

Brussels, 23 November 2020. A new study, commissioned by EURATEX with the University of Leuven¹, reveals that a “no deal” Brexit would have a detrimental impact on the textile and clothing industry (T&C) with job losses over 100,000 for the EU27 and over 27,000 for the UK. Output losses for the UK would be 41.8% of its value added in T&C production, while the EU-27 as a whole would lose about 9.7%.

Negotiators are making a final effort, but a “no deal” can still occur if there is no timely ratification of the Withdrawal Agreement, or if the Withdrawal Agreement is ratified but no agreement on the EU-UK future relationship is struck before the end of the transition period.

A soft Brexit scenario would minimize the damage, but it would still disrupt European value chains and lead to heavy job losses. A soft Brexit would still be significant with, for UK, 4 759 jobs lost and an output loss of 7.3% of its value added; while for the EU27, 17 786 jobs will be lost and there would be output losses of 1.7% of its value added.

Under a no deal Brexit, the output losses for the UK would be 41.8% of its value added in production, while the EU-27 as a whole would lose about 9.7% of its GDP. For the UK this corresponds to absolute job losses of 27 141 jobs, while for the EU-27 as a whole the job loss would amount to 101 756 jobs lost.

With no surprise, the largest share of the EU27 job losses take place, in decreasing order, in Italy, Romania, Portugal, Germany, France, Spain and Poland. Under a hard Brexit, about respectively 27 000, 12 000 and 11 000 jobs will be lost in Italy, Romania and Portugal, which corresponds to about 27%, 12% and 10% of the EU-27 total working population in the sector.

However, as a proportion of the sector employment and value added in the country, Ireland, Belgium, the Netherlands, Sweden, France, Denmark and Czechia would be the most affected countries within the EU-27, both in terms of value added as in job losses. For Ireland and Belgium, a “no deal” Brexit would lead to respectively -23% and -14% of job losses in the sector and an output loss of -40% and -25% of their sector value added.

Dirk Vantuyghem, Director General of EURATEX commented on the study results: *“These figures reflect companies’ legitimate concern with a no-deal Brexit. EU-UK trade relations are an essential component of their competitive business model, on both sides. For the T&C industry, we have offered a win-win solution (integrating the UK in the PEM Convention), which would limit disruptions in the T&C value chain to a minimum.”*

EURATEX President, Alberto Paccanelli, complemented: *“I call on political leaders on both sides to use their common sense, and think about the jobs which are at stake.*

Our companies try to maintain employment levels, despite the impact of Covid19; we cannot add more burden to them.”

[1] Study conducted by Prof. Hylke Vandenbussche. Faculty of Economics and business, University of Leuven, Belgium. Full details available with EURATEX (contact Roberta Adinolfi – roberta.adinolfi@euratex.eu) .