

**THE ITALIAN TEXTILE INDUSTRY IN 2006**SUMMARY

2006 finally saw a recovery in the **Italian textile and fashion industry**. In fact, after four years of continual decline, last year's turnover for the sector showed an increase that, although not exceptional (+1.9%), nevertheless allowed sales of textile-fashion products to move back towards the threshold of 53 billion euros. In short, the sector seems to have overcome the most crucial phase of the crisis of the last few years.

The **cotton-linen textile industry** (yarns and fabrics) failed to "catch-up" the recovery path on stage in the textile-fashion industry as a whole. As a matter of fact, while the total turnover of the latter experienced an increase of around 2%, the former continued to show a downward trend (-2,2%). Anyhow, this trend has been less pronounced than in three previous years: that's to say that also in the cotton-linen industry a path towards a new equilibrium is on stage.

Also in 2006, the decrease in physical production (-3,6% for cotton yarns, -8% for cotton fabrics) has been greater than the ones experienced in value terms: a clear sign of the "flight to quality" efforts of Italian firms. In other words, the difference in quantities and values outcomes reflects the significant increase of average prices of Made in Italy products that's, in turns, has to do with the (tremendous) efforts Italian firms are doing to enhance quality and to escape disruptive price wars.