The study by the ACIMIT Foundation, "The world textile machinery industry", which shows that Italian companies operating in the sector continue to increase their competitiveness in relation to foreign competitors, has been presented in Milan in May 2003 at the Milan headquarters of ACIMIT. "The world textile machinery industry: Commercial flows and market shares" by the ACIMIT Foundation, which analyses world trade data (coming from UN Comtrade database) for the sector over a reference period of seven years (1995 to 2001).

The picture which emerges from the evolution of the commercial flows shows how the Italian textile machinery industry has increased its competitiveness in the period 1995-2001, unlike its traditional competitors (Germany, Japan and Switzerland). Although the analysis referred to a time period in which there was a drop in international trade in the sector, Italy increased its market share of world exports from 12% in 1995 to 15% in 2001. The values of sales of Italian machinery abroad in 2001 was approximately 2,100 million dollars. The share for Germany, the leading machinery producer, fell during the same period from 29% to 25%.

When presenting the study, the President of the ACIMIT Foundation, Dr. Alberto M. Sacchi, pointed to the unique nature of the study within the textile machinery sector and emphasised the importance of the work for the companies who receive it. "Monitoring of international competition in our sector," Dr. Sacchi explained, "as with any other sector, is something which Italian companies regularly feel they need. These companies, as they are operating in a context which is becoming ever-increasingly international, require a constant comparison between their performances and the ones of the global market".

The study reveals the high level of concentration of textile machinery supply. The leading four manufacturer companies (Germany, Italy, Japan and Switzerland) account for 61% of world exports. However, over the course of the period analysed, this market share fell. The dynamics of the international market have revolutionised the geography of the downstream sectors. The gradual shifting of textile production to Asian countries has not only led to a corresponding change in the commercial flows of the textile machinery industry but have also led to the development of the local machinery manufacturer industries. As a result, "second-level" competitors, such as China, Turkey and India, have taken over, in their respective local markets, the market shares previously held by the traditional exporting countries.

In this context, Germany, Japan and Switzerland, although they maintain significant shares of the international trade, have, over time, seen their competitiveness fall off. Italy, on the other hand, is the only country which has increased its market shares among the leading ones in the sector and, therefore, its competitiveness. "What this study shows, says Dr. Sacchi, is that there has been an increase in the competitiveness of our sector, unlike the situation in the same period for Italian industry as a whole. This is a great success for the Italian textile machinery industry, which not only produces top-quality products but also obtains At the- lent sales volumes".

In terms of demand, Asia is the area with the biggest commercial flows in the sector (approximately 42% of the overall value of world textile machinery imports). The economic and financial crash which hit many economies in the area in 1997/1998 has caused a reduction in investment, including the textile sector. There has, however, been a recovery and the Asian area, since 1999, has been very dynamic, resulting in a recovery in machinery imports.
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While the study reveals the considerable developments in imports in certain emerging markets (such as Bangladesh, Pakistan and Vietnam), it is equally clear that China is still the engine for trade in the sector as a whole. Foreign machinery sold in the Chinese market in 2001 was worth approximately 2,500 million dollars (accounting for 18% of world imports). In this market, too, Italian companies revealed major signs of vitality in the period 1995-2001 and, although it is behind Japan and Germany as leading machinery supplier, Italy has still seen its level of exports to China increase significantly.

While the future will see further increases in the weight of China as a market where investments in textile machinery increased, the scenario for the Italian textile machinery sector is, therefore, likely to be challenging, with companies having to face fluctuations in demand and increased pressure from competition.

Italy's textile machinery should remain competitive worldwide

The effects of poor export performance has been compounded by a drop in sales on the domestic market too, caused by drops in production in all links of the textile manufacturing chain. "Forecasts for this year are extremely uncertain," Mr. Sacchi told the meeting. "An increase in consumption is probably in the top two areas of the world's textile industry, the United states and Europe, but this increase is slow in coming. On top of this, the higher value of the Euro compared to the Dollar is penalising industries like ours that are heavily dependent on exports. The scenario for the Italian textile machinery sector is, therefore, likely to be challenging, with companies having to face fluctuations in demand and increased pressure from competition".

Despite the difficulties it is encountering, Italy's textile machinery industry is, nevertheless, proving its ability to remain competitive internationally. Recent ACIMIT surveys into the financial buoyancy of its members and into world trade in general came up with some comforting figures for Italian business. Textile machinery manufacturers are generally more dynamic and financially stronger in Italy than elsewhere. ACIMIT has also completed an analysis of the world's textile machinery industry, world which the Asian area already has as reference market for textile machinery companies, the basic importance of the European market remains. Contrary to what may be expected, European countries have maintained considerable stability in terms of inward machinery flows over the medium-term, which shows the importance of a textile industry which was perhaps considered to be in crisis prematurely. It is this confirmation of this basic importance of the European textile market in the near future, too, which is one of the conclusions of the publication: The details provided by the study, dedicated in this edition to the geography of the world textile market, focus on the importance of the area located between globalisation and regionalisation.

Mr Sacchi went on to emphasise that "Italian textile machinery manufacturers have succeeded in implementing policies of differentiation based on product quality and continuous improvement through constant innovation. Italian manufacturers have shown that they are better at innovating than the pointers actually show, because indices of innovation fail to consider the many models applied in Italy. Italian business has also learned to pay more attention to customer service and this has helped us escape from the restrictive logic of price-based competition."

Critical factors are certainly not missing from Italy's textile machinery industry, and first and foremost among these is the need to reach critical mass in all the various sectors in which individual manufacturers work. The market needs cultural development as well as economic growth, though, as professor Innocenzo Cipolletta stated in his comments to ACIMIT's report "The World's Textile Machinery Industry".

Faced with increasingly fierce competition from countries that until recently had no textile machinery industry as such, it has become essential to defend newly acquired markets by transferring production towards them and by generating new commercial opportunities in those countries. Cipolletta went on to confirm that growth in the textile industry in Asia would inevitably lead to further development in local machinery manufacturing. Italian textile machinery manufacturers must therefore place more and more emphasis on technical innovation as the characteristic that distinguishes them from the competition on those markets.