

THE ITALIAN TEXTILE INDUSTRY

A Key Economic Sector



Contents

A Key Sector 03



Textile Districts 04



Leading Textile Sectors 06



Sustainability 08



Circular Economy 09



Opportunities & Challenges 10



A Key Sector

Home to some of the world's most famous fashion brands, Italy occupies a special niche in the global market of fashion and clothing.

Italy is the world's eighth largest economy with a GDP of US\$2.09 trillion in 2021 (source: World Bank). It has a population of over 60 million.

Industrial activity is concentrated in the north from Turin in the west through Milan to Venice in the east. The northern part of the country is one of the most industrialised areas in the world and accounts for more than 50% of Italy's national income.

An important pillar of the economy is the production of high-quality products such as in the machinery, textiles, industrial designs, food and furniture sectors. These products contribute substantially to the country's exports.

Italy's economy is driven mainly by services and manufacturing. Small and medium-sized enterprises (SMEs) — many of them family-owned — comprise 95% of Italian businesses and produce 66.9% of Italy's GDP. After mechanical engineering, the textile and fashion sector is the second most important industry sector.

The exceptional nature of the Italian fashion

chain is largely due to a series of non-measurable and intangible factors: creativity, talent, tradition of good taste, and the pursuit of beauty - characteristics that define the "Made in Italy" label, which is synonymous with timeless elegance and impeccable style.

The turnover of the Italian textile and fashion industry as a whole was around 56 billion euros in 2019 in the pre-pandemic period (source: Sistema Moda Italia).

According to Sistema Moda Italia (SMI), in 2021 the textile and clothing sector made a strong recovery in terms of exports, growing by 18% to reach 32.4 billion euros.



Textile Districts

The textile sector is currently undergoing a transformation, achieving a complex balance between modernisation and technological advancements, while maintaining the creative and craftsmanship focus that continues to help secure success in the international arena.

There are approximately 45,000 textile and fashion companies in Italy; the majority are small in size: 82% have fewer than 10 employees and 16% are medium-sized (fewer than 50 employees).

The small size has not been an obstacle to the development of individual companies and of the sector as a whole because most of them are located in an industrial district.

The district - a key form of the Italian production model - is characterised by a high concentration of small and medium-sized enterprises, all independent, located in a limited geographical area and historically linked by the same production purpose.

Thanks to the collaboration of the district to which it belongs, each company can specialise in a specific activity: spinning, warping, weaving, dyeing or finishing.

In this way, a high degree of skills is created and production is differentiated, as in a large, vertically integrated company.

The economic results of the companies belonging to the districts are often above the industry average.

Furthermore, these local industrial systems have the ability to anticipate future trends and profound organisational transformations with appropriate strategic choices.



Leading Textile Sectors

The textile and fashion sector remains one of the most important sectors in the Italian economy.

The sentiments of Italian companies in the sector, shared in a 2021 survey by Confindustria Moda (Italian Federation of Textiles, Fashion and Accessories), were buoyant, with a growth forecast in 2022.

The sectors that have the greatest potential for development are the classic Made-in-Italy ones such as yarns, fabrics, and textiles intended for high-end production. Clothing manufacturers at low-medium costs price points have, for some time already, not been manufactured in Italy due to high costs.



Technical Textiles

The development of the technical textile sector is also interesting. The sector has grown in recent years thanks to the increasing demand for fabrics with specific performance that increases functionality.

The production of technical textiles represents about 22% of the Italian textile production. With more than 4 billion euros in turnover, Italy ranks first in Europe for the production of technical textiles and fourth in the world. Over 60% of the national production is exported.

The wide range of applications for such performance materials suggests that it will likely grow significantly in the coming years, driven by a demand that continually stimulates research and development of technical and technological solutions for specific functions.

The expanding applications and versatility of technical textiles in multiple industries, such as sports and technical clothing; construction, automotive, biomedical, hygiene products, and air filtration will continue to drive innovation and demand.

The companies in this sector were among the first to embrace Industry 4.0 - a policy prepared by the Italian government to incentivise investments functional to technological transformation, in implementation of the EU Industry 4.0 project.

Research and innovation in the textile field are focused on two areas: the search for new raw materials and high-performance materials.

Various yarn companies have launched projects

for the use of fibres obtained from orange peel, nettle or broom, to name just a few. Other noteworthy projects are for the revival of traditional materials, such as linen or hemp, as well as research on yarns and fabrics that can be used as alternatives to man-made fibres in the reinforcement structures of the materials that can be used in the automotive, boat building and construction sectors.

The creation of increasingly high-performance yarns and fabrics with qualities such as breathability, impermeability, elasticity, flame-retardant and anti-odour properties is growing due to increasing market demands.

Among the most interesting results, there are those related to the creation of smart fabrics, capable of interacting with the human body and the environment.



The Italian textile industry also includes companies that deal with the finishing of yarns and fabrics, such as dyers, finishers, printers and more.

The ennobling and finishing sector is an important step in the textile supply chain and it is a capital intensive sector, where the role of machinery is key.

While specific data is not available due to the variety of companies and segments that make up the sector, it is an important sector within the Italian supply chain.

Many of the companies are committed to the research and development of new textile

solutions, especially process innovation aimed at sustainability, as well as the processing needs of increasingly complex blends of very different yarns: from natural to artificial, to recycled.

It is also a sector where investment in machinery is prioritised over manpower. Therefore, it is not surprising that Italy is the second largest producer of textile finishing machinery in the world with a world market share of about 17%.

Marino Vago, managing director of Vago, a textile finishing firm that specialises in the dyeing of cotton, linen, viscose, wool and cashmere, commented: “We have to make the data of our production chain public with transparency, in order to prove that we are already able to offer

sustainable products... And we ask that the information is made available to consumers. Without transparency, indeed, it is impossible to talk about sustainability.”





Sustainability

In the last decade, the Italian textile and clothing industry has made significant transition towards more sustainable production and consumption models.

Now the sector is called upon to achieve the objectives defined by the Green New Deal to transition the EU economy to a sustainable economic model.

Last year, Camera Nazionale della Moda Italiana (The National Chamber for Italian Fashion) published Good Manufacturing Practices, a set of guidelines on the use of chemicals in fashion production chains.

Sistema Moda Italia (SMI) - the Italian Textile and Fashion Federation - has for some time started a path following a precise definition of sustainability: "being a sustainable company means not only respect for the environment, saving of raw materials and economic resources, but also respect for the health of workers and consumers, respect for human rights, rationalisation of creative and production processes, stimulus for innovation and research".

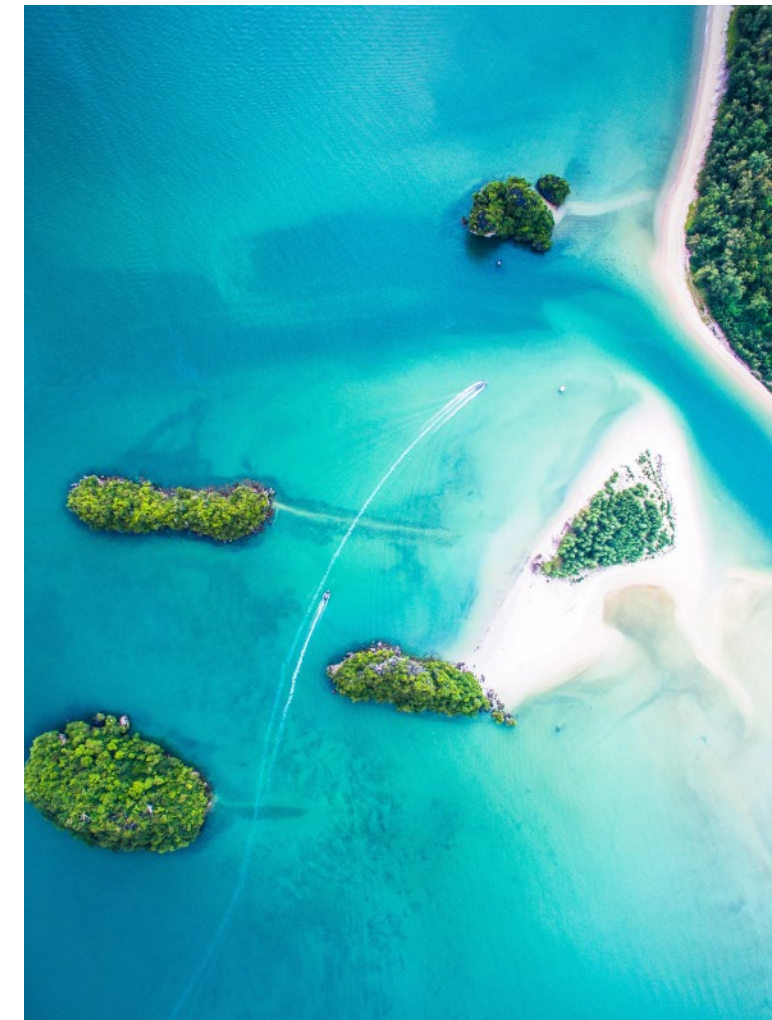
There is a widespread awareness in the Italian textile and clothing industry that the sustainability of textile and clothing products is achieved through the supply chain, especially on traceability.

By transparently connecting the key steps of the entire supply chain, traceability can prevent the risks deriving from the failure to control delocalised processes or processes managed by external suppliers, ensuring the environmental and social sustainability of the product.

In general, Italian textile companies that want to document their commitment to sustainability make use of system (ISO) or specific (GOTS, GRS, etc.) environmental certifications.

Meanwhile, interesting larger projects are also being developed. An example is TRICK, which proposes the traceability of integrated supply chains thanks to blockchains.

The project is an evolution of an initiative launched in 2019 by the Italian Ministry of Economic Development together with Sistema Moda Italia and IBM.



Circular Economy

To move companies towards recycling by reducing the use of virgin raw materials and the creation of business networks not only have an environmental value, but also an economic value for companies and districts to which they belong.

The production of recycled textile material is growing in Italy. There is a long tradition of recycling wool and mixed fibres, which has its centre of excellence in Prato.

Not surprisingly, in the Prato textile district, there are already 400 GRS (Global Recycled Standard) certified companies. The most interesting projects are based on the selection and recycling of pre and post-consumer wool and cashmere textile waste.

The cotton supply chain (with companies located in the districts of northern Italy) is also moving in the same direction.

In particular, the development of technologies capable of regenerating pre-consumer cotton fabrics from production surpluses such as production and packaging scraps, to high quality yarns. There are also projects for the recycling of nylon and other synthetic or cellulosic fibres.

The Italian government's National Recovery and Resilience Plan pays particular attention to the textile sector and focuses on regenerating 100% of textile waste over the next few years, by strengthening the network of separate collection and involving textile hubs, new plants for recovery, reuse, and treatment/recycling.



Opportunities & Challenges

What will the future hold for the Italian textile and garment industry?

According to the forecasts of Confindustria Moda, in 2022 the entire sector should make complete recovery to pre-pandemic levels of 2019, and then return to growth in 2023. However, the structure of the Italian textile and clothing industry will have to undergo a profound transformation in the next five years – ‘a cultural change’ as the Confindustria Moda defines it.

In fact, the industry must address two crucial issues: the evolution towards a production system that is more environmentally sustainable, and digitisation of the supply chain, which must include SME players.

Alessandro Zucchi, president of Association of Italian Textile Machinery Manufacturers (ACIMIT), highlighted the advantages: “Entrepreneurs in the textile industry have realised the urgency of enacting the digital transformation of their businesses and this is precisely why ACIMIT has accelerated its Digital Ready project for certifying Italian textile machines that adopt a common set of data, in order to more easily integrate with the operating systems of their client businesses.”



ACIMIT president Alessandro Zucchi

Despite 2020 being a particularly difficult year for the textile and clothing industry, the textile machinery sector remained resilient, particularly in exports. Italy is the fourth country in the world for textile machinery exports, with a 10% share.

Added Mr Zucchi, “We are looking forward to the staging of ITMA 2023 in Milan. Our members, together with many of the leading brands from Europe and the rest of the world, will be able to leverage this global textile and garment technology exhibition to launch our latest innovations, especially those that will help the industry to digitalise and be more productive, as well as those that help us build a more

sustainable and circular economy.”

In the coming years, industry associations in the sector will continue to support the development of clusters through vertical and horizontal integration among companies and the building of business networks within the districts.

This will make it possible to pool resources for the purchase of new machinery and the employment of specialised human resources.

The Recovery and Resilience Plan (RRP) under the Next Generation EU programme put in place by the European Union to respond to the crisis caused by the Covid-19 pandemic, amounts to

235 billion euros for Italy in funding over a six-year period. Some of the funds will provide the resources for the technological and cultural change of the Italian textile and clothing industry.

With this and other programmes in place or in the pipeline, the Italian textile and clothing sector will be able to ride on new opportunities and offer increasingly innovative products, beyond the classic and popular fashion and clothing market.

The Italian Textile Industry is published by ITMA Services, organiser of ITMA 2023. ITMA is the world's largest international textile and garment technology exhibition. Held every four years since 1951, ITMA is recognised as the 'Olympics' of textile machinery exhibitions where the industry converges to explore fresh ideas, effective solutions and collaborative partnerships for business growth.

ITMA 2023 will be held at Fiera Milano Rho, Milan, Italy from 8 to 14 June 2023. For more information, visit www.itma.com.

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