

Italian machinery suppliers focusing on the development of innovative textiles

ACIMIT Report.

Italian textile industry turns particular attention to the sector of technical and innovative textiles. According to ACIMIT estimates, about 100 Italian manufacturers are offering machinery for the production of technical textiles and nonwovens. These machines accounts 10% of the global textile machinery production, which in 2008 amounted to over € 2,000 million.

At present Italy is one of the world's leading textiles producing nations and 3rd largest textile exporters are traditionally renowned for excellent quality of their textile production.

According to ACIMIT's estimates Italian textile machinery export during the year 2008 was declined by 16% compared to previous year, due to low investment activities in the major markets. Production of textile machinery also decreased from € 2,398 million in 2007 to € 1,986 million in 2008, thus showing decline of 17%.

Out of total production of Italian textile machinery amounting to €1,986 million, with exports worth €1,569 million to 130 countries in 2008. On the domestic front, the difficult situation confronting the entire textile/apparel industry has halted the demand for new machinery and technology, which thus dropped 21% on annual basis. Major exporting countries of textile and clothing items have observed a significant drop in export volumes, due to a slump in demand from European markets and the United States. Table below shows the facts about Italian Textile machinery industry.

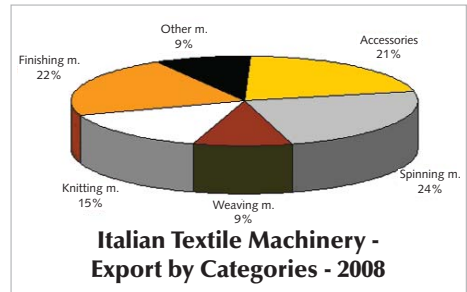
Manufacturing companies in the world's primary markets, which include China, India and Turkey, are currently not investing. There are very few countries in which Italian exports recorded an increase

in sales for 2008 (i.e. Brazil and Russia). Italy's domestic market also witnessed a 21% fall in demand for new machinery on an annual basis.

During the year 2008 Italian machines most demanded was spinning machines (24%), followed by finishing (22%), knitting (15%), weaving (9%), accessories (21%) and other machines (9%).

The major element worrying the industry regards access to credit. A study conducted by ACIMIT, explains ACIMIT President, Paolo Banfi, shows that the most critical issues facing its members relate to the current credit crunch, with an increase in the spread requested by banks on credit to businesses, and a demand for greater guarantees in providing credit lines.

Italian industry turns particular attention to the sector of technical and innovative textiles. The traditional spinning machines are enhanced with higher resistance to the heavy stresses so that they are



catered to the processing requirement of high tenacity fibers used in technical textiles.

Similarly, weaving machines have been modified to meet the running needs of new materials, such as glass fibers, metal fibers, aramid fibers and some other specialty fibers, and the larger widths required by technical fabrics.

For the finishing of technical fabrics, researches have been done on laser treatment and plasma treatment. The former has been used in a large scale to create special effects on fabrics or garments, while the latter, already adopted in many industrial sectors, is expected to include textile dry finishing in its scope of applications.

On the other hand for the production of nonwovens, a number of solutions have been developed to obtain higher working widths, improve the doffing and the handling of the



webs, consolidate the web layers and rationalize the suction and treatment of dust and wastes.

In order to further penetrate into the emerging niche market of technical textiles; Italian textile machinery builders have made progress in solving key technical challenges. The sector of technical textiles embraces several companies, which are leading in different application fields (apparel, geotextiles, etc). The steady research and innovation activities in the production of technical textiles linked together textile producers and Italian technology suppliers into a success alliance.

Facts about Italy's Textile Machinery Industry*						
	Value: Million Euros					
	2004	2005	2006	2007	2008	change 2008/07
Production (a)	2617	2304	2416	2398	1986	-17%
Exports (b)	2041	1866	1933	1870	1569	-16%
Domestic deliveries (a-b)	576	438	483	528	417	-21%
Imports (c)	542	542	531	597	474	-21%
Domestic consumption (a-b+c)	1118	980	1014	1125	891	-21%

Source: ACIMIT
*excluding textile maintenance machinery

Global Exports of Textile Machinery

World textile machinery manufacturers face challenges in the days ahead, including fluctuation in demand and increased competitive pressure. The primary textile machinery markets closed 2008 with a considerable downswing compared to 2007. In China, imports fell of 27%, and equally striking downturns have been observed for India (-33%) and Turkey (-47%). While three global markets produced import volumes exceeding a billion euros for 2007, in 2008 only China topped this threshold.

Among the world's top ten markets for textile machinery, an increase in demand was recorded in Bangladesh, Brazil and Indonesia. The growth in imports on the part of Brazil is especially relevant, at +42% over 2007. Extending this analysis to a broader group of countries, a boost in machinery imports was also recorded for Egypt and Russia.

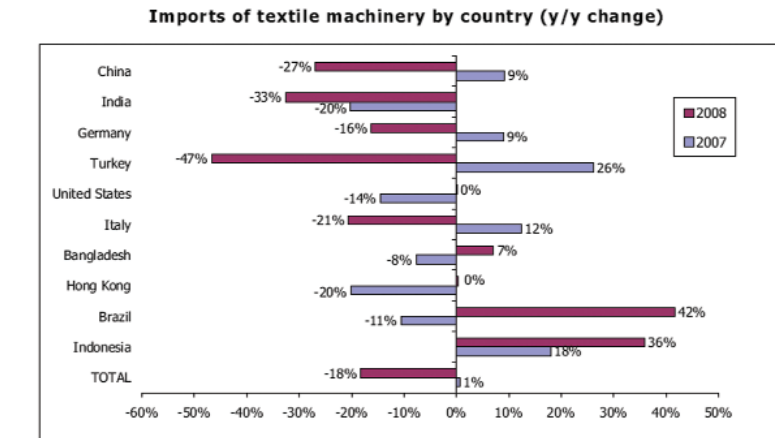
All primary manufacturers of textile machinery suffered from a general downturn in demand, as documented by data relating to global exports. Germany recorded a 21% drop compared to 2007 levels, with similar decreases for Italy, Japan and Switzerland. However, Chinese exports were far less pronounced, declining just 4% compared to 2007.

Outlook for 2009

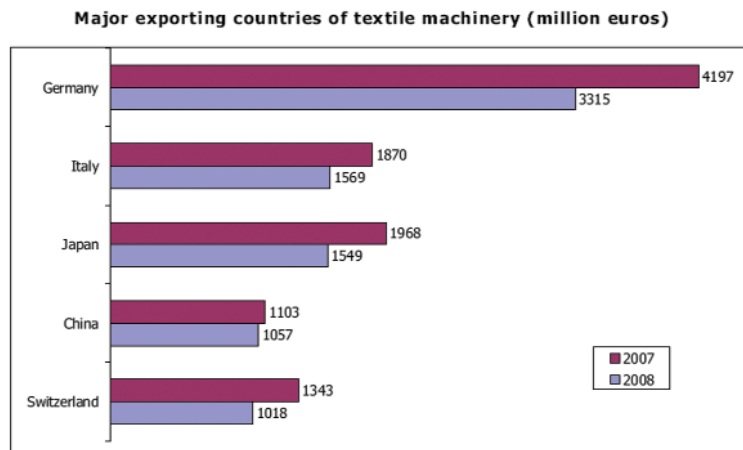
For 2009, market conditions will continue to engender a drop in exports, with data for this year's first quarter not providing any comforting signs.

Whereas, production in the textile machinery sector is expected to remain stagnant for the current year, some positive signs do appear on the horizon for the industry downstream, since a slow recovery in textile production favours a reinstatement of stocks and measures adopted by major exporting countries in support of the industry.

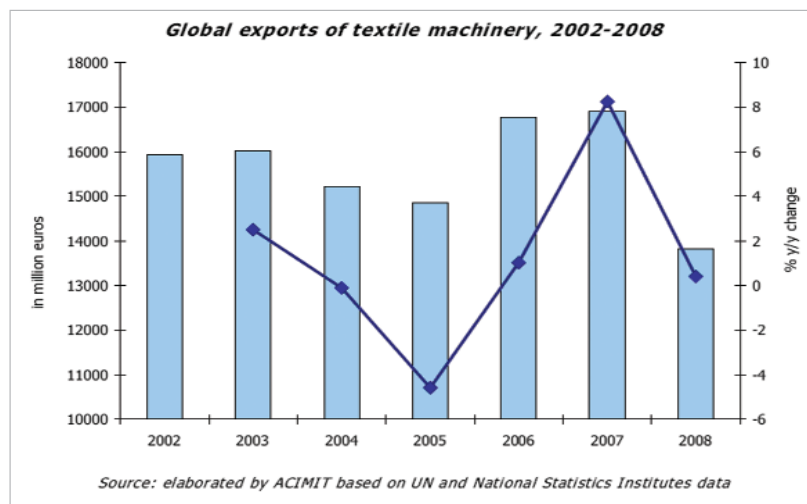
China may very well be the first market to rejoin the path to growth. The measures adopted by local authorities to stimulate the textile and clothing sector, combined with a light recovery in primary sales markets for Chinese textile exports, will serve as an incentive to invest in new machinery and production installations. However, the markets in India and Turkey appear far less dynamic – at least for 2009. The textile sector in Turkey was hit hard by the global recession, as highlighted by the numerous closures of textile factories and consequent reduction in the number of workers employed in the industry.



Source: elaborated by ACIMIT based on UN and National Statistics Institutes data



Source: elaborated by ACIMIT based on UN and National Statistics Institutes data



Source: elaborated by ACIMIT based on UN and National Statistics Institutes data

Benefiting first and foremost from the recovery will be those sectors which proved more dynamic even during times of crisis. The nonwoven fabrics market heads this list, as it has been capable of exploiting the increasingly widespread demand for disposable products in the

health-care and personal hygiene sectors. This growth driver will also be flanked by the needs of enhanced infrastructures in many emerging countries.

Courtesy: ACIMIT, Italian Textile Machinery Association. ♦