, the cotton / linen textile drops -5.6%, the home textile declines by -4.9% but it is above all the wool industry to disappoint: after an uninterrupted growth in the period 2014/2018 last year -6% on an annual basis. The ennobling falls by -6.3%.

Traditional sector's structure

Fig. 3 - The value chain of the Italian Textile-Fashion Industry

The structure of the Italian Textile-Fashion sector



Source: Confindustria Moda ISTAT data

Traditional sector's structure

Tab. 3 - The value chain of the Italian Textile-Fashion Industry (2019)

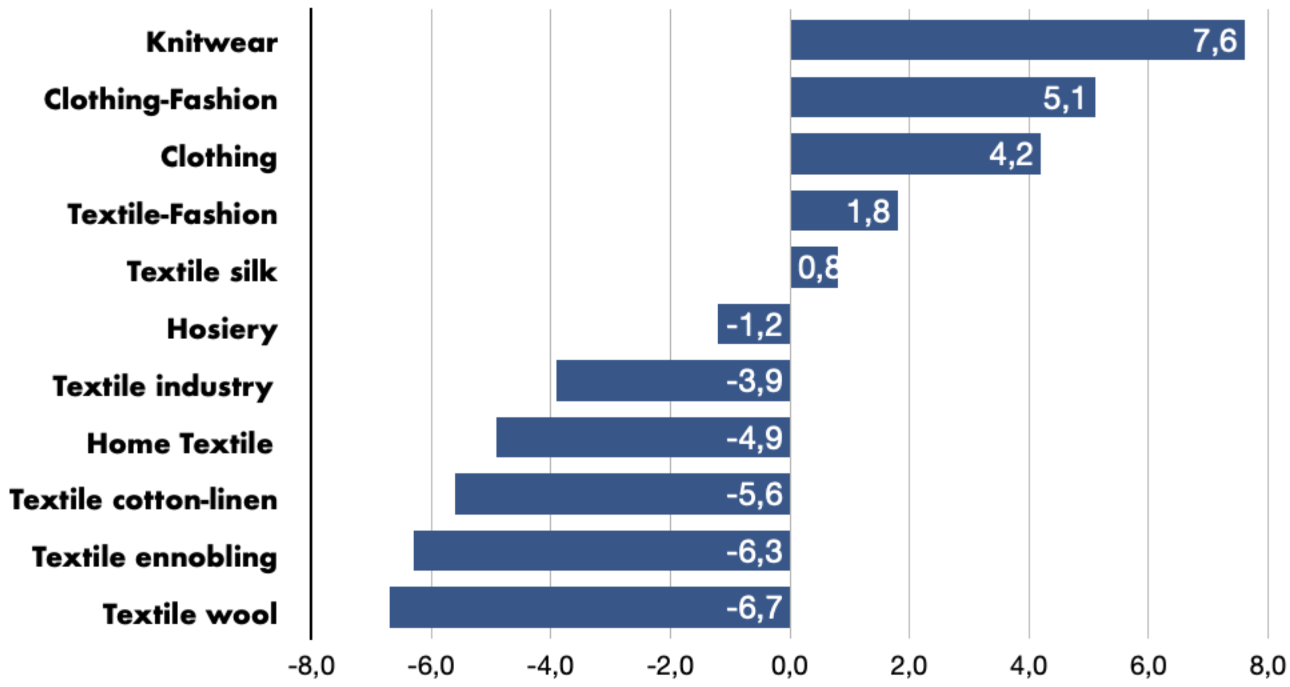
	Turnover (Million €)	%	Companies (no.)	%	Employees (no.)	%
Textile wool	5.906	*10,6*	1.824	*4,1*	30.087	*7,6*
Textile cotton-linen	2.160	*3,9*	1.743	*3,9*	26.630	*6,8*
Textile silk	1.386	*2,5*	420	*0,9*	11.304	*2,9*
Home textile	948	*1,7*	1.745	*3,9*	4.510	*1,1*
Chemical textile	5.113	*9,1*	4.326	*9,7*	21.624	*5,5*
Textile ennobling	4.153	*7,4*	850	*1,9*	23.357	*5,9*
Textile clothing	22.611	*40,4*	26.953	*60,3*	216.596	*55,0*
Knitwear	12.325	*22,0*	5.215	*11,7*	43.504	*11,0*
Hosiery	1.343	*2,4*	873	*2,0*	13.261	*3,4*
Textile industry	19.666	*35,2*	10.806	*24,2*	117.512	*29,8*
Clothing industry	36.279	*64,8*	33.881	*75,8*	276.194	*70,2*
Textile-Fashion Industry	**55.946**	***100,0***	**44.688**	***100,0***	**393.706**	***100,0***

Source: Confindustria Moda on ISTAT data

Traditional sector's structure

Fig. 4 - The value chain of the Italian Textile-Fashion Industry (2019)

The trend of the turnover in the Textile-Fashion macro-sectors



Traditional sector's structure

The impact of Covid-19 on the textile-fashion sector

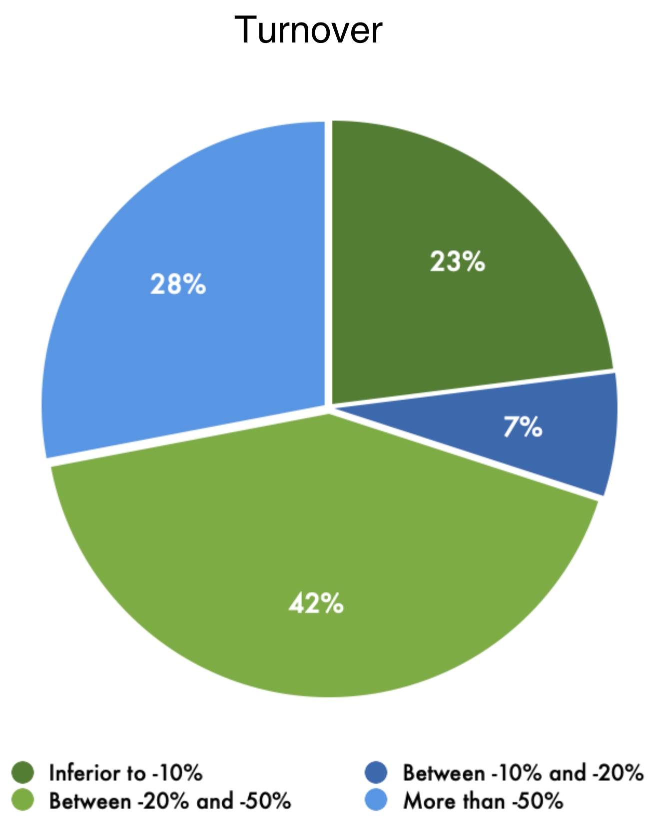
Approximately 95% of textile and clothing companies have provided for the use of social safety nets, involving in 65% of cases over 80% of workers; in any case, eighty percent of companies have activated smart working.

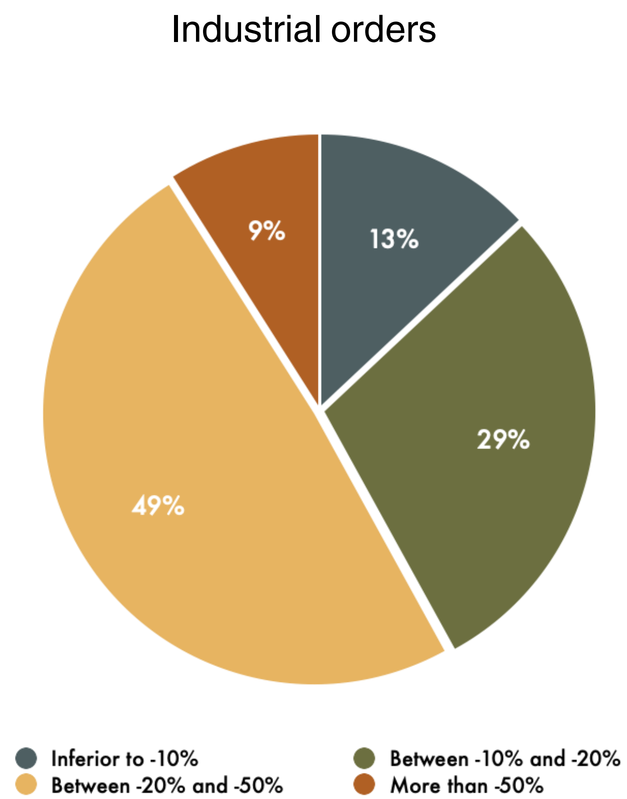
In the first quarter of 2020, the average decrease of the turnover was equal to 25.4% and the industrial orders was 29.2%.

Traditional sector's structure

The impact of Covid-19 on the textile-fashion sector

Fig. 4 - Impact of Covid-19 in the first quarter of 2020

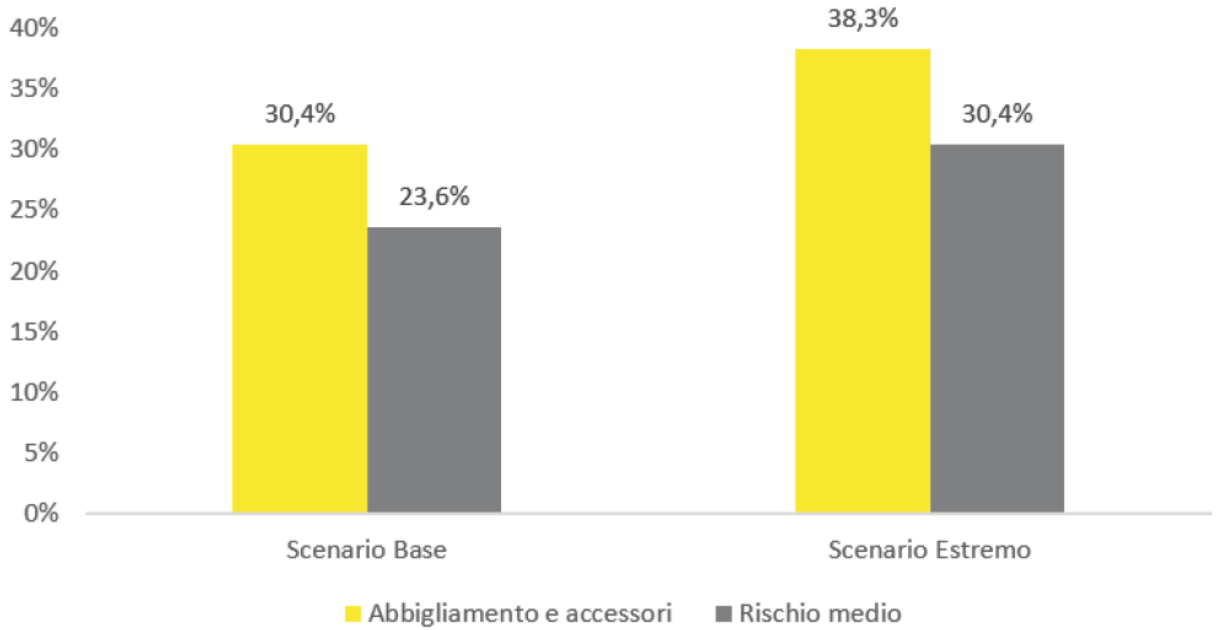




Source: Confindustria Moda on a 2019 sample survey

Traditional sector's structure

Fig. 5- The impact of Covid-19 employement on the textile-fashion sector



The estimates indicate that in 2020 there could be an increase in unemployment between 30.4% and 38.3% respectively in the case of a Basic or Severe scenario.

Source: EY on INAPP 2020's data

Traditional sector's structure

Consumption and distribution of the textile-fashion sector

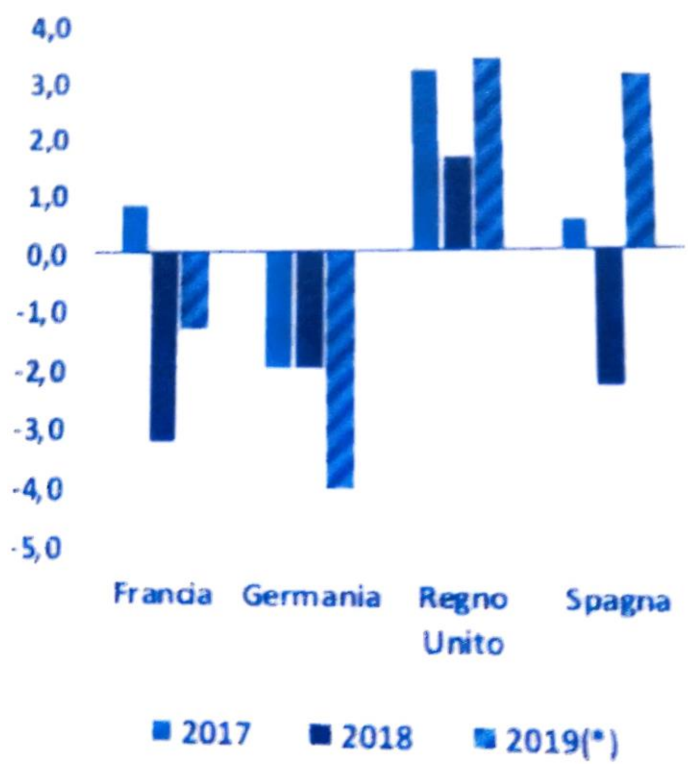
With reference to the major European markets, traditional outlets for Italian fashion textile companies, in 2019 clothing consumption continued to grow in the United Kingdom with an increase of 3.3% and in Spain with an increase of 3.0%.

The clothing sell-out contains pressure in France where it falls by -1.3%, while Germany has the worst performance with a decrease of 4.0%.

Traditional sector's structure

Consumption and distribution of the textile-fashion sector

Fig. 6 - Consumption trends in the main EU markets



Source: Confindustria Moda on IFM data

Traditional sector's structure

Consumption and distribution of the textile-fashion sector

- With reference to the Italian internal market, the consumption of textile-fashion has been characterized by an uninterrupted negative trend since 2008. The negative peak in 2013 (-7.0%) was followed by a progressive deceleration of the extent of the decline in the 2014-2017 period. The new deterioration in 2018 (-3.2%) is followed by a slowdown in the rate of decline in 2019, which records a variation of -2.5% in value. In quantitative terms, the decrease marks a -1.3%.
- From a chronological point of view, the season Spring/Summer 2019 recorded a dynamic of -3.3% accompanied by a contraction of -1.9% in terms of volume; the season Autumn/Winter 2019-2020 instead showed a trend of -2.6% in value and -1.3% in quantity.
- If we consider the number of companies located by region in 2019 Tuscany is confirmed as the first place for the number of active companies, equal to 8,495.
- Lombardy climbed to second place in 2018 with 8,295 companies. Third Italian region for number of active companies is Veneto where are located over 4,700 companies, followed by the Campania and Emilia Romagna regions, both with over 4,000 production units.

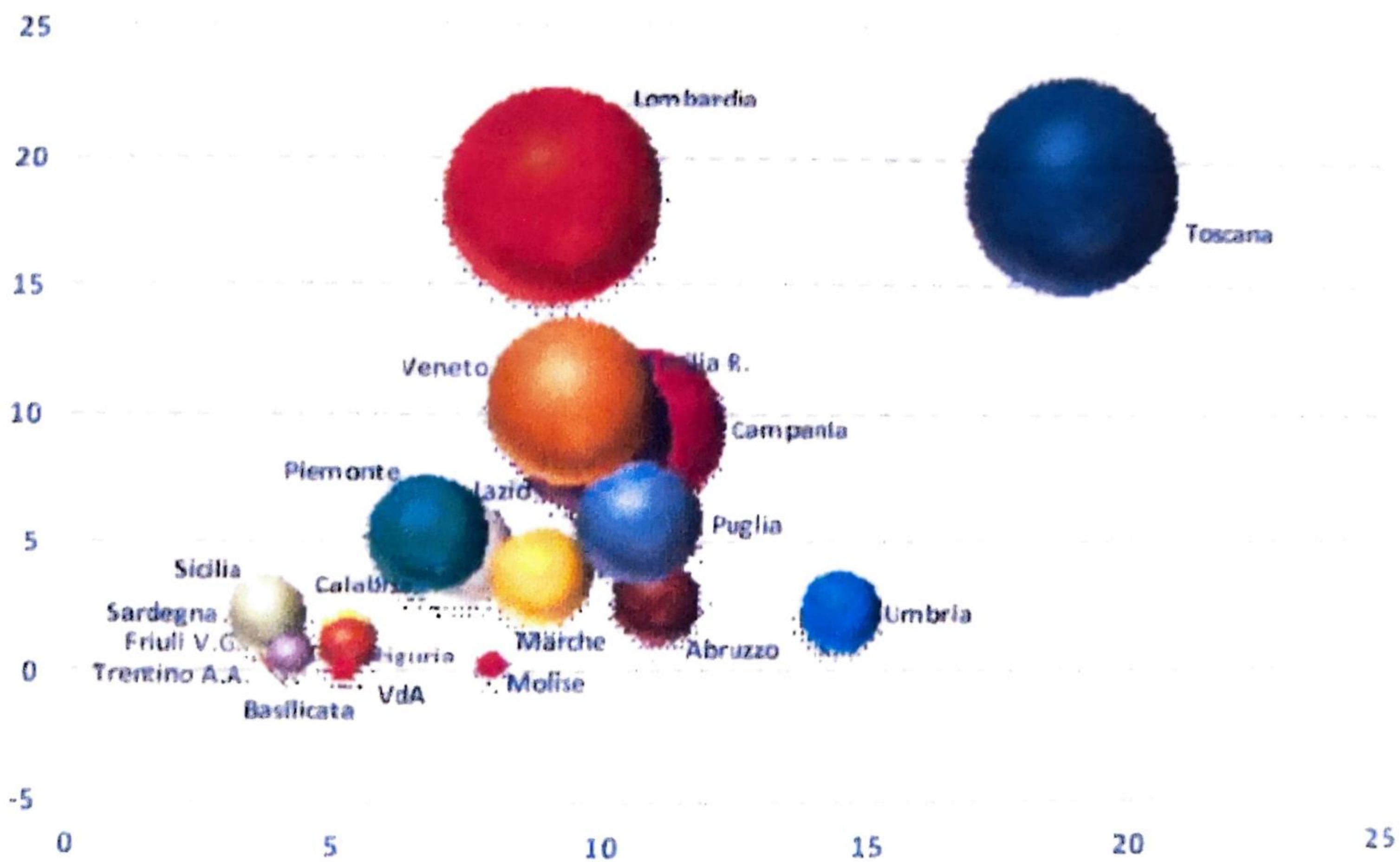
Traditional sector's structure

Tab. 4 - Textile-fashion sector in the Italian regions

Region	Companies (no)	Change % 20/19
Abruzzo	1,276	-1.6
Basilicata	193	-2.1
Calabria	612	-0.5
Campania	4,228	0.1
Emilia Romagna	4,169	-2.3
Friuli Venezia Giulia	370	-0.2
Lazio	2,098	-1.0
Liguria	520	0.1
Lombardia	8,295	-3.2
Marche	1.653	-2.7
Molise	170	2.5
Piemonte	2,404	-2.4
Puglia	2,637	-2.6
Sardegna	402	-0.2
Sicilia	1,024	-3.2
Trentino Alto Adige	304	0.1
Toscana	8,495	-0.9
Umbria	1,083	-0.7
Valle d'Aosta	40	17.6
Veneto	4,717	-3.3
Italy	**44,689**	**-1.9**

Traditional sector's structure

Fig. 7 - Textile-fashion sector in the Italian regions



Source: Confindustria Moda on Movimprese data

Themes in focus

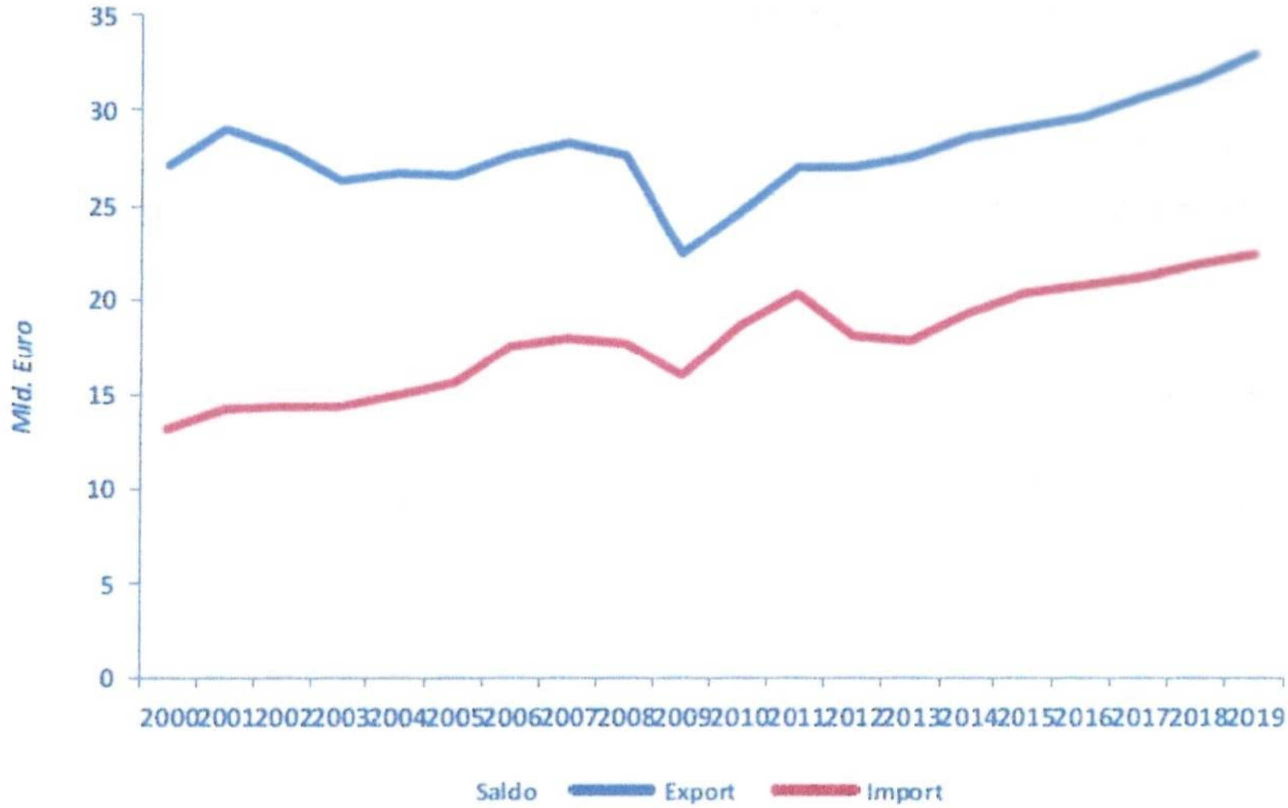
Themes in focus

Foreign trade of the Italian Textile-Fashion Industry 2000-2019

From the analysis of foreign trade it emerges that in 2019 imports and exports remained overall positive. Imports from abroad recorded an increase of + 2.4%, for a total of over 22.2 billion euros. Foreign sales, thanks to an increase of 4.1%, exceed 32.7 billion Euro, ensuring an incidence of 58.5% of total turnover. The combined effect of Italian exports and imports resulted in a new improvement in the foreign trade balance in 2019 which exceeds the threshold of 10.5 billion Euro. The sector’s balance contributes to 10.1% of the balance of the national manufacturing industry.

Themes in focus

Fig. 8 – Foreign trade of the Italian Textile-Fashion Industry 2000-2019 (exports in blue, imports in red)



Themes in focus

Foreign trade of the Italian Textile-Fashion Industry 2000-2019

With reference to the geography of national textile-fashion trade with foreign countries, in 2009 exports retreated to the EU witnessing a growth of 3.3%, while that destined for non-EU areas moved at a rate of 5, 1% point on the Import front, the community area shows an increase of 3.3%, while all coming from non-EU areas and, able to ensure 54.8% of the total, mark a + 1.6%.

Themes in focus

Foreign trade of the Italian Textile-Fashion Industry 2000-2019

Analysing foreign sales by destination countries, it can be seen that Germany and France, also in 2019, confirmed themselves as the first two markets of Italian textile-fashion, marking an increase of +1.4% and + 6.2%. Having climbed to third position, Switzerland is growing at a double-digit pace (+ 33.3%), testifying to the appreciation received across the border by Italian productions. The favorable trend in the United Kingdom continued, up by + 10.9%.

Compared to 2018, Spain also returns positive with a + 2.0%. With regard to non-European markets, exports to the United States, the fifth and second non-EU market after Switzerland, closed the year with an increase of + 5.9%. Looking at the Far East, Hong Kong and China record a dynamics of -6.9% and +2.8% respectively; if added together, for a value of almost 3 billion Euro, they would move into third position behind only Germany and France.

Themes in focus

Fig. 9 - Foreign trade of the Italian Textile-Fashion Industry 2000-2019

Themes in focus

Foreign trade of the Italian Textile-Fashion Industry 2000-2019

On an international scale worldwide, in 2018 Italy confirmed itself as the fifth world exporter of textiles-fashion after China, Bangladesh, Vietnam and Germany, ahead of India and Turkey. the Italian share was 4.4% of the sector's world exports, a synthesis of a 3.7% share in textiles and 4.9% in fashion clothing.

In detail, Italy remained the first world exporter of woven wool yarns with a share of 30.5% on world sector exports, also presenting a share that increased by 1.7% in the 2014/2018 period. Even in other sectors where international competition has been more aggressive, Italy remains a player or second exporter of pure silk fabrics and third in the case of footwear.

Themes in focus

Tab. 5 - Foreign trade of the Italian Textile-Fashion Industry 2000-2019

Sector	Share Italy on world export	Italian position in the world ranking
	2018 (%)	2018
Wool yarns and fabrics	30,5	1
Cotton yarns and fabrics	3,2	7
Silk fabrics	18,0	2
Home textile products	1,1	16
Clothing	5,8	4
Knitwear	4,0	5
Footwear	6,2	3

Themes in focus

Foreign trade of the Italian Textile-Fashion Industry 2000-2019

Italy plays a strategic role as a privileged partner of important partners represented by the main world economies. Observing the structure of textile-fashion imports that characterizes these countries, the centrality of commercial relations with Italian companies that always offer leading positions emerges.

Themes in focus

Tab. 6 - Foreign trade of the Italian Textile-Fashion Industry 2000-2019

Sector	Share Italy on the textile - fashion import of the country		Italian position in the ranking of textile-fashion suppliers	
	2018 (%)	Change 14-18	2018	2014
France	8,8	-1,1	3	2
Spain	7,3	-0,1	5	6
Portugal	11,3	-0,7	2	2
Germany	6,2	-0,2	4	4
United Kingdom	6,2	0,7	4	5
USA	1,8	-0,1	10	10
Turkey	5,5	-0,1	4	6
Switzerland	11,4	-0,9	3	3
Russia	6,1	1,2	5	4
United Arab Emirates	4,8	0,2	5	3
Hong Kong	8,7	1,9	2	2
Cina	5,8	1,4	7	10
Japan	2,8	0,2	6	4
South Korea	4,4	0,7	4	5

Source: Confindustria Moda on ITC-Trade Map data

Employed information sources

VARIABLES	SOURCES
ISTAT	National Institute of Statistics
SMI	Sistema Moda Italia
	Confindustria Moda
	Movimpresa
EY	Ernest & Young
EH	Euler Hermes