Speech abstract: The European textile and clothing industry is a highly diversified, innovation and creativity driven industrial sector. Its production is broadly divided in three almost equal shares addressing the following end markets (1) clothing and fashion, (2) home and interior decoration and (3) a broad range of technical uses including transport, construction, human and environmental protection or healthcare. In 2010 the European textile and clothing industry realized a total turnover of € 172 billion and employed 1.9 million people in more than 149,000 companies. The industry exported products worth a total of € 34 billion. In the face of intense global competition European companies have to constantly improve and innovate to survive and thrive. The European textile and clothing sector thanks to its diversified and innovative industry base and its unrivalled textile research, education & creativity systems is uniquely positioned to benefit from enormous global market opportunities in both consumer and technical markets if it embarks on bold forward-looking strategies and implements them collaboratively. The speech will outline how the industry tackles challenges such as globalization, innovation, skills & knowledge, sustainability and sector image. It will explain how EU policies impact the industry and demonstrate how collective initiatives taken by Euratex and the European Technology Platform help overcoming obstacles that are beyond the abilities of individual companies or national organizations.