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ALLIANZ RESEARCH

BRUISED BUT NOT BEATEN, EUROPE'S TEXTILE INDUSTRY IS A PERFECT CANDIDATE FOR A GREENER AND DIGITAL RECOVERY

22 July 2020

- 04 European manufacturers hit hard by a unique trade, manufacturing and retail standstill
- 08 An acceleration of the European sustainability agenda could speed up the recovery



EXECUTIVE SUMMARY



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- **An unprecedented disruption in trade, manufacturing and retail activities, followed by a major economic crisis, will send the turnover of the European textile and apparel industry down by -19% in 2020, amid a -9% slump in GDP for Eurozone countries. We expect turnover to bounce back by about +15% in 2021 and return to pre-crisis levels only in 2023, assuming a progressive easing of the global sanitary emergency and substantial fiscal and monetary support to the economy.**
- **Despite the major relief provided by the various job-retention schemes and abundant funding, we believe that up to 8% of total industry employment (about 158,000 jobs) and 6% of companies (about 13,000) could disappear by the end of 2021.** The share of SMEs in the textile industry's total turnover is twice as high as the manufacturing sector average, making it more vulnerable.
- **However, three factors suggest the industry is far more resilient and competitive than it was in 2009, making it better placed for a recovery:** 1) The stabilization of the European textile and apparel trade balance, 2) dynamic growth across segments where European manufacturers are the most competitive and 3) progress in productivity. Public support to the industry could not only allow a speedier rebound and help manufacturers return to their pre-crisis growth track, but also align with calls for a greener and more digital economy.
- **A greener textile industry would place greater emphasis on quality rather than quantity, a U-turn from the fast-fashion paradigm that has worked against the best interests of Europe's manufacturing industry.** Booming per capita apparel consumption comes with a cost: the industry globally generates about 10% of all greenhouse gas emissions. **The case of Italy, where the aligned interests of consumers, retailers and manufacturers have allowed the country to keep a preference for more expensive, yet higher quality and locally made apparel, sets the example for the rest of the region.** The benefits of import substitution would be very tangible: A 10% decrease in French and German imports of apparel would represent the equivalent of an 8% boost in European apparel manufacturing turnover. Efforts to encourage a transition from linear to circular manufacturing practices could also yield substantial opportunities for the local manufacturing base.
- **Encouraging the adoption of state-of-the-art technologies** would also be beneficial to an industry where SMEs dominate and do not necessarily have the clout to engage in expensive R&D programs. Learning from the lessons of the past retail lockdown and the slow recovery in international travel, support for the development of e-commerce capabilities would help manufacturers increase their reach and mitigate their risks.



-19%

**Expected slump in turnover for
Europe's textile and apparel industry in 2020**

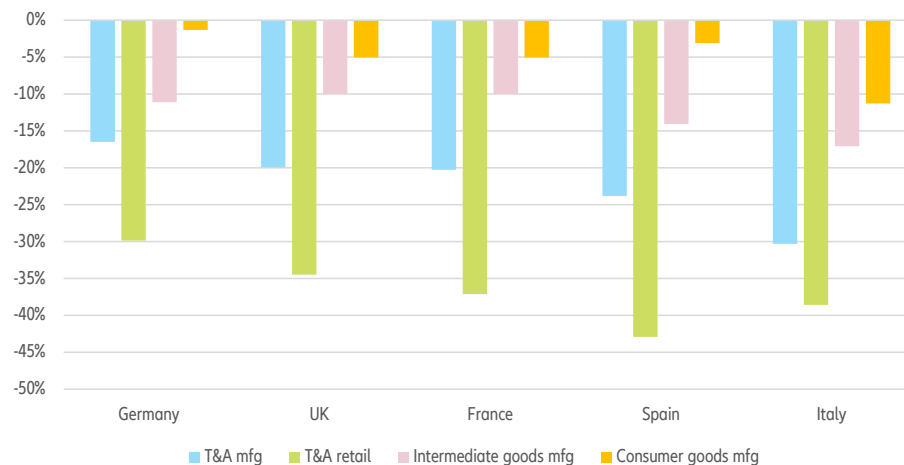
EUROPEAN MANUFACTURERS HIT HARD BY A UNIQUE TRADE, MANUFACTURING AND RETAIL STANDSTILL

The EUR205bn European textile and apparel (T&A) manufacturing industry has not escaped the wider economic slump that has shaken the world since the beginning of the Covid-19 outbreak. The pandemic has so far had a threefold impact on the industry:

- The impact was first felt in trade activities as China entered a prolonged and severe lockdown period starting in February — the country is a major exporter of fibers and fabric used by European manufacturers and a major destination for European apparel exporters.
- European production was, in turn, hit by regional lockdown measures, which began in the major manufacturing districts of Brescia and Bergamo (Lombardy). Manufacturing hit a low in April, with year-on-year slumps ranging between -35% (Germany) and -78% (Italy).
- The region also witnessed a collapse in demand, with its three client industries (export markets, local industries, local apparel retailers) running at low capacity to avoid an inventory build and preserve their cash positions. The low point in specialized retail also occurred in April, with year-on-year declines oscillating between -65% for the UK and -90% for Spain.

Looking at year-to-date data on manufacturing and retail activity (Figure 1), we find strong evidence of both T&A manufacturing and retail falling much harder than other manufacturing activities. Because industrial textiles are intermediate goods and consumer textile goods come under discretionary expenditure, the T&A industry tends to be hit harder during economic downturns.

Figure 1: Year-to-date change in T&A manufacturing turnover and retail sales in specialized stores vs other manufacturing sectors (%)



Sources: Eurostat, Euler Hermes, Allianz Research



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T&A business sentiment as bad as in 2009, order books not recovering yet

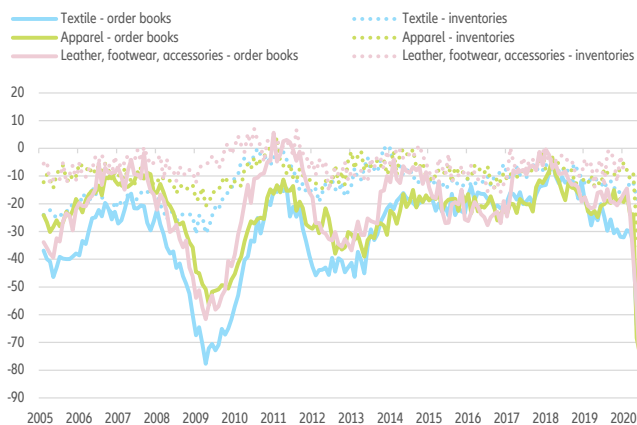
Business sentiment surveys conducted by the European Commission point to a deterioration similar in magnitude to that of 2009 (Figure 2). While the trough in activity is already past for manufacturers, June 2020 data show European companies are still failing to see a significant recovery in their order books. As for inventory levels, business sentiment deteriorated to a lesser extent and has shown signs of a modest improvement. German

manufacturers were generally more pessimistic across all segments and for both order book and inventory levels than their French and Italian peers.

Comparing the business sentiment of the T&A industry versus the rest of the manufacturing sector, we again find evidence of T&A being far more pessimistic than the wider manufacturing industry as regards its order books and inventories —

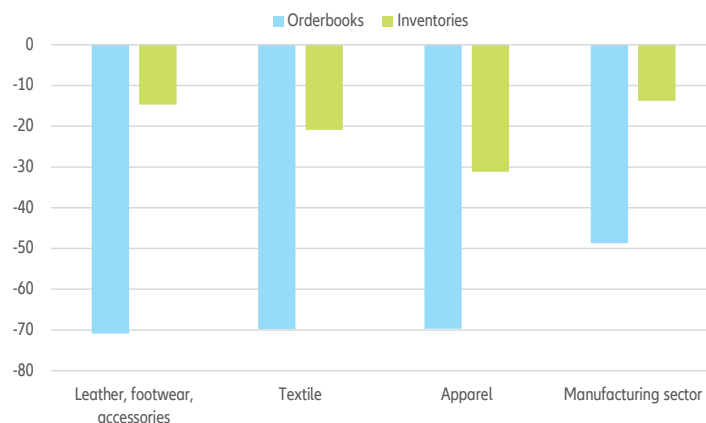
much like in 2009, the sector's recovery looks set to lag behind that of the rest of the economy (Figure 3).

Figure 2: Business confidence survey - European Union (balance)



Sources: DG ECFIN, Euler Hermes, Allianz Research

Figure 3: Business confidence survey - European Union, June data (balance)



Sources: DG ECFIN, Euler Hermes, Allianz Research

Industry turnover will contract by -19% for 2020...

Combining year-to-date data on industry turnover with manufacturing PMIs, business sentiment surveys and our economic scenario for 2020¹, we anticipate the European textile and apparel industry will shrink by -19% in 2020 (Figure 4)

- Italy, the region's largest manufacturer (Figure 5), will see the steeper decline in 2020 (-22%) because of a terrible first quarter and a comparatively higher exposure to the apparel retail market (Figure 6). Because fashion is a seasonal business, sales lost during the lockdown will be hardly compensated for throughout the year and the clearing of inventories will weigh on realized prices. Also, rising unemployment across Europe will weigh on consumer confidence and clothing purchases, which are typical discretionary spending items.
- Germany will fare better for the exact opposite reasons, that is a less dramatic start to 2020 and a lower

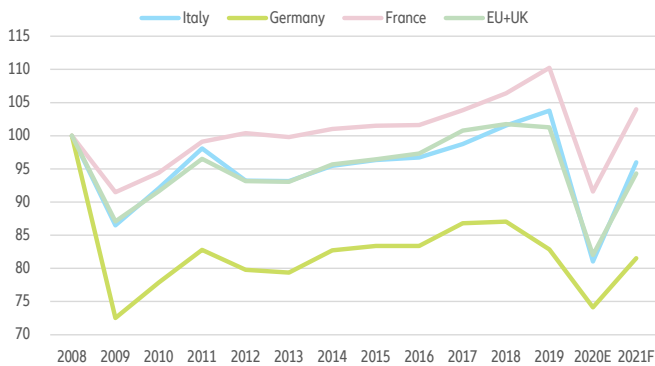
exposure to the fashion retail market. German manufacturers should see turnover fall by -11% in 2020. The industry's trade association textil+mode has been critical of the German stimulus package on the grounds that the proposed VAT tax cut was not enough to compensate for lost lockdown weeks, and that the proposed acceleration of the green agenda would threaten the cost-competitiveness of German manufacturers.

- France will be in an intermediate situation, with a -17% hit in 2020. Much like Italy, it is comparatively more exposed to the apparel retail market, but unlike Italy it has a narrow manufacturing base. Accounting for about a quarter of global luxury goods sales, it will suffer from the collapse of the segment expected in 2020 (-22% to -25% according to Bain & Company's median scenario).

Beyond a major hit on turnover, we also anticipate a significant deterioration of payment terms from struggling retail customers. The International Textile Manufacturer Federation (ITMF) has called for understanding and cooperation between manufacturers and retailers after large retail chains invoked force majeure clauses to freeze rent payments and cancel or delay orders from manufacturers.

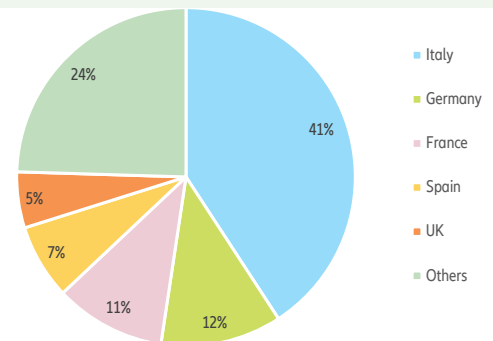
Between 2008 and 2019, the textile and apparel sector shed an estimated 600,000 jobs and 22,000 companies through industry consolidation, and we expect this trend to accelerate. Looking at past recessions and factoring in the unique characteristics of the ongoing crisis, we estimate that total sector employment could decline by as much as -8% (about 158,000 jobs) and company count by -6% (about 13,000 companies), vs -13% and -7% in 2009, respectively.

Figure 4: Textile and apparel manufacturing turnover (2008=100)



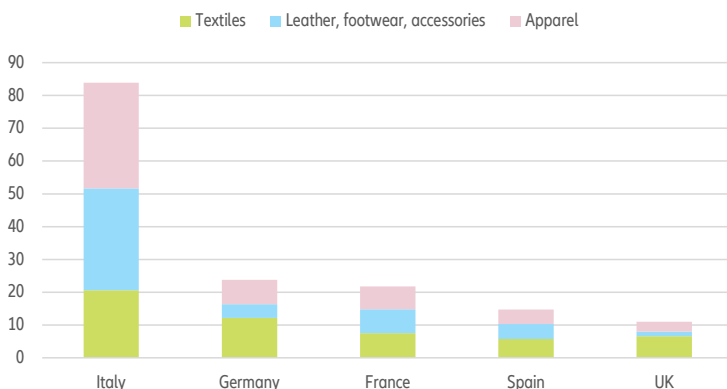
Sources: Eurostat, Euler Hermes, Allianz Research estimates

Figure 5: EU27+UK textile & apparel industry turnover breakdown by country, 2019 estimates (%)



Sources: Eurostat, Euler Hermes, Allianz Research estimates

Figure 6: Estimated industry turnover by segment (2019, EUR bn)



Sources: Eurostat, Euler Hermes, Allianz Research estimates

¹ See [Coping with Covid19 in Differing Ways](#)

A more resilient industry better placed for a swifter recovery

Despite a bigger hit on revenue, we expect the textile and apparel industry to be more resilient than in 2009 and better placed for a recovery. A mix of macroeconomic and industry-specific factors should allow the industry to bounce back by +15% in 2021:

- **Unlike 2009, there has so far been no deterioration in funding conditions for companies** – in fact, central banks and governments have rushed to provide ailing companies with ample liquidity. Job-retention schemes have also provided a substantial relief for this labor-intensive industry: IVGT, one of Germany's trade associations, estimated that more than 80% of textile companies still had staff under partial-work schemes in June 2020. In Italy, Confindustria Moda said Italian manufacturers cumulated more hours of the local partial unemployment schemes in May 2020 alone than for the entire year 2019. This will, in the short term, avoid massive damage to the aggregate output potential of the industry.
- **The European industry has also become more competitive.** In 2009, European manufacturers were struggling with the increased penetration of foreign goods, with Eu-

rope's trade deficit for textile products doubling between 2001 and 2010 (2001 was the year China entered the World Trade Organization). This is no longer the case – **the deficit has been broadly flat since 2015.** Secondary producers including the UK, the Netherlands, Denmark, Poland and Romania were all seeing significant manufacturing growth in the past years.

- **This reflects a shift in the industry's structure:** The apparel segment, which accounted for 40% of total industry turnover in 2009, now makes up less than 34% but with a more solid and competitive manufacturing base focusing on higher-end items – France, Italy and Germany have seen their market shares in global trade increase since 2014.

The same is true for leather goods and accessories: Global trade in these products rose from USD43bn in 2009 to USD88bn in 2019. Over this period, Italy's global market share went up from 10% to 14%, while France's rose from 28% to 32%. Efforts by the industry to improve its product mix and increase its productivity can also be seen in apparent labor productivity data from Eurostat: between 2009 and 2017, gross

value added per employee in the European industry increased by about 25% for apparel, 30% for textiles and 48% for leather goods, footwear and accessories.

Still, aggregate European T&A 2021 turnover would remain 7% below its 2019 levels. Looking beyond 2021, we anticipate growth to be harder to achieve and dependent on strong assumptions regarding, among others, international tourist flows. While the national and European trade associations are already engaged with key stakeholders to define sector-specific recovery measures, we believe public policy could help rekindle growth in the industry and consolidate the positive trend that has been at play in past years.



AN ACCELERATION OF THE EUROPEAN SUSTAINABILITY AGENDA COULD SPEED UP THE RECOVERY

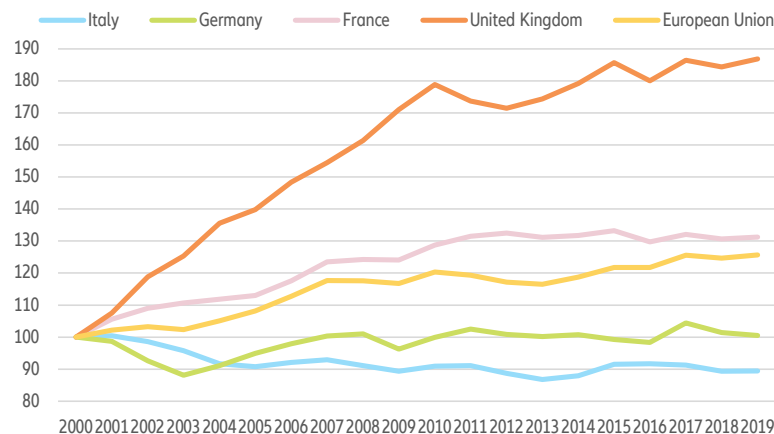
From vegetal and synthetic fiber production to weaving and sewing through to yarn dyeing, textile manufacturing is estimated to generate about 10% of global greenhouse gas emissions². Textile production is intrinsically carbon intensive, generating about 17 metric tons of CO₂ equivalent per metric ton of textile vs 1 metric ton for paper and 3.5 metric tons for fabric. The trend towards higher per capita consumption could send this share to more than 25% by 2050. Beyond GHG emissions, the industry is also a major consumer of water resources and an estimated 73% of all textile production is either incinerated or landfilled. We believe public policy aimed at accelerating the various industry initiatives to reduce its environmental footprint would tip the competitive game in favor of European manufacturers and align business and environmental interests.

Shift away from fast-fashion and encourage quality over quantity...

European fast-fashion retailers such as Zara (Spain), H&M (Sweden), C&A (Netherlands) and Primark (UK) have played an instrumental role in shaping competition in mass-market fashion. Relying on a combination of global supply chains, high collection turnaround and low-priced items, fast-fashion comes with very tangible benefits for consumers, who have enjoyed more product variety at lower prices in the past decades. This has contributed to the growing preference for quantity over quality among consumers. Between 2000 and 2015, average clothing utilization (the average number of times a piece of clothing is worn) declined by about 35%, while global volumes sold doubled to reach more than 100 billion items per year³. The growing prominence of fast fashion appears clearly in

aggregate sector data. Looking at the volume retail sales of T&A in specialized stores and population over time (Figure 7), we find that consumption has grown by more than +25% in Europe, with France (+31%) and the UK (+87%) seeing the strongest increases since 2000. Adding online retail sales of clothing, which are not captured in Eurostat's dataset, would only make the trend even more obvious (clothes have among the highest online penetration rates across product categories). Interestingly, however, data suggest that "peak clothing" has begun to materialize, with per capita consumption stabilizing in past years. The growth of the second-hand market, impossible to measure precisely but easy to observe with the booming use of classified ads and peer-to-peer marketplaces such as Vinted (Lithuania), is another hint of a shift in the European consumer mindset.

Figure 7: Per capita volume retail sales of textile, clothing, footwear accessories in specialized store (2000=100).



Sources: Eurostat, World Bank, Euler Hermes, Allianz Research calculations

² Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future

³ Ibid.

... and imports over local apparel production

Because Europe has comparatively stricter labor regulation, higher labor costs and a narrower labor force, European manufacturers cannot compete with foreign competition when it comes to supplying the vast majority of European clothing retailers with large quantities of low-priced apparel. Should per capita consumption return to its past levels and consumers trade quantity off for quality, then the story may be different because labor costs are only a fraction of the final retail price.

Several studies have tried to assess the exact share of garment manufacturing labor costs in the retail price of items typically bought in fast-fashion stores in mature economies. A study from Deloitte on the Australian market estimates this share at 4% for an average t-shirt⁴, an estimate consistent with another study from Swiss-based non-governmental organization Public Eye for a EUR25 Zara hoodie made in Turkey⁵. Keeping the tax rate and wholesale and retail markups constant as a percentage of

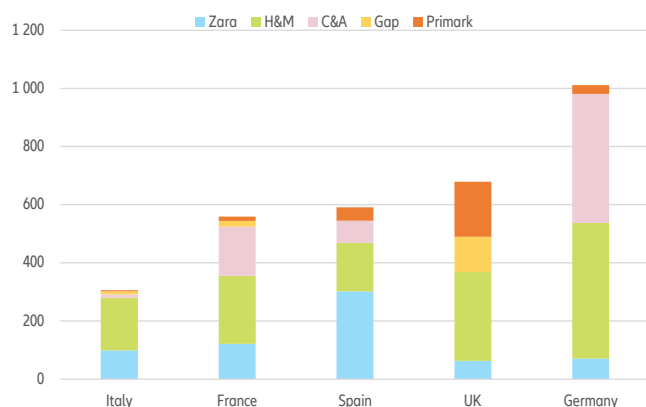
costs, a threefold increase in labor costs translates into a 16.5% increase in the retail price⁶, while a fivefold increase would lead to a 32.7% increase in the retail price. For the average European consumer to keep their clothing spending unchanged despite higher prices, they would need to cut purchased volumes by 14% and 25%, respectively. In other words, they would need to return to their purchasing behavior of the 2000s. While more precise calculations would need to factor differences in labor productivity, lower freight costs and tariffs, etc. we believe that the quantity-for-quality trade-off makes environmental and business sense. It is also aligned with the European Commission's "zero waste hierarchy" whose highest priority is to prevent future waste generation⁷.

Italy shows consumer preference for quality supports local manufacturing

The preference for quality over quantity is actually one of the explanations for Italy's resilient T&A industry. Despite growing competition from Eastern European, Northern African and Asian manufacturers, the country's industrial produc-

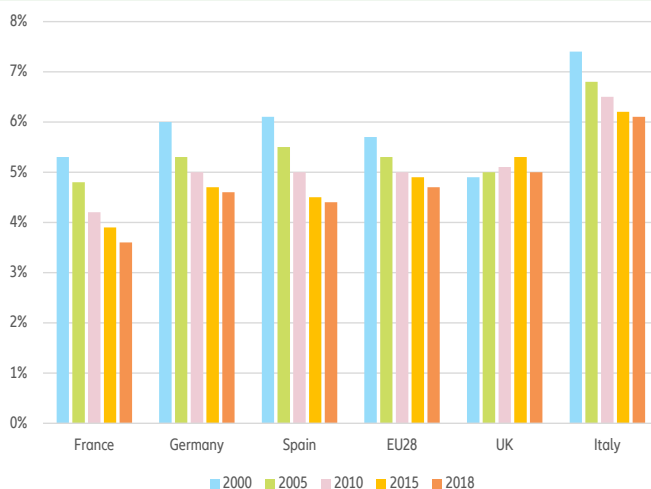
tion of apparel has shrunk by "only" -26% since 1991, while the industries of France and Germany saw their production fall by -97% and -89%, respectively. As seen previously in Figure 7, Italy's per capita consumption of apparel has been flat for the past ten years, consistent with Figure 8, which compares the footprint of leading fast-fashion retailers across Europe's five largest markets – Italy falls far behind other large European retail markets. While growing, large fast-fashion retailers have much lower penetration in a country where independent retailers connected to local manufacturers still control a sizeable share of the market. Unlike fast-fashion retailers, the largest Italian clothing chains (Calzedonia, Miroglio Group, Max Mara) own manufacturing capacities and rely on a mix of factories in Italy, Eastern Europe and North Africa. Italy's preference for higher quality but more expensive apparel is also reflected in the expenditure of its households, which still dedicate more than 6% of their consumption to clothing and footwear – a record high in Europe (Figure 9).

Figure 8: Top fast-fashion retailers presence in Europe's largest markets (stores)



Sources: Euler Hermes, Allianz Research calculations based on information retrieved in July 2020

Figure 9: Share of clothing and footwear in final household consumption (current prices, %)



Sources: Eurostat, Euler Hermes, Allianz Research calculations

⁴ See Deloitte Access Economics for Oxfam Australia, A Living Wage in Australia's Clothing Supply Chain, Sep 2017

⁵ See Public Eye, Der Preis eines Zara-Pullover, Dec 2019

⁶ The mean nominal hourly labour cost in the manufacturing sector for Turkey stands at about USD6 vs USD12 for Poland, USD26 for Spain and USD32 for Italy (International Labour Organisation).

⁷ Introduced in 2008, the Waste Framework Directive defines waste prevention as the best option, followed by re-use, recycling, other forms of recovery (energy generation...) and landfill as last resort.

NGOs and trade associations have for long addressed the need for consumer behaviors that would align environmental targets with the interests of local manufacturers. Shaping demand for the best, while a challenging and slow process, can typically be achieved by:

- Increasing consumer awareness of the environmental impact of fashion, and insisting on the importance of individual responsibility in achieving collective targets;
- Improving buyer information and transparency to help willing consumers shift to more sustainable consumption behaviors.

The sheer size of European clothing imports would make any significant shift from imports to locally made goods a major boost for the local apparel industry: **a 10% reduction in apparel imports for Germany and France would be equivalent to an 8% increase in European apparel manufacturing turnover.**

NGOs and trade associations diverge when it comes to some supply-side incentives that would tip the scale back for European manufacturers. The question of whether carbon taxation would be efficient to reduce negative externalities (i.e. pollution) and give “greener” manufacturers an edge over competitors is widely debated. Textile supply chains are arguably the most integrated of all industries and European manufacturers rely extensively on raw materials and semi-finished goods imported from the rest of the world – the most immediate impact of a possible carbon adjustment tax would be to increase costs for European manufacturers, hence reducing their competitiveness. In its strategic

roadmap for the industry outlined in June 2020, industry trade association Euratex reiterated its support to an open and stable trade environment.

Encourage the transition from linear to circular manufacturing

The 2018 circular economy package adopted by the EU has laid out new objectives with regard to the separate collection and treatment of textile waste – the average waste generation stands at about 19kg per capita, with clothing alone accounting for about two thirds of the total⁸. The benefits of a transition to circular manufacturing are obvious from an environmental point of view and T&A is at the very early stages of its transition – the industry uses 97% of virgin feedstock (plastics, cotton, linen, etc.) for production and 73% waste goes to landfills or incinerators⁹. For environmental and business interests to align, the partial substitution of primary resources by recycled materials would need to be captured by European manufacturers. The world’s largest market for clothing and the second-largest manufacturer of textile and apparel, Europe not only has a large reservoir to tap, but also a competitive industry to capture the opportunities of circular manufacturing. Stakeholders have nowhere to look but at other sectors where circular manufacturing is well-established to identify priorities:

- On the supply side, the financing of separate collection, sorting and treatment of waste can be tackled by taxes based on the “polluter-pays” principle – much like it is the case, in several countries, for elec-

tronic goods, domestic appliances or furniture. This also creates an incentive for producers to find ways to reduce their environmental impact. France is the only country in Europe where a so-called “extended producer responsibility”, with significant progress made (Box 1).

Taxation has also proven efficient to encourage re-use or recycling vs more polluting alternatives. For 2035, Europe is targeting that only 10% of all municipal waste go to landfills, vs 43.6% in 2006 and 23.5% in 2017.

Additional public support would also be most welcome to accelerate R&D projects focusing on improving textile waste collection, treatment, re-use and recycling – technologies are much less mature than in the glass or paper industries. Technical barriers to greater incorporation of recycled material remain very significant, and textile fibers do not have an infinite lifetime.

Demand must also be supported to create a genuine market for recycled materials and consumer goods incorporating recycled materials, typically by assigning targets for the incorporation of recycled material across products for which it is feasible. In other sectors, public procurement has contributed to stimulate demand and encourage adoption from private sector industries.

⁸ See European Commission, Environmental Improvement Potential of textiles (IMPRO Textiles), Jan 2014

⁹ Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion’s future

Box 1 – The French extended producer responsibility (EPR) scheme for T&A

France created an EPR scheme in 2007 to improve textile waste management. A producer responsibility organization (PRO), Eco TLC, was created to improve the collection, sorting and recycling of textile waste, thanks to funding paid for by producers and calculated based on their estimated waste generation. Eco TLC contracts with private firms to invest in collecting facilities, sorting infrastructure, R&D program, etc. to reach the objectives set out by public authorities. The polluter-pays scheme creates an incentive for manufacturers to reduce their waste generation, while the PRO is incentivized to find the most efficient solutions to reach its targets. Textile waste collection tonnage in France has leapt from 17% of total marketed textiles in 2007 to about 40% in 2018, of which 40% were reused, recycled or transformed into fuel. While the PRO has lagged behind the objectives initially set out at its creation, it still is referred to by NGOs as an example for other countries to follow.

Help manufacturers embrace the opportunities of new technologies

The digital revolution is yet to come in the T&A industry. In a seminal research paper on the potential of job automation risks¹⁰, researchers Carl Benedict Frey and Michael Osborne found that jobs typical of the garment industry had a particularly high probability of being computerized by 2023, with tailors standing at 83% and hand sewers at 99%. However, because technology has fallen behind expectations and because it does not alone guarantee returns on investment, the manufacturing of apparel has not changed much in the past years, still relying on a labor force. The case of Adidas, which gave up on using 3D printing technologies to manufacture sneakers in Germany and the U.S., is a more concrete example of the challenges met by industry big names to profitably automate production. While industrial robot sales to the sector have seen growing interest among top manu-

facturers (Figure 10), they remain very modest compared to those of other sectors such as the automotive industry, where annual deliveries exceed 100,000 units.

Yet this does not mean that a boost in apparel manufacturing productivity will not ever happen – real progress is being made despite economic and technical challenges, with a combination of the labor force and collaborative robots seen as having a strong potential¹¹. One of the reasons behind the comparatively slower adoption of new technologies in the industry is its fragmented structure – **SMEs account for 60-70% of industry turnover in Europe, which is twice the average of the wider manufacturing sector** (Figure 11).

Because increased automation would help reduce Europe's comparatively high-cost structure, support funds to help sector SMEs invest in more advanced

manufacturing processes could increase the competitiveness of European manufacturers – and stimulate the robot industries of Germany and Italy, the world's second- and third-largest robot manufacturers, respectively.

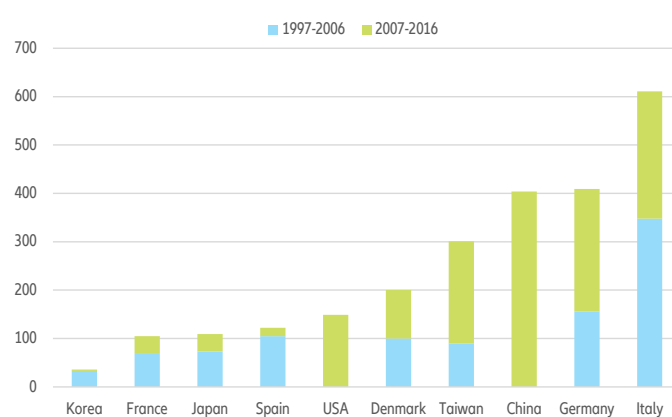
Beyond automation, apparel manufacturers should also accelerate their efforts to develop their e-commerce capabilities. While e-commerce has not been enough to compensate for store closures, large retailers did get some relief with online sales booming at the height of the Covid-19 crisis: Gap, H&M and Inditex saw online Q1 sales growing by 10%, 48% and 50%, respectively. The incentive is particularly high for high-end and luxury item manufacturers to reconnect with their international customers in times of lasting travel restrictions.

Figure 10: Cumulated industrial robot sales to the textiles, apparel and footwear industries (unit)



Sources: International Federation of Robotics, World Robotics, 2017

Figure 11: Share of small and medium-sized enterprises in industry turnover (%)



Sources: Eurostat, Euler Hermes, Allianz Research calculations

¹⁰ Carl Benedict Frey and Michael Osborne, The Future of Employment: How Susceptible are Jobs to Computerisation?, 2013

¹¹ David Kucera and Fernanda B rcia de Mattos Automation, Employment, and Reshoring: Case Studies of the Apparel and Electronics Industries, April 2020

APPENDIX

Scope of the report

This report focuses on the textile and apparel (T&A) industry as defined by the European industry standard classification system (NACE), covering companies with the following activity codes:

C13 - Manufacture of textiles

C14 - Manufacture of wearing apparel

C15 - Manufacture of leather and related products (inc luggage, handbags and footwear)

Data for retail activities use an aggregate encompassing the retail of textiles (47.51), clothing (47.71), footwear and leather goods (47.72) in specialised stores.

Data for trade are based on HS4 product codes and include, depending on the indicators, one or more of the following items:

41	Raw hides and skins (other than furskins) and leather
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; etc.
43	Furskins and artificial fur; manufactures thereof
50	Silk
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric
52	Cotton
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn
54	Man-made filaments; strip and the like of man-made textile materials
55	Man-made staple fibres
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery
59	Impregnated, coated, covered or laminated textile fabrics; textile articles etc.
60	Knitted or crocheted fabrics
61	Articles of apparel and clothing accessories, knitted or crocheted
62	Articles of apparel and clothing accessories, not knitted or crocheted
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags
64	Footwear, gaiters and the like; parts of such articles
65	Headgear and parts thereof
66	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; etc.

Estimates of 2020 turnover and potential company and employment eliminations

We have estimated 2020 and 2021 turnover impact as well as potential company and employment eliminations taking account a mix of past data (industry turnover, company and employment data, industrial production, etc.) at a segment level as well as assumptions on future GDP growth in Europe's five largest economies.

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