Spain’s beleaguered textiles industry has asked the government to introduce an aid package similar to the EUR800m bailout package for the auto industry, or watch the sector disappear.

In a statement from top textiles lobby CIE, president Angelo Asensio said the industry is in its worst state ever and has began discussing the scheme with the government.

The talks come as the country’s textiles and apparel trade continues to struggle amid a sharp consumer downturn triggered by a deep recession.

The crisis has thrown many leading companies such as Dogi and Caramelo into insolvency.

The newest casualty is Fuentecapala in the region of Extremadura which has announced 60 layoffs to survive the recession.

Last December Spain introduced a EUR800m aid package to help shore up its struggling auto sector but has not done much to help textiles producers.

Asensio said any textiles aid package will need to include measures to boost credit and financing lines to struggling producers at a time when consumption remains anemic.

According to textiles think tank Cityc, domestic textiles demand fell sharply in the first half, triggering big declines in employment and production.

However, Asensio said he was hopeful the sector’s fortunes will recover in the second half of 2010, helped an expected recovery in Spain’s economy.