



The year 2019 and 2020 short-term prospects

Textile and clothing manufacturing remained under pressure during 2019, despite good retail sales and export performances.

Furthermore, industry confidence fell dramatically in March 2020, reflecting managers' crashing production expectations due to the Corona virus crisis.

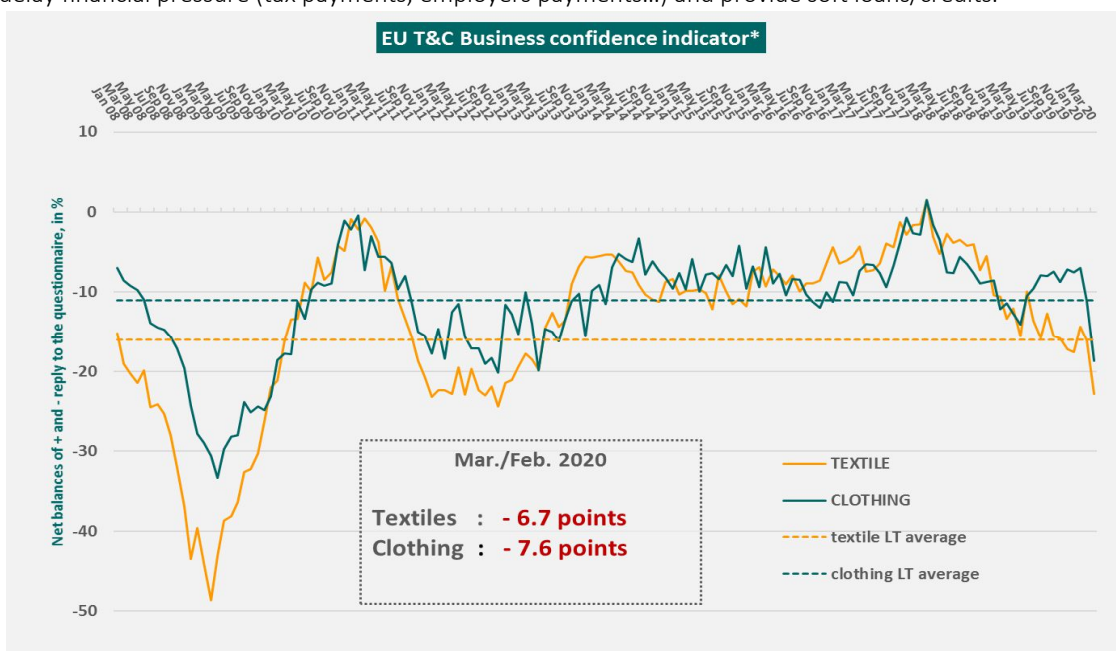
I - EU27 Economy - Short-term business statistics

Data up to December 2019 reflects Europe's economy slowdown over the period, with manufacturing remaining under pressure from Brexit and trade frictions. Employment in the textile & clothing sector further declined, stemming from accelerated drop in industrial production. EU27 turnover evolution turned negative in 2019, after a constant deterioration throughout the year. However, some positive signs are still coming from the retail sales and global trade, which is now exceeding €170 bn.

In 2019, the EU27 **production** slipped back, in particular during the last quarter of the year, in all subsectors with the exception of knitted & crocheted hosiery (+7%) and "other apparel & accessories", including babies' wear and clothing accessories (+5.2%). These positive evolutions during the 4th quarter were not able to offset the slump recorded in the other sectors as spinning (-9.4%), finishing (-8.3%), industrial & technical textiles (-5%), knitted & crocheted fabrics (-4.8%), weaving (-4.6%) and non-woven (-3%). The **labour market** witnessed another setback over the fourth quarter of the year (textile: -2.5%; clothing: -2.3%). This resulted, for the full year 2019, in a -2.2% decrease in textile and a -2.4% drop in clothing, as compared with 2018.

Data relating to the quarterly evolution of the EU **turnover** continued to weaken since the beginning of the year. As a consequence, the yearly evolution turned negative for the first time since 2012-2013 with a -2% setback for textiles, and a -1.3% for clothing, as compared with 2018. The growth rate in the **retail sales** of textiles, clothing, footwear and leather goods in specialised stores remained positive in 2019 (+0.9%), despite a slowdown during the last quarter. The strongest increases of the retail turnover were noticed in Eastern European countries, while Denmark and Sweden registered losses of respectively -7.2% and -1.7% over the period. Sales in Finland, Belgium and Italy were almost stable.

2020 short-term outlook: The EU industry confidence indicator for the months ahead, based on the EU Commission's March 2020 survey, fell dramatically in the textile and clothing industry. This very negative business climate is confirmed by the [Euratex survey on the Coronavirus impact](#), based on a restricted sample of companies: more than half of companies expect a drop in sales & production by more than 50%; 9 out of 10 companies face serious constraints on their financial situation; 80% of companies is (temporarily) laying off workers. Drastic measures need to be taken to reduce/delay financial pressure (tax payments, employers payments...) and provide soft loans/credits.



* Average of production expectations (3 months), current overall order books and current stock of finished products

I - EU27 Economy - Short-term business statistics

(Source: Euratex based on Eurostat data)

PRODUCTION	Annual*, based on previous year %				Year-to-date	Quarter, based on same quarter of previous year %			
	% Evolution	2016	2017	2018	2019	2019	2019Q1	2019Q2	2019Q3
Man-Made fibres	-0.3	3.3	1.7	-5.2	-5.2	-4.6	-2.7	-6.9	-6.9
Textile	1.6	2.5	-1.8	-3.8	-3.8	-3.2	-3.9	-2.9	-5.2
Clothing	0.7	-1.5	-2.2	-6.1	-6.1	-3.3	-9.7	-8.5	-3.0

*Calendar adjusted data, not seasonally adjusted data

EMPLOYMENT	Annual*, based on previous year %				Year-to-date	Quarter, based on same quarter of previous year %			
	% Evolution	2016	2017	2018	2019	2019	2019Q1	2019Q2	2019Q3
Textile	3.7	1.4	0.3	-2.2	-2.2	-0.7	-3.2	-2.3	-2.5
Clothing	-1.0	-1.0	-3.3	-2.4	-2.4	-2.1	-2.4	-2.9	-2.3

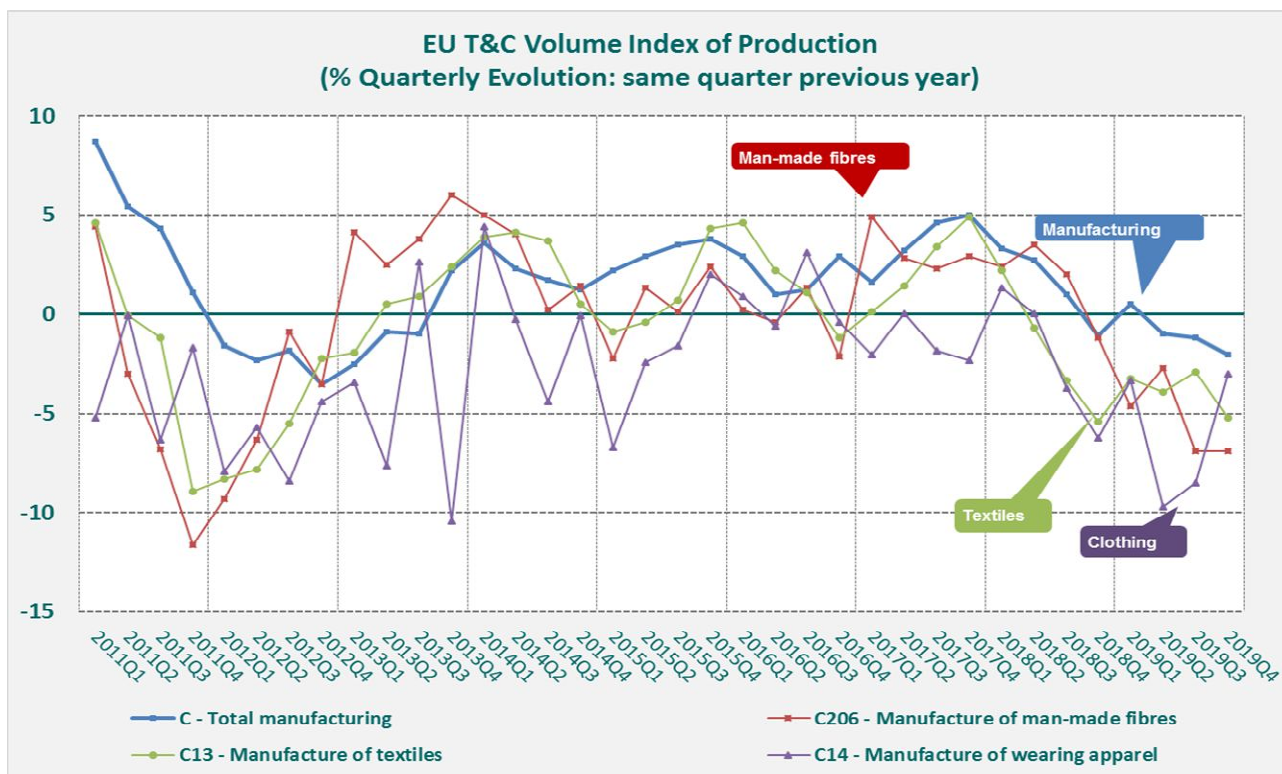
*NSA - Unadjusted data (i.e. neither seasonally adjusted nor calendar adjusted data)

TURNOVER	Annual*, based on previous year %				Year-to-date	Quarter, based on same quarter of previous year %			
	% Evolution	2016	2017	2018	2019	2019	2019Q1	2019Q2	2019Q3
Textile	1.4	4.2	1.1	-2.0	-2.0	1.4	-2.1	-2.7	-4.4
Clothing	0.3	0.4	0.8	-1.3	-1.3	-0.9	0.9	-2.2	-2.8

*CA - Calendar adjusted data, not seasonally adjusted data

RETAIL SALES	Annual*, based on previous year %				Year-to-date	Quarter, based on same quarter of previous year %			
	% Evolution	2016	2017	2018	2019	2019	2019Q1	2019Q2	2019Q3
T&C, footwear and leather	1.2	3.0	-0.7	0.9	0.9	1.3	-0.5	1.6	1.2

*CA - Calendar adjusted data, not seasonally adjusted data



II - EU27 Trade - Import and export statistics

Total EU27 trade has grown by nearly +4%, with exports increasing at a higher pace than imports, as compared with the previous year.

In 2019, the Extra-EU **exports** were relatively dynamic (+4.8% as compared with 2018) thanks to a double-digit growth on the Swiss market, mainly due to Italian exports' jump of clothing articles. These robust dynamics were also attributable to respectable exports performances on other EU main markets: the United Kingdom, United States, Turkey, Norway and Japan. On the other side, EU sales to Hong Kong decelerated over the period. Looking at T&C separately:

- Textiles' exports managed to expand by +1.5%, following a double-digit growth rate on the Turkish market (+12.6%), and positive rates on the Japanese (+6.2%), the US (+3.6%), Moroccan (+2.8%), Ukrainian (+1.3%), Chinese (+1.4%) and Swiss markets (+1%). By contrast, the EU exports to the United Kingdom (-3.9%), Russia (-1.8%) and Tunisia (-0.9%) moved in opposite direction.

- EU clothing sales jumped by +7.3% due to double-digit growth rates of exports to EU's top customers: South Korea (17.6%), Switzerland (+17.1%). Furthermore, these positive evolutions were also due to strong exports performances on other EU main markets: the United States (+9.5%), Japan (+8.9%), Norway (+7%), the UK (+5.6%), China (+5%) and Russia (+1.8%). EU sales to Turkey and Hong Kong remained almost stable, as compared with the previous year.

The EU-27 T&C trade balance deficit reached more than € -48 bn in 2019, resulting from a deepening of the clothing trade deficit.

During the year, the EU-27 T&C **import** evolution expanded by +3.3% as compared with the previous year. Imports from the EU top 10 suppliers have trended upwards apart from the UK, India and Tunisia. Imports from some main Asian partners, as Bangladesh, Pakistan and Vietnam expanded at a sustained pace. T&C imports from Myanmar jumped again, which made this country the EU-eleventh supplier. Looking at T&C separately:

- Textile imports from Extra-EU countries went up by +0.8%. Imports from some EU top-10 suppliers rose: Vietnam (+21.2%), the United States (+10.8%), China (EU first supplier; +6.5%), Japan (+2.1%), and Pakistan (+1.4%). By contrast, imports from Turkey (-1.2%), South Korea (-2.3%), India (-5.9%), the United Kingdom (-6.9%) and Switzerland (-7.2%) contracted over the period.

- Clothing imports climbed by +4.2% during the period. While EU imports from China slightly decreased, imports from the other main EU suppliers grew: Pakistan (+12.6%), Vietnam (+10.4%), Bangladesh (+7.5%), Turkey (+4.8%), the United Kingdom (+2.6%), Cambodia (+1.3%), Morocco (+1.3%) and India (+0.5%). With a surge of +43.4%, Myanmar is ranking 10th among the main EU's clothing suppliers, just after Pakistan.

Extra-EU import prices picked up in textile products (+2.1%) and in clothing articles (+3.5%).

Data Source: Euratex based on Eurostat figures.



II - EU27 Trade - Import and export statistics

(Source: Euratex based on Eurostat data)

Mio EUR	IMPORTS			EXPORTS			TRADE BALANCE		
	2018	2019	% 19/18	2018	2019	% 19/18	2018	2019	% 19/18
TOTAL	105 569	109 050	3.3%	58 301	61 101	4.8%	-47 268	-47 948	1.4%
Textile	29 022	29 264	0.8%	25 269	25 650	1.5%	-3 753	-3 614	-3.7%
Clothing	76 547	79 785	4.2%	33 032	35 451	7.3%	-43 515	-44 334	1.9%

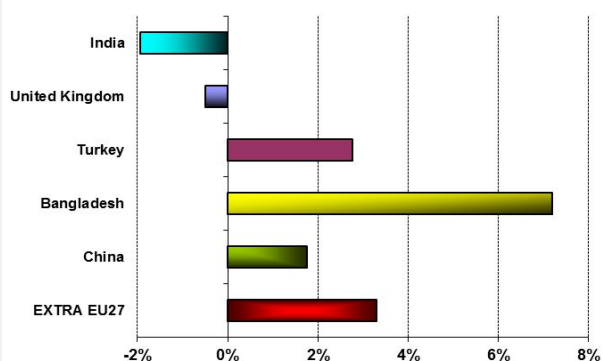
* HS chapters 50-60 + 63

** HS chapters 61+62

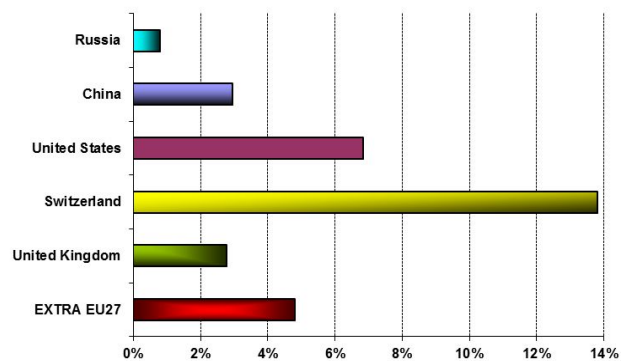
EU27 - TOP TEXTILE AND CLOTHING TRADE PARTNERS

IMPORTS	2018		2019		Evolution 19/18 %		
	Mio EUR	Quantity	Mio EUR	Quantity	EUR	Quantity	Price
EXTRA EU27	105 569	11 524 549	109 050	11 470 170	3.3%	-0.5%	3.8%
China	32 403	3 678 767	32 975	3 648 960	1.8%	-0.8%	2.6%
Bangladesh	14 263	1 208 973	15 290	1 195 757	7.2%	-1.1%	8.4%
Turkey	12 752	1 417 210	13 104	1 436 353	2.8%	1.4%	1.4%
United Kingdom	6 808	542 862	6 153	973 704	-0.5%	14.6%	-13.2%
India	6 274	1 037 446	4 524	653 210	-1.9%	-6.1%	4.5%
EXPORTS	2018		2019		Evolution 19/18 %		
EXTRA EU27	58 301	5 866 053	61 101	6 228 747	4.8%	6.2%	-1.3%
United Kingdom	11 235	930 432	7 429	202 839	2.8%	11.3%	-7.7%
Switzerland	6 527	200 707	5 755	391 416	13.8%	1.1%	12.6%
United States	5 387	382 355	4 027	457 963	6.8%	2.4%	4.4%
China	3 912	500 284	3 252	208 234	2.9%	-8.5%	12.5%
Russia	3 227	209 871	2 594	609 962	0.8%	-0.8%	1.6%

EU27 IMPORTS* (2019/2018%)



EU27 EXPORTS* (2019/2018%)



* Evolutions based on values.

III - EU27 The EU Business confidence* in the TEXTILE industry

Important notice: the data published in this release may be less accurate and comparable across countries than usual. While in principle the survey responses have been collected between 26/02 and 23/03, there are considerable differences across countries as to when the fieldwork effectively stalled due to containment measures enacted to combat the spread of the Corona virus. In many countries, the vast majority of survey responses were collected before such strict containment measures were enacted. These results will certainly worsen following a downward revision from managers.

According to the March 2020 survey, the **EU industry confidence indicator** for the months ahead decreased significantly in textile (by -6.7 points), reflecting managers' crashing production expectations. Also the assessment of the current level of overall order books deteriorated. The assessment of the level of stocks of finished products declined. This technically mitigated the fall of the confidence indicator, since a decline of stocks is processed as a signal of increasing demand. Under the current circumstances, however, it should be interpreted as a negative supply signal.

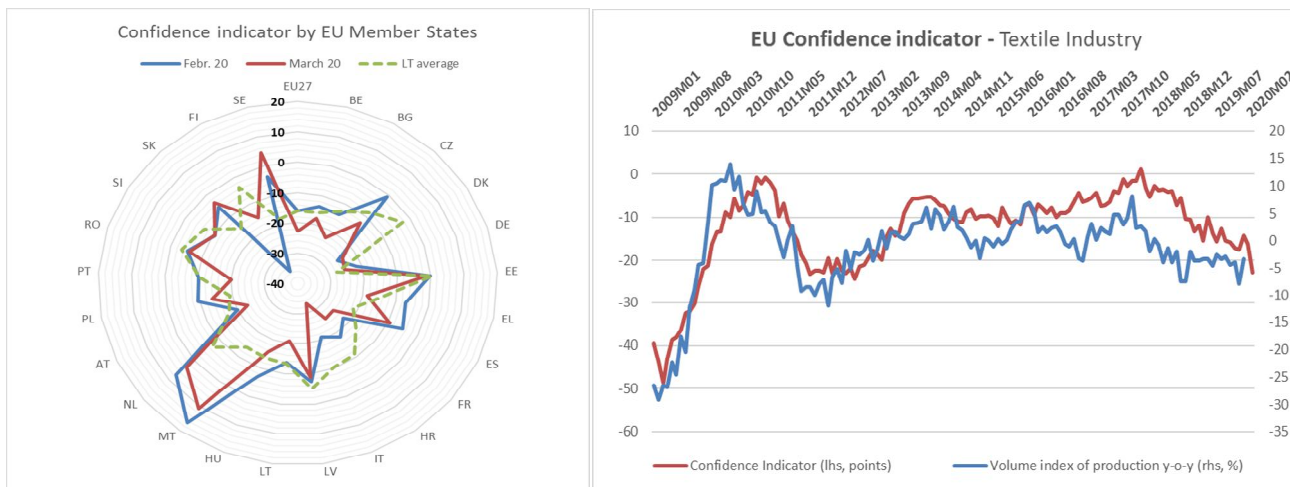
Also the assessments of export order books and the level of past production, which do not enter the calculation of the confidence indicator, worsened markedly.

Evolution of individual components March compared to February 2020



Confidence evolution in the EU Member States:

Focusing on the seven largest EU textile producers, March 2020 brought sharp declines: Italy (-12.1 points), Portugal (-9.9 points), Spain (-4.4 points), Poland (-4.3 points), Belgium (-4 points), France (-3.9 points) and Germany (-3.7 points).

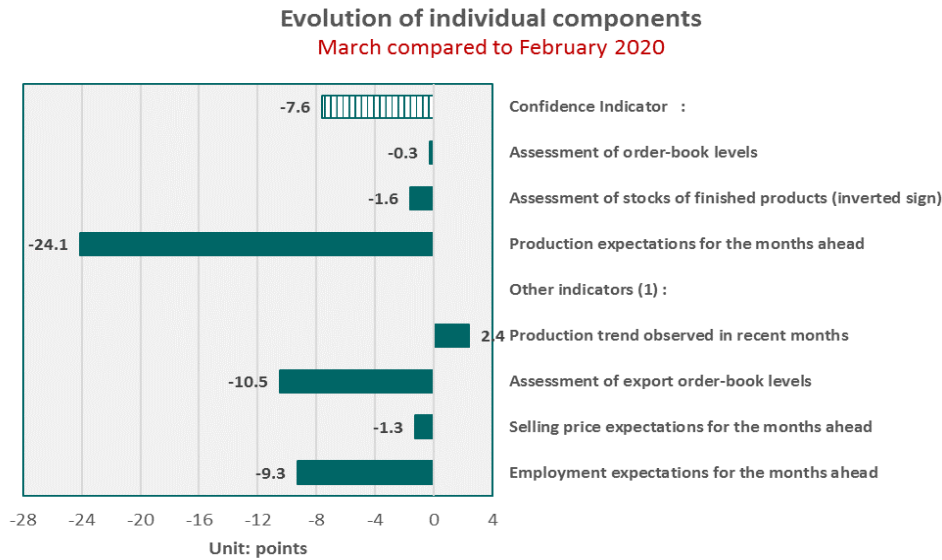


NB: A development away from the center reflects an improvement in a given country.

III - EU27 The EU Business confidence* in the CLOTHING industry

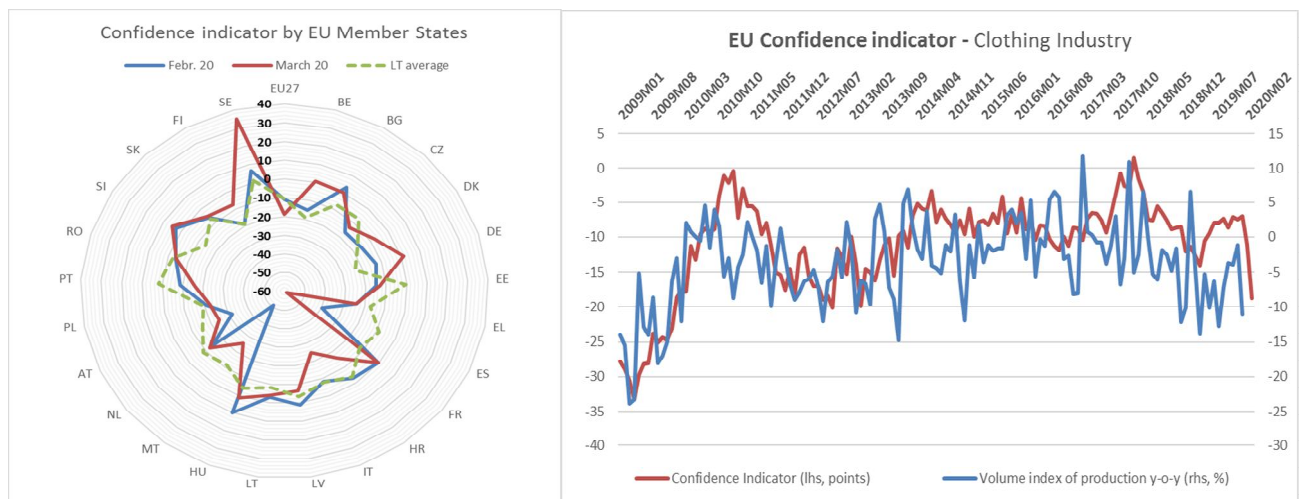
In March 2020, the stark decrease in the **EU industry confidence indicator** in the clothing industry (-7.6 points), was due to an unprecedented fall in managers' assessment of the expected business situation. Again, the fall was steepest in the assessment of *production expectations*, but significant declines were also registered in the assessment of the *current level of orders book* and *production expectations*.

Similarly, the assessments of *export order books* and the *employment expectations*, which do not enter the calculation of the confidence indicator, worsened markedly



Confidence evolution in the EU Member States:

Focusing on the seven largest EU clothing producers, March 2020 brought an exceptionally strong fall in business expectations in Spain (-19.1 points), Italy (-16.4 points), Portugal (-7.3 points), Poland (-2 points), France and Romania (-0.1 points). By contrast, expectations were more optimistic in Germany (+14.2 points). However, these results will certainly be revised downward.



NB: A development away from the center reflects an improvement in a given country.

(*): The **industrial confidence indicator** is the arithmetic average of the balances of the answers to the questions on production expectations, order books and stocks of finished products (the last with inverted sign). **EU Commission's March 2020** survey: European business cycle indicators and Business Consumer Survey (subsector database)