

ECONOMIC UPDATE

T&C INDUSTRY EVOLUTION DURING THE **FIRST
QUARTER OF 2025** AND SHORT-TERM PROSPECTS

FIRST QUARTER
2025

EURATEX



THE EUROPEAN APPAREL
AND TEXTILE CONFEDERATION

I - EU-27 economy:

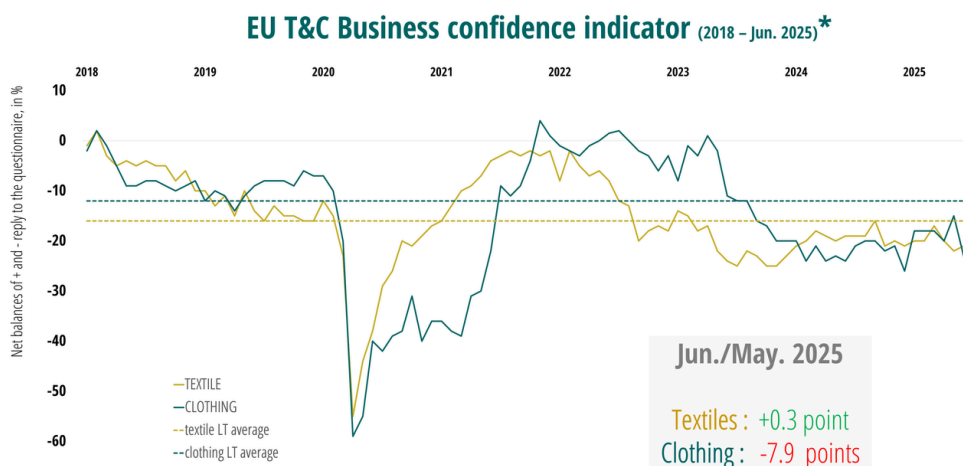
Short-term business statistics

The beginning of the year saw no signs of recovery, in particular in downstream segments. Small positive signals for the textile industry emerge in terms of improved business confidence.

The EU textile and clothing (T&C) industry continues to face significant challenges in the beginning of the year, due to weak consumer demand, rising competition from low-cost imports, and declining global exports. Turnover saw a substantial decrease in 2024, with continued drops in the first quarter of 2025 (-2.4% in textiles and -2.3% in clothing, on a year-on-year basis). Production in textiles has been falling since early 2022, especially in woven, knitted and crocheted fabrics. The start of the year shows notable y-o-y declines in weaving and finishing. Clothing output dropped even more sharply, as compared with the first quarter of 2024, particularly in knitwear. Lack of demand remains the single most important factor limiting production and business activity, followed by labour shortages.

Employment in the sector is declining, compared to pre-COVID levels, due to restructuring, high costs, and skill shortages. The evolution of the EU workforce during the first quarter 2025 deteriorated both, as compared with the previous quarter and as compared with the previous year. Energy and labour costs remain high, with wages rising and gas/electricity prices increasing. While textile prices stayed flat, clothing prices rose due to input costs. Regulatory burdens and compliance costs add further strain. Although inflation is easing, clothing consumer prices have been falling since late 2023, reflecting cooling demand. On the external side, EU imports of T&C from third countries rose sharply, while exports declined, leading to a 52% year-on-year increase in the EU27 trade deficit. This shift was driven by rising imports from Asia and changes in global sourcing amid tariff and policy uncertainty.

The EU business sentiment in June 2025* showed a slight improvement in the textile industry, but a strong deterioration in the clothing sector. The positive trend in the textile industry was mainly driven by managers' brighter opinion on the adequacy of stocks of finished products and improved production expectations. By contrast, confidence on their order-book levels, export order-book levels and employment expectations, which are not included in the headline indicator, worsened. Besides, confidence in the clothing industry saw a notable deterioration, driven by declines across all three components (i.e. managers' assessments of the current level of order books, stocks of finished products, and production expectations). Furthermore, among the questions not included in the confidence indicator, managers expressed increased pessimism regarding employment expectations and their export order books.

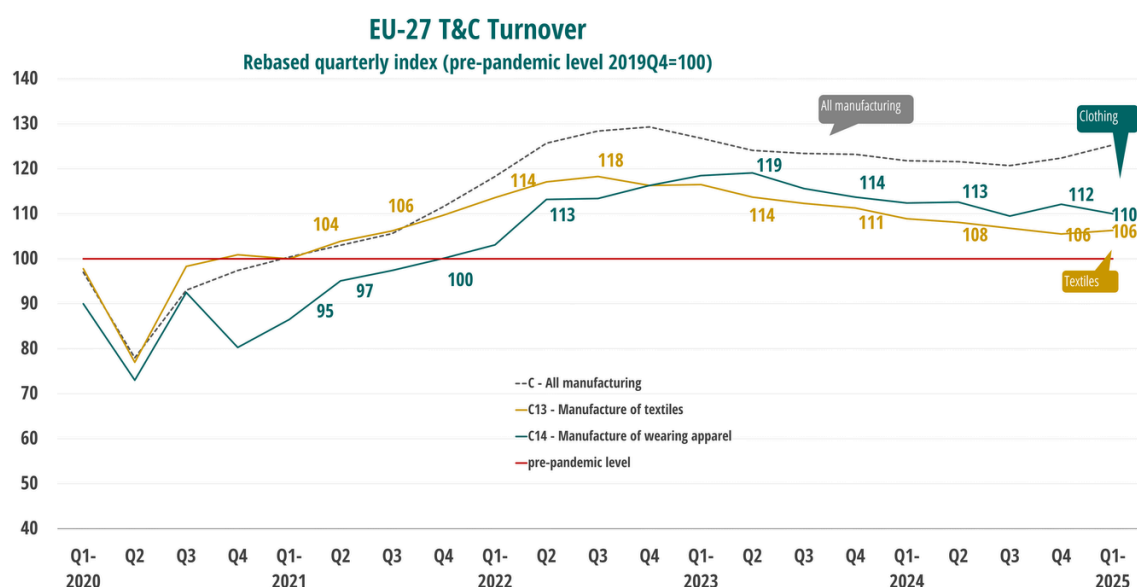


NB: Average of production expectations (3 months), current overall order books and current stock of finished products.

*EU Commission's June 2025 survey: European Business Cycle indicators and Business Consumer Survey (sub-sector database)
Data source: EURATEX, based on EUROSTAT

I - EU27 economy: Short-term business statistics (continue)

The EU T&C industry is facing consistent challenges due to weaker consumer demand, increased competition from low-cost imports and decreasing values shipped Worldwide. In 2024, the turnover evolution was down in both sectors: 5.5% in textiles and 3.9% in clothing, reflecting overall sectoral difficulties. In particular, EU sales in the clothing industry showed a downward trajectory since their peak in 2023. During the first quarter 2025, the clothing turnover dropped by 2.3% y-o-y, and by 1.9% q-o-q. Similarly, textile sales went down by 2.4% year-on-year, but were relatively stable as compared with the previous quarter.



Similarly, EU production in the textile industry has continued its decline, which began in the second quarter of 2022. Among the textile sectors, the steepest year-on-year decline was observed in the weaving industry, which experienced a drop of 3.8%. The “finishing” as well as the “technical and industrial (excl. non-wovens)” segments also reported a decrease of 3% on average, reflecting broader difficulties in upstream production processes. The most notable growth occurred in the spinning industry, which went slightly up (+1.2%). Finally, the manufacturing of “non-wovens” and “knitted & crocheted fabrics” managed to keep their production relatively stable. Compared to textiles, EU output in the clothing sector experienced more significant losses (-5.3% on average). The steepest drop was observed in the knitwear segment (-8.6%), followed by the woven “outerwear” (-7.7%). By contrast, the hosiery industry registered a noticeable improvement (+7.2%).

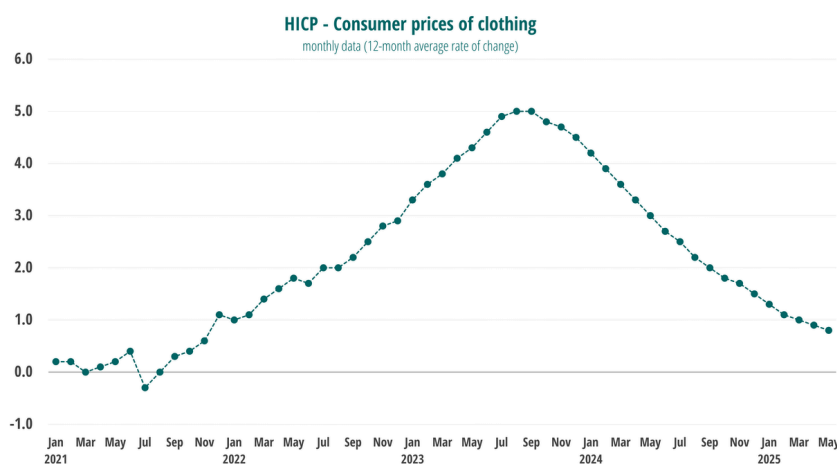
Among member states, Bulgaria and Romania experienced the steepest drop across the entire value chain (-18% on average). Similarly, other countries recorded large declines in the textile sector: Finland (-8.7%), Austria (-7.1%), Italy (-6%), as well as Czechia, Hungary, Germany and Portugal (-3.5% on average). The member state that performed best in textiles was Denmark, with the most substantial growth at 10%, followed by Poland (5.6%), Greece (5.1%), France (3.1%), and Latvia (2.2%). Lithuania and Spain registered lower losses. In the clothing sector, Lithuania, Poland, Belgium, Hungary and Greece recorded severe losses over the period (between -10% and -15%). Other countries also observed drops higher than the EU average: Czechia (-7.9%), Italy (-6.9%), and Finland (-5.7%). Negative trends were also recorded in Portugal, Latvia, Germany and Austria (between -2.7% and -4.3%). On the contrary, Denmark led the growth at 17%, followed by Spain and France, with respectively a 5.7% and 3% increase.

I - EU27 economy: Short-term business statistics (continue)

The evolution of the EU **workforce** deteriorated both, as compared with the previous quarter (textiles: -1.2%; clothing -0.9%) and as compared with the previous year (textiles -2.9%; clothing -4.5%), reflecting the impact of the declining activity. When compared to its pre-pandemic level, job creation in Q1 2025 was 11% down in textiles and 16% in clothing. Employment trends in the beginning of the year suggest significant restructuring in response to declining revenues, high labour costs and lack of skilled workers. The largest y-o-y declines in the textile industry were registered in Spain (-12%) and Austria (-6.1%), followed by Croatia, Germany, Belgium, Poland (-4.2% on average), and Latvia, Sweden, France, Portugal (-2.2% on average). Employment levels in other member states remained relatively stable (between -0.5% and -0.9%). In the clothing industry, the employment levels experienced the sharpest contractions in Ireland. The workforce situation was also challenging in Lithuania (-18%), Croatia (-16%), Poland (-12%), Austria (-10%), Latvia, Portugal, Czechia (-7.3% on average), Italy (-4.6%), Belgium (-3.1%), Germany (-2.6%) and France (-1.9%). Spain was the only country with encouraging trends (+33% as compared with the first quarter of 2024).

Structural cost pressures persist, particularly in energy- and labour-intensive sectors. The EU **producer prices** were relatively flat in the textile industry, but increased in the clothing sector, reflecting higher pressures from input costs. In particular, growth in **T&C wages and salaries** accelerated in the first quarter, after moderating at the end of 2024: +1.3% q-o-q in textiles, and +1.1% in clothing. Furthermore, **gas and electricity prices** in the EU increased, compared to both the previous quarter and the same period last year, signalling an energy price resurgence.

These challenges are exacerbated by steep regulatory burdens and high compliance costs. Competitive pressures in Europe are negatively affecting firms' ability to pass on rising costs. Besides, inflationary pressures are fading away, with demand cooling down. **Consumer prices** for clothing products have maintained their decline since September 2023, helping to ease inflationary pressure on consumers.



I - EU27 economy: short-term business statistics

(Source: Euratex based on Eurostat data)

| PRODUCTION volumes | Annual*, % change based on previous year | | | | Quarter-on-quarter (%) | Quarter*, % change based on same quarter of previous year | | | | |
|--------------------|--|------|-------|------|------------------------|---|---------|---------|---------|---------|
| % Evolution | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 | 2025 Q1 |
| All manufacturing | 9.9 | 3.2 | -1.0 | -2.5 | 1.2 | -4.1 | -3.5 | -1.6 | -1.4 | 0.9 |
| Man-Made fibres | 11.2 | -5.7 | -10.5 | : | : | : | : | : | : | : |
| Textile | 10.0 | -1.0 | -6.6 | -5.0 | 0.3 | -4.8 | -5.1 | -5.1 | -4.9 | -2.8 |
| Clothing | -0.7 | 10.3 | -3.4 | -6.8 | -4.3 | -8.3 | -5.3 | -11.9 | -1.3 | -5.3 |

| EMPLOYMENT | Annual***, % change based on previous year | | | | Quarter-on-quarter (%) | Quarter***, % change based on same quarter of previous year | | | | |
|-------------------|--|------|------|------|------------------------|---|---------|---------|---------|---------|
| % Evolution | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 | 2025 Q1 |
| All manufacturing | -0.2 | 1.4 | 0.7 | -0.3 | 0.0 | -0.2 | -0.1 | -0.6 | -0.8 | -0.7 |
| Textile | -2.1 | 0.3 | -0.8 | -4.1 | -1.2 | -4.5 | -3.3 | -3.4 | -5.2 | -2.9 |
| Clothing | -3.4 | -0.2 | -1.0 | -5.5 | -0.9 | -5.1 | -4.7 | -6.1 | -5.9 | -4.5 |

| TURNOVER | Annual*, % change based on previous year | | | | Quarter-on-quarter (%) | Quarter*, % change based on same quarter of previous year | | | | |
|-------------------|--|------|------|------|------------------------|---|---------|---------|---------|---------|
| % Evolution | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 | 2025 Q1 |
| All manufacturing | 15.3 | 19.4 | -0.9 | -2.2 | 2.4 | -4.0 | -2.1 | -2.3 | -0.6 | 2.8 |
| Textile | 12.6 | 11.0 | -2.3 | -5.5 | 0.8 | -6.4 | -5.0 | -4.5 | -5.1 | -2.4 |
| Clothing | 12.6 | 17.4 | 5.1 | -3.9 | -1.9 | -6.0 | -5.7 | -5.6 | -1.1 | -2.3 |

*Calendar adjusted data, not seasonally adjusted data; ** Seasonally and calendar adjusted data; *** Unadjusted data (Compared to the same period of the previous year)

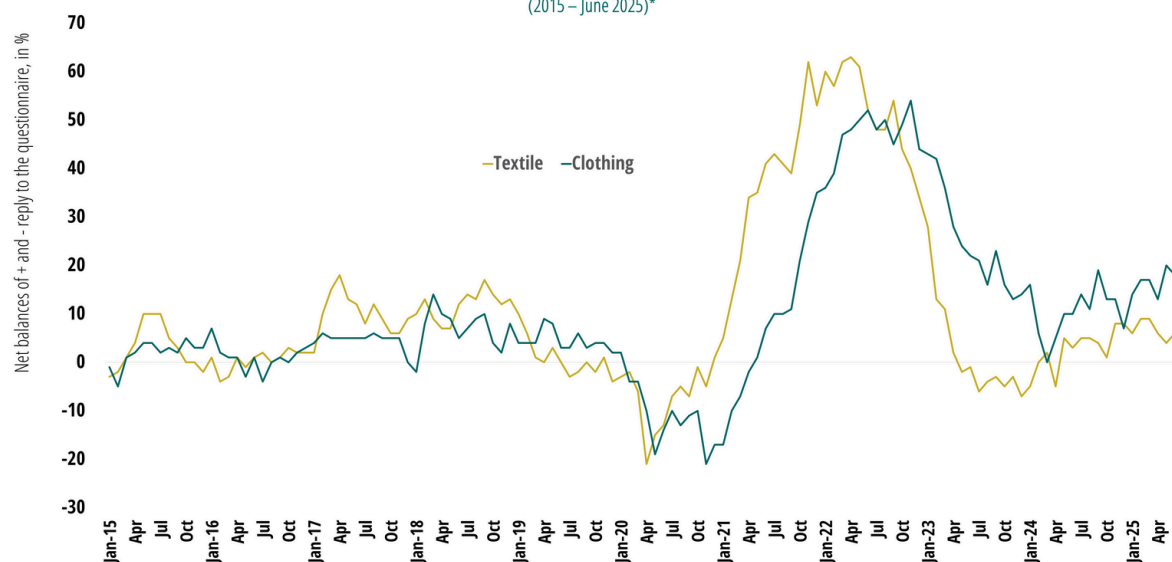
| Producer prices | Annual*, % change based on previous year | | | | Quarter-on-quarter (%) | Quarter*, % change based on same quarter of previous year | | | | |
|---------------------|--|------|-------|-------|------------------------|---|---------|---------|---------|---------|
| % Evolution | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 | 2025 Q1 |
| Energy ¹ | 31.8 | 92.0 | -13.1 | -13.3 | 3.3 | -24.2 | -15.4 | -7.5 | -3.7 | 9.2 |
| Man-Made fibres | 7.2 | 22.9 | -0.8 | -2.2 | -0.4 | -6.5 | -2.9 | -0.2 | 0.9 | 1.5 |
| Textile | 2.5 | 10.8 | 4.7 | -0.3 | -0.5 | -0.6 | -0.3 | 0.1 | -0.2 | -0.8 |
| Clothing | 0.5 | 4.0 | 4.9 | 2.2 | 0.7 | 3.1 | 2.4 | 1.7 | 1.4 | 1.4 |

¹ Energy: Electricity, gas, steam and air conditioning supply

According to the June 2025 survey*, selling price expectations for the next three months went up in textiles (+2.2points as compared with May).As a result, selling price expectations have exceeded their long-term average in the textile industry. In contrast, managers' perceived price developments in the clothing sector decreased by 2% between May and June.

EU Managers' selling price expectations

(2015 – June 2025)*



*EU Commission's June 2025 survey: European Business Cycle indicators and Business Consumer Survey (subsector database)

Unless specified, EU refers to EU27

Data source: EURATEX, based on EUROSTAT

II- EU-27 trade:

Import and export statistics

The **first quarter** of 2025 saw a notable expansion in EU imports from third countries, reflected in substantial increases in both quantity and monetary value. This is due to rising industrial and consumer demand in the EU for Asian goods, but also by a shift in global sourcing due to rising tariffs and policy instability. By contrast, EU exports of textile and clothing went down at the beginning of the year. As a result, the EU27 trade deficit with third countries deteriorated by +52%, year-on-year.

EU imports jumped by 19% y-o-y, following strong export flows from China and Bangladesh.

Extra-EU T&C **imports** experienced a sustained growth as compared with the same quarter of the previous year (+19% in value and volume), following a substantial rise in textile and clothing articles. This surge was mainly supported by a robust growth of clothing imports from China, the EU's top supplier, Bangladesh, but also from other key Asian economies.

- ▶ **Textile imports** from Extra-EU countries rose by 16.5%, as compared with the first quarter of 2024. This evolution was mainly the result of a rise in imports from China (+27% in value; +30% in volume), Pakistan (+30% in value; +20% in volume), India (+34% in value; +37% in volume) and Vietnam. By contrast, textile imports from the United Kingdom maintained their declining trajectory since 2019.
- ▶ **Clothing imports** jumped by 20.6% y-o-y, driven by significant export flows from China (+29% in value; +17% in volume) and Bangladesh (+33% in value; +25% in volume). The pick-up in import was also led by other Asian economies: India, Cambodia, Vietnam

and Pakistan, with growth rates between 22% and 38%. By contrast, imports from some EU neighbouring countries went down (i.e. Switzerland, the United Kingdom, Serbia and Tunisia).

Textile & clothing exports declined in value but went up in volume, driven by increased sales to China.

The EU-27 recorded a y-o-y decrease in export value (-2.8%) and an increase in volume (+3.2%). Among the EU's major customers, China faced the largest slump in value (-17%), and the highest growth in volume (+19%). By contrast, exports to the United States increased in value, but dropped in volumes following higher customs tariffs.

- ▶ **EU textiles' exports** to the Extra-EU countries went down in value (-3.7%) and rose in volume (+2.9%). The growth in volume was fueled by a noticeable rise in EU exports to China (+20%), India (+33%) and Morocco (+18%). On the contrary, export volumes to the US dropped by -14%. In monetary value, the evolution showed different trade patterns, as the drop in textile exports was mainly due to sales' losses on the Chinese (-19%), Indian (-13%) and Turkish (-8%) markets.
- ▶ Similarly, **clothing sales** to EU top partners went down in value (-2.2%) but expanded in volume (+6.5% y-o-y). China experienced the largest decline in value (-€121 million, with a 15% decrease), followed by South Korea (-€69 million, with a 18% decrease) and Hong Kong (-€52 million, with a 11% decrease). In contrast, EU's top customers, Switzerland and the United States, experienced a rise in exports, both in value (+3.1% on average) and volume (+10.5%). Besides, clothing exports to another EU key market, the UK, dropped in value (-4%) and volume (-5%) over the period.

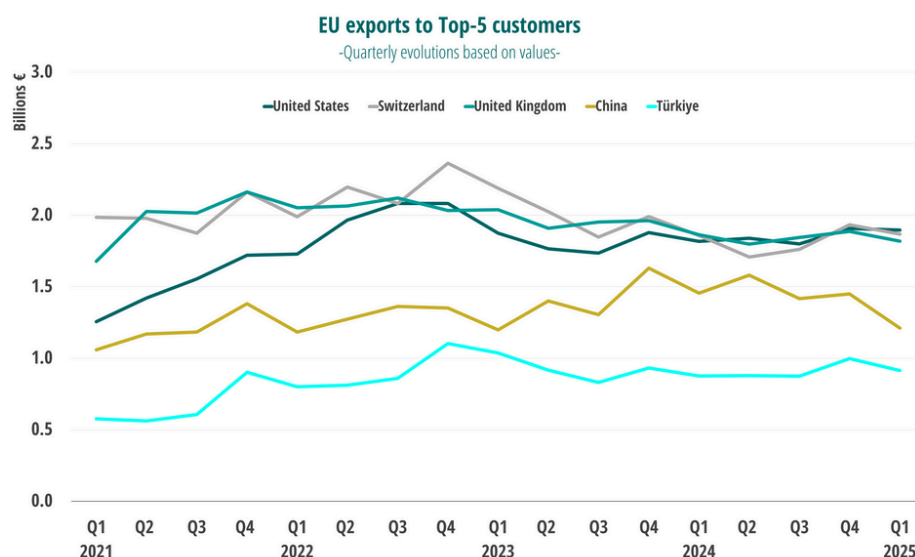
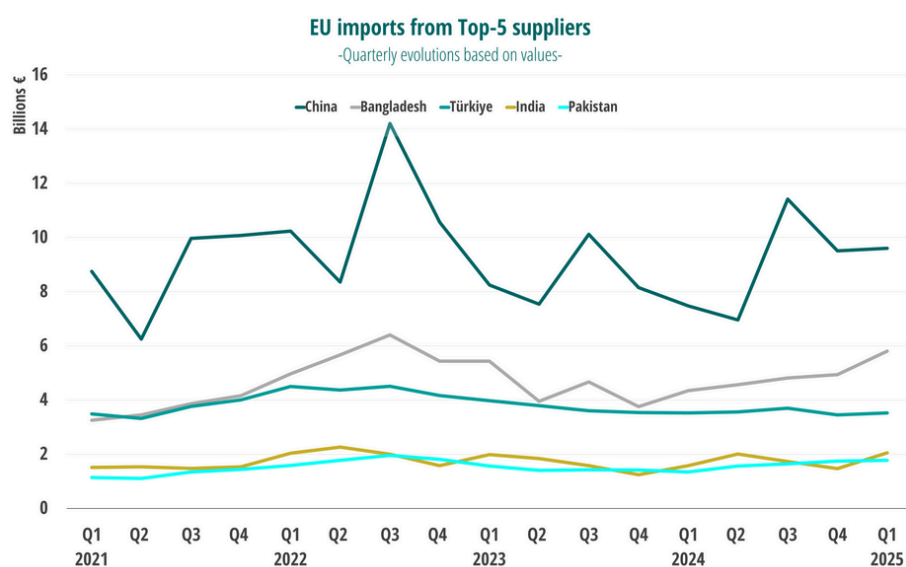
II - EU-27 trade: import and export statistics

| IMPORTS | Annual, % change based on previous year | | | | Year-on-Year (%) | Quarter, % change based on previous quarter | | | | |
|--------------------|---|------|-------|------|------------------|---|---------|---------|---------|---------|
| | 2021 | 2022 | 2023 | 2024 | | 2023 Q4 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 |
| % Evolution | | | | | | | | | | |
| Textile & Clothing | -7.5 | 30.6 | -16.2 | 1.4 | 12.9 | -11.6 | -0.8 | 2.0 | 19.6 | -6.7 |
| Textile | -26.8 | 16.0 | -19.2 | 1.5 | 11.6 | -4.1 | 3.1 | 10.3 | 2.5 | -4.2 |
| Clothing | 5.5 | 37.4 | -15.0 | 1.4 | 13.4 | -14.0 | -2.2 | -1.2 | 26.9 | -7.6 |

| EXPORTS | Annual, % change based on previous year | | | | Year-on-Year (%) | Quarter, % change based on previous quarter | | | | |
|--------------------|---|------|------|------|------------------|---|---------|---------|---------|---------|
| | 2021 | 2022 | 2023 | 2024 | | 2023 Q4 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 |
| % Evolution | | | | | | | | | | |
| Textile & Clothing | 10.6 | 14.7 | -3.4 | -2.4 | -1.8 | 6.9 | -3.7 | -2.3 | -0.8 | 5.2 |
| Textile | 13.2 | 12.0 | -3.7 | -3.2 | -2.2 | 7.2 | -0.7 | 4.6 | -10.4 | 5.0 |
| Clothing | 8.7 | 16.9 | -3.3 | -1.9 | -1.4 | 6.7 | -5.7 | -7.3 | 7.1 | 5.4 |

| TRADE BALANCE (DEFICIT) | Annual, % change based on previous year | | | | Year-on-Year (%) | Quarter, % change based on previous quarter | | | | |
|-------------------------|---|------|-------|------|------------------|---|---------|---------|---------|---------|
| | 2021 | 2022 | 2023 | 2024 | | 2023 Q4 | 2024 Q1 | 2024 Q2 | 2024 Q3 | 2024 Q4 |
| % Evolution | | | | | | | | | | |
| Textile & Clothing | -23.0 | 49.9 | -28.2 | 6.3 | 35.9 | -30.4 | 3.8 | 8.2 | 46.3 | -17.3 |
| Textile | -64.2 | 27.8 | -59.3 | 30.0 | 186.2 | -58.6 | 50.0 | 57.9 | 73.7 | -30.5 |
| Clothing | 2.9 | 54.7 | -22.6 | 4.0 | 27.9 | -27.8 | 1.3 | 4.3 | 43.0 | -15.4 |

Source: Euratex based on Eurostat data



Unless specified, EU refers to EU27

Data source: EURATEX, based on EUROSTAT

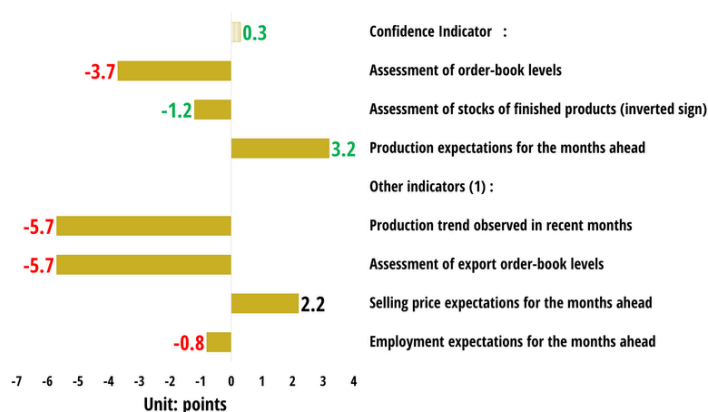
III - Business survey

Business confidence * in the textile industry

Looking ahead, the business confidence indicator in the textile industry reported a slight improvement in June 2025 (+0.3 point as compared with May), following more optimistic entrepreneurs' appraisals of their production expectations for the months ahead and improved opinion on the adequacy of stocks of finished products (NB: inverted sign). By contrast, confidence on their order-book levels deteriorated. Despite brighter expectations, the textile industry's confidence indicator continued to score below its long-term average and pre-pandemic level. The assessment of export order-book levels and employment expectations, which are not included in the headline indicator, worsened.

Evolution of individual indicators

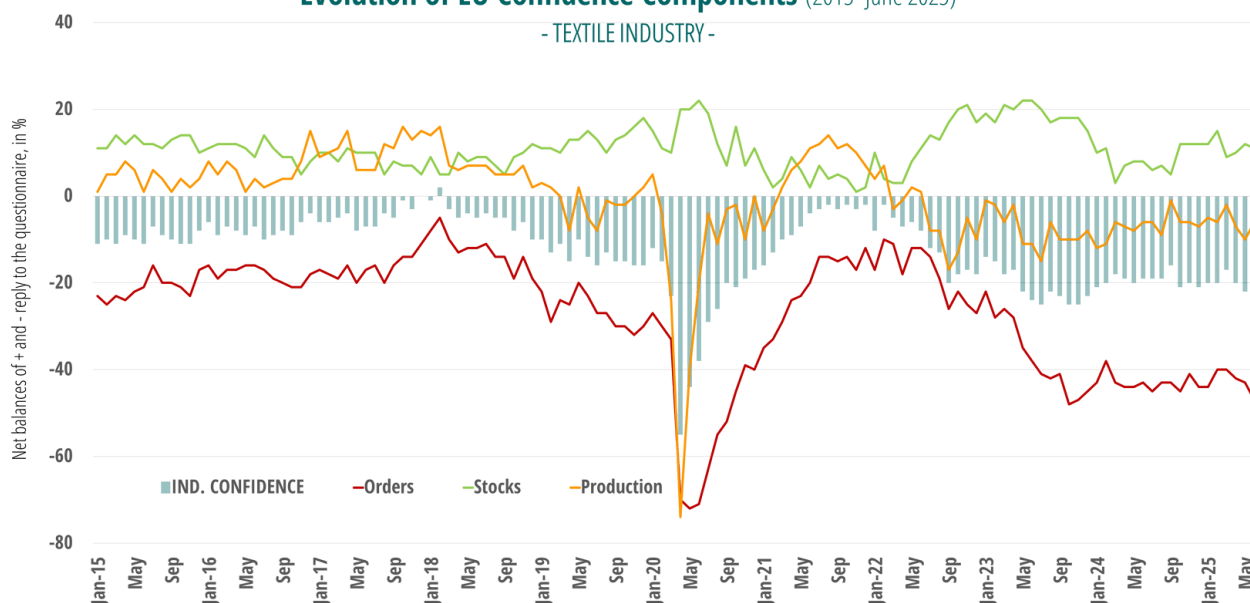
June survey, compared to May 2025



(1) Factors not included in the confidence indicator

Evolution of EU Confidence Components (2015- June 2025)

- TEXTILE INDUSTRY -



*EU Commission's June 2025 survey: European Business Cycle indicators and Business Consumer Survey (sub-sector database)

Unless specified, EU refers to EU27

Data source: EURATEX, based on EU Commission, DG Economy and Finance

III - Business survey

Business confidence *

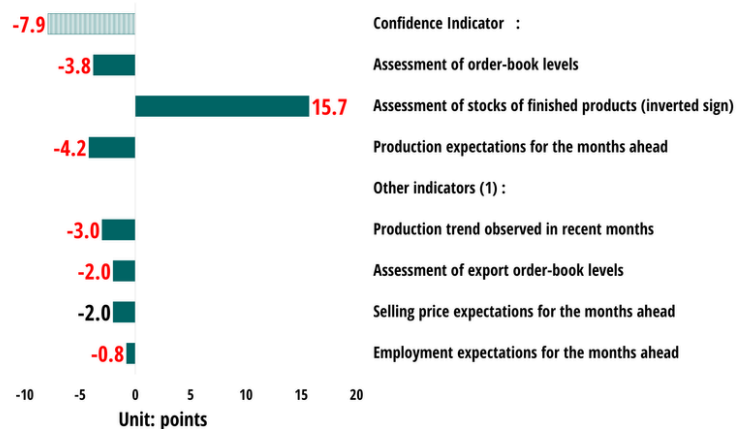
in the clothing industry

The level of confidence, for the months ahead, among managers in the **clothing industry** has dropped considerably (-7.9 points), driven by negative developments in entrepreneurs' assessments of their current level of overall order books, and of their appraisals of the adequacy of stocks of finished products (NB: this indicator is reflected with inverted sign in the graph!). At the same time, managers were notably more pessimistic about their production expectations.

Among the questions not included in the confidence indicator, managers also expressed increased pessimism regarding employment expectations and export order-book levels.

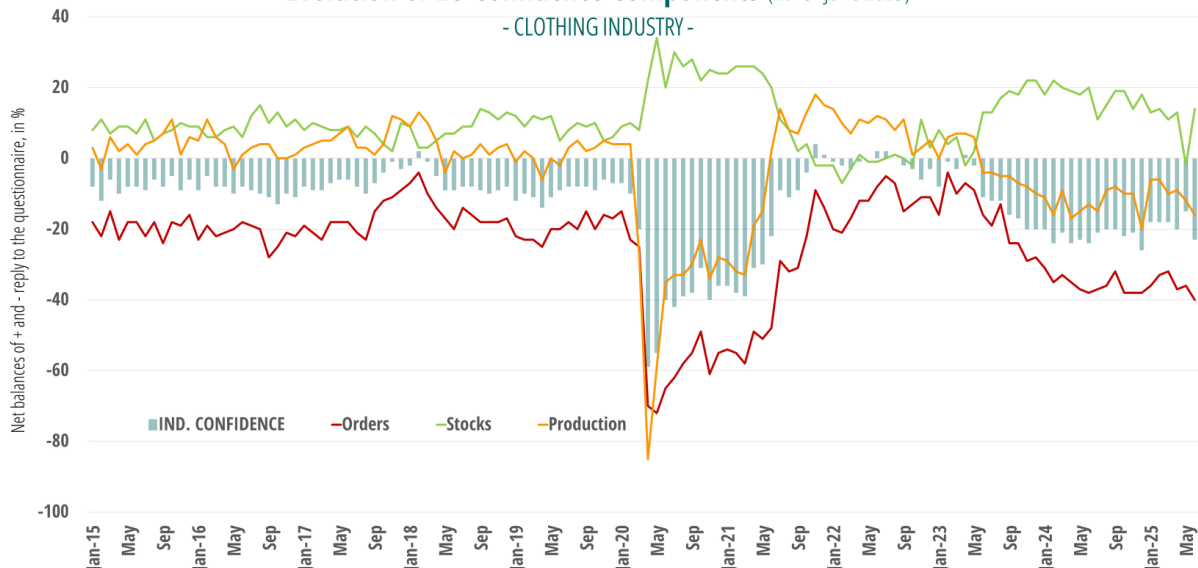
Evolution of individual indicators

June survey, compared to May 2025



(1) Factors not included in the confidence indicator

Evolution of EU Confidence Components (2015- June 2025)



*EU Commission's June 2025 survey: European Business Cycle indicators and Business Consumer Survey (sub-sector database)

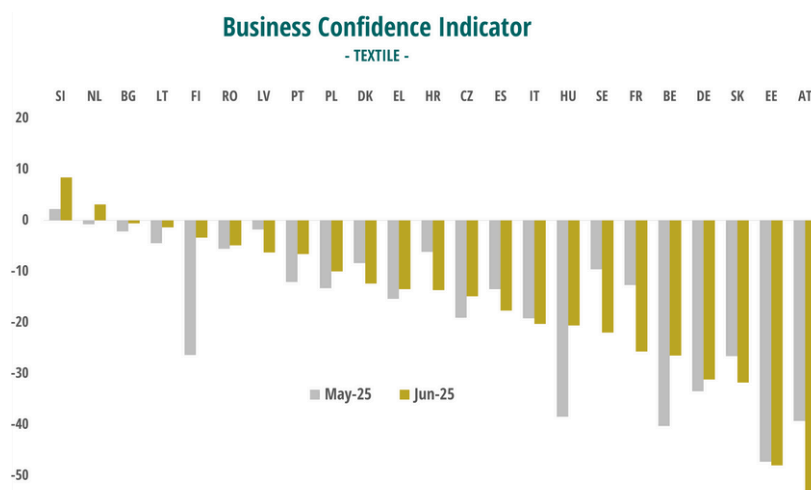
Unless specified, EU refers to EU27

Data source: EURATEX, based on EU Commission, DG Economy and Finance

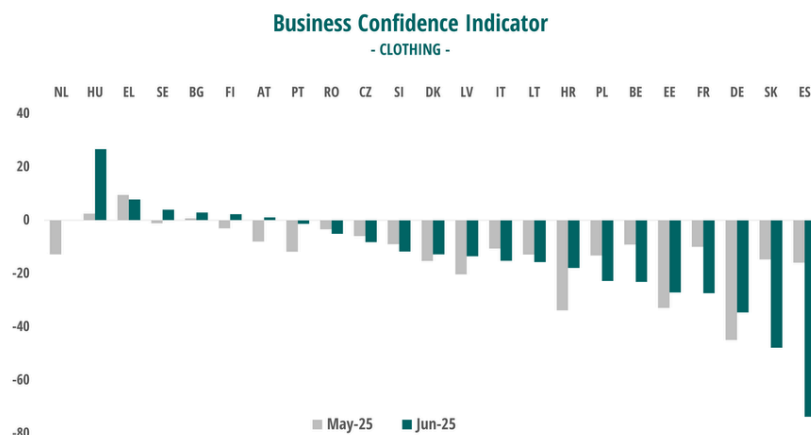
III - Business survey

Business confidence * in the Member States

Slovenia and the Netherlands were the only countries with positive assessments, as regards business confidence in the **textile** segment. Expectations were negative in all other member states. Focusing on the seven largest EU textile producers, June 2025 brought a noticeable improvement of expectations in Belgium (+14 points, as compared with the previous month), Portugal (+5.5 points), Poland (+3.3 points), and Germany (+2.3 points). On the other side, expectations worsened sharply in France (-13 points), and also declined in Spain (-4.2 points) and Italy (-1.1 point).



As regards business confidence in the **clothing** segment, only six countries had positive or balanced assessments (Hungary, Greece, Sweden, Bulgaria, Finland and Austria). Among the seven largest EU clothing producers, business confidence dropped most significantly in Spain (-58 points) and France (-17 points). Confidence also largely decreased in Poland (-9.6 points), Italy (-4.6 points) and Romania (-1.7 point). While still negative, Germany and Portugal recorded the strongest improvement in industry expectations' forecasts (respectively +10.3 and +10.5 points).



*EU Commission's June 2025 survey: European Business Cycle indicators and Business Consumer Survey (sub-sector database)

Unless specified, EU refers to EU27

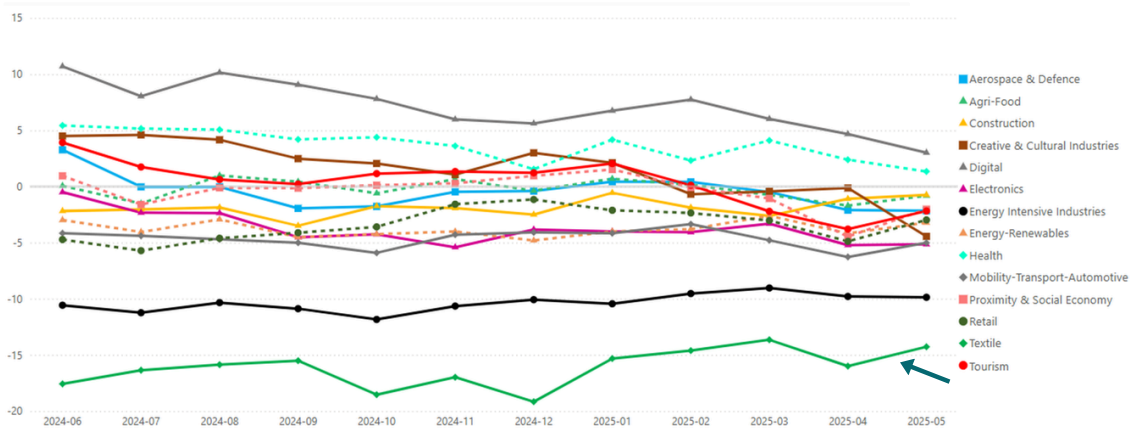
Data source: EURATEX, based on EU Commission, DG Economy and Finance

III - Business survey

Managers' expectations in other industrial ecosystems

- In May 2025, there was a somewhat positive rebound in confidence for most ecosystems, although levels remained low compared to confidence in the previous quarter.
- Proximity & Social Economy showed the largest increase in confidence, driven mostly by Repair of computers and personal and household goods. Retail, Textile, and Tourism also displayed a clear increase. However, the June survey, revealed a stabilisation in confidence for Textile.
- Creative & Cultural Industries showed a remarkable decrease driven mostly by the combined decline in Other professional, scientific and technical activities, and Advertising and market research.
- Confidence in Electronics, Aerospace & Defence, and Energy Intensive Industries remained practically constant.


Business confidence indicator in the industrial ecosystems



*Joint Harmonised EU programme of Business and Consumer surveys (elaboration by DG Grow). Textiles Ecosystem : Textiles, clothing, leather and footwear industries.

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**FIRST QUARTER
2025**



THE EUROPEAN APPAREL
AND TEXTILE CONFEDERATION