



REGIONE DEL VENETO

RAPPORTO STATISTICO

Energies

20
15

Veneto tells its story, Veneto is compared





Presidency

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This year, the theme we chose for the analyses in the Regional Statistical Report is “energies”.

The concept of energy seems particularly effective as a key to decipher the historical moment that we are experiencing.

Significantly, the etymology of energy is “force in action”, i.e. a pulse which acts on the external reality, modifying it and adapting it to new conditions.

In this sense, the concept of energy may be seen as a dynamic factor that can start and restart the mechanism that makes communities function, be they national or regional, which have been severely tested by a difficult to overcome global crisis.

I would also like to emphasize how the Report deals with “energies”, in the plural. Indeed, only a comprehensive and cross-disciplinary approach can harmoniously develop and promote the multiple growth and progress stimuli expressed by Veneto’s social and economic trendsetters. I think of the great excellences that distinguish our region: the courage and capacity for innovation of our entrepreneurs, the quality of our food and wine and of our manufacturing, environmental and land protection, tourism development, our school and education system and much more that you will find in the pages of the report.

However, as happens in the physical world, although the energies that operate in a regional community are the active agent of visible and measurable change, they are often invisible and inaudible to an inattentive observer.

Indeed, the importance of the publication you hold in your hands lies precisely in its objective and transparent data, which provide a guide for mapping those forces that are already active in our reality and are outlining the new development and progress models of Veneto’s near future.

Luca Zaia
President of the Veneto Region





The twelfth edition of the Statistical Report marks an important stage in the evolution of this now popular publication, which over the course of time has developed into a reference for the analysis and comparison of the structural and cyclical phenomena pertaining collectively to our region.

Being aware that statistics are the heritage of a community, the Council confirms its continuing commitment to building, maintaining and developing a statistical information system capable of meeting the cognitive needs expressed by the community (people, businesses, public and private bodies).

Therefore, this report is the annual summary of the data gathering, processing and analysis conducted by the offices of the Region pertaining to the local structural and economic situation.

The detailed analysis of excellences, engines of development for the entire region, the comparison with the most advanced regions in Italy and Europe and the close connection with the Regional framework programme all demonstrate our ongoing commitment to providing, available to all, a documented and objective image of the Veneto region and, based on it, a sometimes surprising interpretation of the region's evolutionary dynamics.

I am sure that reading this publication, also available in digital form on the Administration's website (<http://www.regione.veneto.it/web/statistica>), will be an important source of knowledge and, at the same time, an evocative stimulus for reflection for all.

Luca Felletti

Secretary General of Planning Veneto Region



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Summary: The energies of Veneto



The energies of Veneto





The energies of Veneto

“When there’s no power there is no colour, there is no form, there is no life”

Michelangelo Merisi detto Il Caravaggio

For Caravaggio, light is the basic energy, because it gives three-dimensional bodies to the models on canvas. Whether from the observer’s point of view or in relation to each other, Caravaggio’s bodies are energy, they emanate and feed on it. Caravaggio did indeed portray food, fruit, wine, everyday food preparation and banquets; expressing Man’s attachment to his source of sustenance as also exalted in Arcimboldo’s famous works. Light, relationships and especially food are the body’s major nutrients for these artists; later, in the nineteenth century, deeper studies into the relationship between human energy and food will prompt philosopher Ludwig Feuerbach to affirm that, “We are what we eat”. With this sentence, Feuerbach emphasized the importance of nutrition not only for material life but also for perfecting human culture. Despite the little knowledge of nutrition in those times, the link between food, nutrients and energy for human action and thought were beginning to emerge. A population weakened by poor or incorrect nutrition is a population without energy for work, culture and thought, “food is the foundation of human culture and sentiment. If you want to improve people, rather than ranting against sin, give them better nutrition”. Today we know how this argument by the German philosopher was more concrete than ever. The human body’s functioning, development and health, including the health of the intellect, are linked closely by transformations of the energy that we take in through food. Food is one of the primary vital energies of the planet; feeding precedes any other form of communication; it is thus defined as primordial communication, common to all cultures and practiced at all latitudes. It comes even before speaking, considering that the baby will look to the mother for milk and food, communicating with his very body, while verbal communication will only take place later on. Food therefore has great power; it unites ahead of speech, and gets to where words fail to communicate. Nutrition understood as a universal language and right for all is the great theme of Expo 2015, the place where all

countries of the world meet and compare notes on the objectives of human development and growth on the planet, in an attempt to give a concrete answer to the vital need of being able to provide healthy, adequate, safe and sufficient food for all peoples, while respecting the environment, the people and their balances. A chapter of our Report focuses on the issues of Expo 2015, analyzing the energies that Veneto puts out every day to meet nutrition requirements, from the agri-food supply chain to people’s dietary habits. For every individual to develop their energies to their best and engage them in productive, recreational and social activities, it is essential not only to have enough food, but for it to be balanced so as not to exceed or lack in essential nutrients; the intake of carbohydrates, proteins, vitamins, minerals and fats must always be harmonised. Society as a whole can also be understood as a body that express its energy at its best on condition of receiving the right “nutrients” in the right measure. For example, while the productive energies that a society can put out in terms of production, whether manufacturing or intangible, definitely need capital, investments and economic resources, but they also need creativity and culture, in a cohesive context where everyone involved gets equal opportunities. Otherwise, inequality, poor education, the negative value of culture, the gender gap, the critical environmental issues are “nutritional” imbalances that bring detriment to a society’s energies and harm to its overall vitality. If it is true that “we are what we eat”, society too expresses what it eats, and a “diet” low in some social ingredients leads to a weakened and resigned society that cannot produce as much as it could. That is why our 2015 Statistical Report focuses on and explores the economic, social and environmental elements that feed the energies of Veneto, this year’s theme. Energies understood both as those forces which have to be engaged to jumpstart the country’s economy after a long seven years of crisis, and as those generated by inventiveness, entrepreneurship, innovation and research covering all human fields. Energies that are given in traditional forms, such as classic production, and more recent ones, such as the new digital technologies. Energies that are given in definite forms, such as capital, and in other less quantifiable ones, such as associating, “associating brings new forces; it stimulates the energies. Human nature needs social life, as much for thought as for action”, said Maria Montessori. And in the Me-

¹ Ludwig Feuerbach, The Mystery of Sacrifice, or Man is what he eats, 1862



diterranean culture the highest moment of sociability is dining, for sharing, celebrating and talking. Many times, talking with people while sharing a meal leads to new ideas, alliances and decisions. That which is a basic need, a primordial energy, becomes the driving dynamics that triggers more complex dynamics full of openness and exchange. What happens while dining can reflect in a more intimate way what happens in a society. Seeking out and expressing these primary energies should be promoted, so that they may trigger ways to grow and develop on several fronts. This is what stimulated last year's Statistical Report, seeking out new social balances, new economic ideas and new tools to protect the people and the environment around us. With its transformation and development theme, the Report of the year before had sought to detect signals of change taking place in our society and economy. We remember it not as a straightforward purpose - the current reality of things always in flux does not allow it - but as a stage in a process of analysis in the making. A year later, the growth processes that we analyzed lead us to reflect on the energies, the vital, essential and valuable sources for the processes that Veneto's society will still have to face. There is a shared sensation of being in a stalemate; recovery is unthinkable without an analysis of energies, understood also as skills that must be invested in a structured and well-directed way. Not always obvious subterranean energies must be made to emerge and transform into energy geared for positive dynamism.

1.1 The economic situation; what inputs will help the recovery?

Economic recovery depends on energy

Energy sources are among the most powerful forces driving economy, capable of shaping the global geopolitical system, deciding the fate of entire countries, quickly changing the standard of living of billions and marking entire eras in the collective imaginary, as happened with the economic crisis in the seventies. According to a JP Morgan estimate, if crude oil settled on \$50 a barrel, there would be a transfer of wealth from the producer to the consumer countries of about 1,700 billion dollars². The combined effects of US energy policies and the recent economic crisis led first

of all to a fall in oil demand from the main producing countries (OPEC countries), which was followed by a drop in oil prices. To date, the slowdown in prices has been, on the one hand, a path to recovery for western economies and, on the other, a problem for countries like Venezuela, Russia and Nigeria, whose budgets depend almost entirely on energy revenues. This created a situation of advantage for importing countries, including Italy, contributing to the revival of their economies. For Europe, the fall in oil prices, combined with the monetary expansion measures of the European Central Bank, the fall in interest rates and the depreciation of the euro, adds up to a stimulus for demand in 2015. After years of crisis and a disappointing 2014 in terms of growth, economists expect an improvement in macroeconomic conditions in the euro zone and especially in Italy.

OECD predicts a comeback which should take the world oil demand to 111 million barrels in 2040. In parallel to the performance of the economy and energy demand, there were significant events that led to changes in the global scenario of oil and gas markets; the United States, for example, increased the exploitation of its own commodity resources.

Besides the economic aspect, hoarding energy is characterized by a strong environmental impact; producing and consuming energy costs in terms of used natural resources and pollution, especially when it comes to fossil fuels. A big challenge was therefore set to produce clean energy using non-depletable resources and with the least possible environmental impact in order to reduce greenhouse gas emissions and mitigate the negative natural phenomena that come from them.

In 2014, the world economy grew at a rate of about 3%; the European Union closed the year with a 1.3% GDP for the UE28 and +0.9% for the euro zone. Italy registered a GDP of current EUR 1,616,254 million, with a 0.4% reduction in real terms over the previous year. The real GDP fell below the level recorded in 2000. The growth in early 2015 remains moderate for now and insufficient to determine appreciable improvements in the labour market; a still timid recovery, estimated

Oil demand will reach 111 million barrels per day in 2040

World growth was moderate

² Sole 24 Ore - Il giornale della famiglia, March 12, 2015.



at +0.7%, is expected during the course of 2015, and around 1.6% growth in 2016.

In 2014, Veneto maintained its GDP on the level of last year's values, a +0.1% was recorded, therefore a better situation than the nation at large. Domestic demand was still weak; household consumption stabilized around low values and investments were reduced by 1.8%. Veneto's specialized quality and strong flexibility, which the economy of this region has always shown in the past, are characteristics conducive to grasp the elements of recovery: the fall in oil prices favouring Veneto's manufacturing production, the rate exchange supporting the sale of products abroad and the ECB policies facilitating investments. In the estimates for 2015, a 1.1% wealth increase is assumed, and a +1.7% strengthening is expected for 2016.

Some positive signs in Veneto at the end of 2014

Two flashes in the dawn of the new course: export and tourism

The foreign revenues of Veneto's companies are one of the few items that supported the regional economy in 2014, posting a 2.7% increase, in line with what had happened in the previous year (+ 2.9%). Veneto ranked second among Italian regions for the total value of exports, 54.1 billion euro, with a 13.6% share of the national total.

Diverse dynamics are concealed behind this positive aggregate figure. The growth of emerging countries, as such, is not yet consolidated, which is naturally associated with a higher risk of fluctuations in demand. In 2014, the fragility of the Russian development model, poorly diversified and overly dependent on the exploitation of raw materials, became evident, as well as the crisis of confidence in the Brazilian system resulting from the discovery of episodes of corruption, which slows growth. Indeed, the analysis of the exports by outlet area shows how the trend increase in Veneto's exports in 2014 involved mainly EU countries (+3.9% compared to 2013 and a 57.7% regional share). This greater flow toward the EU markets is in contrast to what happened in the last few years and is the result of contractions in sales to Switzerland (-6.2%, i.e. 158 million fewer euro than in 2013) and Russia (-9.9%). Veneto's turnover to Russia decreased by about

The biggest contribution to Veneto's growth in exports came from EU markets

180 million Euros in a year, which doesn't just include exports of products under embargo. In fact, agri-food exports decreased by 19.1% overall (17.4 million euro), but also other sectors of the "Made in Veneto" suffered the indirect effect of geopolitical confrontation: fashion, mechanical production, furniture and optical supplies. As for EU countries, the most significant increases were recorded in exports to the UK, the Czech Republic, Croatia, Romania and Poland. Among the non-EU markets, sales of goods to the United States performed very well, due to the economic recovery of that market and the favourable euro-dollar exchange rate, as well as to the United Arab Emirates, Mexico, Tunisia and India. Exports to the East Asia area were also up: the positive performances in Hong Kong and South Korea more than compensated the negative results in China and Japan.

In 2014, Veneto's exports recorded increase trends in almost all sectors of economic activity. Veneto's main

BG&W, important strength for Veneto, but new challenges in international markets

export sector remained mechanics, followed closely by fashion. However the BG&W products, the ones we defined as Beautiful, Good and Well-made, continued to be

an extremely important resource for the Veneto economy, which is anchored in the genetic heritage of a region's entrepreneurship that has never escaped from the challenges posed by the market. These are medium-high level final goods, ancient in tradition and craftsmanship but with innovative designs and technologies, made with high quality standards and professionalism and belonging to the sectors of food, furniture, clothing and home textiles, footwear, eyewear and goldsmith-jewellery. In 2014, the export value of these goods amounted to over 16 billion euro, approximately 30% of the total regional exports. The variations from last year were also positive: +3.8% in 2014, a better performance than the +2.7% recorded by Veneto's total exports. However, the reflection we made for total exports is also valid for them. There is no doubt that the downsizing of the demand from Russia, the main reservoir of new Veneto's BG&W consumers, impacted the exports to the new markets as a whole, but brilliant results did come about in 2014. In fact, Veneto increased BG&W exports to some fast-growing markets; the United Arab Emirates, for example, but also Saudi Arabia (except clothing) and China, where Veneto's quality exports declined only



in goldsmith-jewellery (which at least in part could be attributed to a triangulation with Hong Kong). Still, positive results were achieved in closer and more accessible countries, such as Turkey and Poland, or South Africa, which, thanks to a more advanced urbanization process than in other African countries, can play a strategic role for the whole sub-Saharan Africa. One of the tools that can be extremely useful in spreading Veneto's BG&W is tourism. Veneto's commitment to tourism allows it to use it as a daily opportunity to improve its economy. Suffice it to say that in 2014 the flow of visitors was still rising (+ 1.7%) and exceeded for the first time 16 million arrivals. This was due to the number of foreign tourists, marking a record high exceeding 10 and a half million units (+1.2% compared to 2013). The national flow was also up, by 2.7%. In terms of overnight stays, the increase in attendances registered in Veneto in 2014 (+ 0.5%) is due to the foreign component holding up (+ 1%), while the number of Italians was reduced by 0.5%, confirming once again a tendency to decrease the length of their stay. Our region currently gets more and more acclaim from loyal customers: Germans, Austrians, British and Americans. But the rapid growth of the Chinese market also continued, which for years has recorded growth rates in the double digits (15.6% of admissions in the last year). The Russian market has grown since 2010 at an average annual variation rate of 16%, although in 2014 it marked a -3.7% decrease and experts predict that additional decreases will affect the Adriatic area especially. We estimate that the expenditures in 2014 by foreign travellers in Veneto, for various reasons and not necessarily for staying overnight, amounted to approximately 4.8 billion euro; again an increase over the previous year (+1, 3%). Veneto offers tourism, culture, food and wine, tradition, landscape and nature, but it is the art cities that each year continue to break the record of the previous year thanks to a renewed interest on the part of our compatriots (+7.2% of attendances). The influx of visitors from all over the world to Milan for the Expo, to which the Veneto Region participates with several related initiatives, is a unique opportunity to make Veneto's food and wine culture known to tourists from new markets and, from this, arouse interest in the region's other products of excellence.

Tourism: visitors increased in 2014 as well

1.2 "Feeding the planet, energy for life": Veneto at Expo

After 109 years, Milan is again hosting the World Expo, whose theme, food, has global impact and is being addressed in terms of availability, health and sustainability. Sustainability is one of the focal points of the current global political debate; since the resources necessary for man's life and nourishment are limited, it is now urgent to review the current development model while paying greater attention to the natural equilibrium of the planet. All participating countries exhibit their projects and achievements in the field of nutrition, both in terms of production and consumption. Thus, Veneto has the opportunity to reflect and present at Expo the energies it puts out every day to contribute to a healthy diet, from the food production chain to education. Veneto's complex agri-food chain, from farms to people's dining tables, produces wealth, employs people and resources, generates highly specialized areas and thereby ensures contributions of the first order, which are currently growing, to the regional economy. It is estimated that in 2012 this industry generated an added value of close to € 15 billion, equal to 9.8% of the total wealth generated in Veneto, and a 1.4% increase over the figure recorded in the previous year. The companies belonging to this industry accounted for about 32% of businesses in the region, while their share of employees was 26.6%.

This industry was able to produce high quality foods, certified through a special European naming system and counting 36 PDO and PGI food products, placing

Veneto on the second step of the podium in Italy and guaranteeing a production turnover of about half a billion Euros. Veneto also produces 42 PDO wines, some of them most renowned in the world like Amarone and Prosecco, 10 PGI wines and 371 traditional food products. The high quality of Veneto's food products is well recognized abroad; in the last 10 years, the value of agri-food exports has doubled, reaching nearly 5.3 billion EUR in 2014, a 2.8% increase over the previous year, and placing

Veneto was the second region for PDO and PGI labels in 2014

Veneto was Italy's third region by value of agri-food products exported in 2014



Veneto in third place among the Italian regions. Fresh fish, baked goods, foodstuffs for animals and vegetables (radicchio first and foremost) were our best-selling items abroad, although our wine is still the best loved, contributing to a third of the value for 2014, an increase of over 5 percentage points compared to 2013.

It is no coincidence that the pleasure of tasting our culinary specialties, perhaps together with our fine local wines, is a major tourist attraction; our local food and

Food and wine is one of the reasons to visit Veneto

wine offer is always a strong point. It got to be even the main or secondary motivation for a trip to Veneto for

about 30 per 1,000 foreign travellers. These were mostly travellers enjoying culinary pleasures while visiting an art city (more than 80% of cases) who spent about one fourth of their 132 € average daily budget in restaurants³. Italians are also attracted by good food, so much so that they allotted about a third of their holiday budget⁴ to it and spent more for meals and especially the purchase of food and wine products than lodging. People who undertake a trip with the intent to savour or buy our local produce are more tempted to try out different options once they arrive at their destination. Indeed, travellers who come to our region and only stay in one place decreased to 51.2% for generic trips, 47% for food and wine holidays, and 36.4% for shopping vacations. These numbers point out once again how important it is to promote products made in Italy in an efficient manner, so as to initiate positive effects for our tourism economy that will not be limited to one area, but that will multiply and cross administrative boundaries.

Expo is not only an opportunity to reflect on the quality and healthiness of the food we eat, along with its production methods and environmental impact, but

Malnutrition is not only lack of food

also to "confront the contradictions of our world: on one hand there are still peo-

ple who suffer hunger (about 870 million undernourished people in 2010-2012), on the other there are those who die from health problems related to poor nutrition and too much food (about 2.8 million deaths from diseases related to obesity or an overweight condition)⁵. The World Health Organization (WHO) notes that the increase in industrial food production, rapid urbanization and changing lifestyles results in eating habits being changed as well.

People consume more and more foods high in calories, fat, sugar and salt and not enough fruits, vegetables and fiber; these habits can lead to overweight and obesity, which are risk factors for cardiovascular disease, diabetes and certain types of cancer. In Veneto, 45.1% of the population is overweight or obese, while only 14.6% eat at least 5 servings of fruits and vegetables a day, as recommended by WHO; these data are getting worse with the continuing economic crisis. On the other hand, in 2013, 7.2% (over 360,000) of Veneto's people could not afford a proper meal at least every other day. Food waste, which in Italy is estimated to be 20 million tonnes per year, is also one of the many risks associated with industrial food production. This has many consequences, not just for the food itself but for all the factors that contribute to its production; from the soil used, impoverished by reduced fertility, deforestation and pollution from fertilizers, to water resources, with reduced flows and groundwater levels, and air quality, with greenhouse gas emissions.

1.3 The energies involved in the economic recovery

Renewable energy sources

The attention paid by industry to environmental protection includes energy sources; the question of renewability of sources is more and more often the subject of research and applications, including innovative ones, in terms of production.

The EU has been involved for many years with sustainable growth policies, such as the "20-20-20" strategy launched in 2007 and the recent "40-27-27", by

which the European Council approved new targets on climate and energy, updating previous goals and pushing forward the time horizon until

2030. The new objectives include: reducing greenhouse gas emissions by 40%; raising to 27% the share of consumption from renewable sources, binding on a European scale but without targets for the individual states; and increasing energy savings to 27%.

While waiting for the new targets to become operational, we can observe how the trend of the indicators for the "20-20-20" objectives shows a gradual

³ Meals consumed outside the hotel and budget net of round trip cost.

⁴ Coldiretti Survey of holidays by Italians within their national borders

⁵ Taken from the official Theme of Expo 2015



improvement at the European level. As for greenhouse gases, the 20% reduction target appears to be reachable, given that the Union of the 28 member states reached a 17.9% total as early as 2012. In terms of renewable energy sources compared to final energy consumption, the data are updated to 2013 and the European indicator settled at 15%. Finally, the 2020 projection is positive also as regards efficiency and energy savings. Although a bit behind the European average, Italy showed a positive trend in terms of greenhouse gas emissions, with a 10.3% reduction in 2012 compared to the 1990 base year.

In recent years, Italy's energy policy favoured a significant development of renewable sources of energy; indeed, their incidence on final energy consumption reached 16.7% in 2013, against a 17% target by the year 2020, with a good outlook for the next seven years. Italy is doing its part also as regards the energy efficiency objective, recording a decrease in consumption in line with the ideal trend for achieving the result expected for 2020.

16.7% incidence of renewable energies on final consumption in Italy in 2013

consumption reached 16.7% in 2013, against a 17% target by the year 2020, with a good outlook for the next seven years.

Actions and strategies of Veneto companies

Just like dry land produces a small crop, a society and economy not geared toward innovation is not fertile ground for the country's development. The economic downturn from 2008 to 2014 led to a sharp decline of Veneto's production system; the number of active enterprises decreased from 462,567 to 439,307, with a net loss of 23,260 units. In 2014, the decline was 0.3% compared to 2013 if we exclude the agricultural sector and 0.7% if we include it. The construction and manufacturing industries were still struggling, -2.1% and -1.4% respectively compared to 2013.

The tertiary sector, which represented 53% of the region's productive activities, was up by a positive 0.5%. Banking and financial services were the most

The service sector is resistant to the crisis

positive, closing the year with a net 2.3% increase; followed by services to individuals, hotels and restaurants; the increase in the field of business services was lighter. Many elements contributed to the current crisis of the production system and led to a hard-to-break negative cycle: an unfavourable global scenario; the debt crisis that led to extremely

negative financing conditions; the consequent lack of investment; the persistent fall in domestic demand and the slowdown in European demand. However, this crisis is part of the structural problems that have been accumulating since the early 2000s. The causes have been often repeated in previous editions of this Report, like smaller companies, specialization with little innovation, low investment in research, family-style and little structured company governance, the burden of the level of taxation, the regulatory environment and the efficiency of the country as a system. The analysis carried out on Census data for the years central to the crisis brought out different elements to help us understand the energies needed by enterprises to overcome the period of difficulties and improve their performance. As of 2011, a fifth of Veneto's companies judged their competitiveness to be weaker than their main competitors'. This difficulty was felt the most by construction companies - not surprisingly, given the serious situation of the real estate market in the past few years - and by those who did not introduce innovations in the last three years. What comes out of it is the difficulty experienced by manufacturers and businesses with an international market because more conscious of being exposed to global competition. In addition, micro enterprises with relationships, subcontractors and those who work based on orders from larger companies and suffer the decline in demand acknowledged their weakness. Those who judged their competitiveness to be in line with or better than their competitors aimed mainly at extending their range of products or services, bringing outsourced activities back to the company and accessing new markets. Larger companies have greater strategic abilities and an expansionist logic based on increasing their range of products/services, seeking out new markets, becoming more internationalized and investing more in innovation and research. If we look at economic activities, Veneto's manufacturing industry was more aggressive with respect to other sectors, more geared toward expanding its strategic options abroad, looking for partnerships to improve competitiveness and more mature in its approach to investment in innovation and R&D. However, there is not yet an all-around vision; probably because of the preponderance of a medium-small structure, Ve-

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neto's companies see business networks not so much as a competitive strategy, but more as a means of reducing costs and reaching new markets. Investments in marketing and design are still a prerogative of big industries. There is also a transitive association between the presence of relations between businesses, international openness and willingness to innovate. We also see that the service industry in our region, which is perhaps still too dominated by trade, suffers from all the problems that come from being smaller. Veneto's distribution channels, as well as Italy's, have a limited degree of internationalization. This lack is certainly detrimental, including as regards manufacturing enterprises (especially the food industry), as it deprives products of important showcases in foreign markets and takes away the opportunity to learn about the styles of consumption of new markets through Italian and Veneto distributors.

Economists, managers and entrepreneurs agree that the competitive factor par excellence, in all areas, is the quality of the product or service offered; in addition, several parties indicate the importance of innovation and research in overcoming the crisis. Innovation mainly concerns doing research and development in situ, acquiring technologically advanced machinery and equipment and acquiring computer software and hardware. We also found renewal linked to engineering and aesthetic design and marketing activities, to a greater extent for larger companies. The use of ICT in enterprises continued to increase; internet, social media and e-commerce are becoming more common. As an example, in 2014, there were 1,011 commercial enterprises in Veneto selling their products exclusively through the internet.

It also seems that Veneto companies believe that now more than ever doing research is useful in order to emerge in local and/or international target markets. In fact, R&D spending did not decrease during the crisis years; the percentage of R&D spending with respect to Veneto's GDP amounted to 1.05% in 2012, 0.4 percentage points higher than the share of the previous year.

Open to the digital revolution: the public, businesses...

The Digital Agenda for Europe 2010-2020 is one of the seven flagship initiatives part of the Europe 2020 Strategy and identifies strategic objectives and con-

crete actions for the development of new information and communications technology (ICT) and the digital economy. Like the other EU Member States, Italy and, consequently, our Region will take on the commitment to promoting the digital innovation set forth by the Agenda, in order to improve the quality of people's lives, support business competitiveness and increase the efficiency level of the Public Administration (P.A.). It must however be stated that our country suffers some structural delay in terms of internet development, and is one of the low-performance European countries in this field.

Italy has almost reached the initial and important goal of providing basic broadband coverage to all its citizens (2% of the population excluded), and must

Basic broadband for everyone, but high-speed internet for a few

recover the large gap in infrastructure development of high-speed and ultra-fast broadband, being late by almost three years with respect

to the European average and the targets set by the European Commission (universal coverage for high-speed Internet by 2015 and at least 50% of households subscribing to ultra-fast Internet by 2020). The Veneto Region has done everything possible in recent years to recover a gap that is extremely penalizing for businesses and the public, given that in 2010 almost one-fifth of Veneto was not covered by broadband. The Region has invested nearly 85 million Euros in infrastructure, for a series of interventions starting with the laying of a thousand kilometres of optical fiber, so that by the end of 2015 there will be basic broadband coverage throughout the region.

High-speed broadband coverage, however, is limited to 15.9% of the population, less than the national average (21%), as shown by Infratel data. However, an experimental action is being

A slow digital literacy process for the public...

defined for ultra-wideband development. Familiarity with the Internet and the

possibilities offered by new digital technologies can give fast, efficient and less costly answers to the individual needs of the public, both in their private lives and their work, with a real improvement in the quality of life. The process of improving digital literacy skills is thus a process of social inclusion. In 2014, Veneto's regular Internet users were 61% of people aged 16 to 74 (59% in Italy, 75% in EU28); this number has been growing steadily in recent years (compared to 34% in



2006), but to achieve the 75% goal set by the EU for 2015, 500 thousand more people should get on the internet. Therefore, there are still too many people excluded from the internet; 30% of the population has never connected to it, mainly women, more often housewives, and older people.

As mentioned above, the latest digital technologies are a strategic tool for businesses to achieve considerable cost savings and real improvement in production efficiency, as well as to pave the way for new business channels, thus proving to be an important competitive factor. In 2014, almost all of Veneto's companies with at least 10 employees had an Internet connection (98.5%), in line with the national average, but only 79% of the smaller companies did, a value however still above the national average (77%). It is undeniable that smaller businesses experience greater difficulties than larger ones in integrating new digital technologies in their production processes, but it is also true that involving smaller companies in the innovation process is a strategic necessity, given the essential role that this type of undertaking assumes in the productive system of our country.

Although e-commerce represents a primary driver of development and is on the increase, it is still not widespread; 42% of companies with at least 10 employees and 26% of the smaller ones make use of it. They use it mainly to make purchases and much less to sell their products.

There are more dynamic businesses that work with the internet. Among these are the innovative startups introduced into Italian law for the first time in 2012, special companies whose primary purpose is to develop, produce and sell products and services considered innovative in all respects and of high technological value. In Veneto there were 246, up 71% in the last year alone; they represented 7.7% of all startups in Italy, the fourth highest percentage after Lombardy, Emilia Romagna and Lazio.

... Public Administration and cities

E-Government services are an inexpensive way to improve service to businesses and the public, encourage participation and promote an open, transparent and efficient administration. Among the targets of the Agenda there are also objectives for P.A. digital

services. The main objective is for 50% of the population to use digital services to interact with the P.A. by 2015. The P. A.'s interactive online services are undergoing expansion and development in our country, but they are not yet fully exploited, partly because the public is not that computer literate yet. In Veneto, as in Italy, 36.7% of people aged 16 to 74 said they use the Internet to interact with public authorities, when in Europe it was 58.6%. The main activities on the web ranged from booking medical services to paying taxes, enrolling in schools, accessing public libraries and requesting personal documents and certificates. The P. A.'s digital services focus on some strategic sectors, such as justice, education and healthcare.

The digital innovation of healthcare processes is a critical step toward improving the cost-quality ratio of health services, limiting waste and inefficiency and reducing differences between regions.

The Italian Digital Agenda includes among its objectives for the Regions to create the Electronic Health Record, which is the set of digital health data and documents of a citizen, generated by different health-related events such as hospitalization, outpatient specialist visits, pharmaceutical benefits, residential and home care and emergency room visits. In 2012, the Veneto Region approved the Regional Electronic Health Record (Fser) project, which will guarantee effective universal and timely digital access to one's data for the entire Veneto population, eliminating the digital divide in accessing health services. It will provide patients and health and social facilities with complete digital information, avoiding delays and asymmetric information and ensuring the provision of appropriate and effective health and social services, regardless of what facility is accessed. The Fser is composed of many blocks. Since 2012, users of all social and health companies and hospitals in Veneto can proceed to download their laboratory test reports through the web, while the red pharmaceutical prescription became digital starting September 2014 and in 2015 the digitalization of all prescriptions for specialist visits/services and diagnostic/laboratory tests was completed. The new procedure ensures real-time access to verified data of the medical services prescribed to and booked by the public, within a single regional system.

Currently, it appears that 99% of primary care physicians and regional paediatricians and 100% of phar-

...and small businesses

The Electronic Health Record

Innovative startups are booming



macies are connected to the system. Digital prescriptions save the health care system 3 million euro per year.

New technologies and innovation can contribute to the regeneration of cities and improve their quality of

Towards a smart and digital city

life, aiming for the European vision of smart city. Cities are important for the sustainable growth of an area and for

achieving the Europe 2020 goals, especially if their economic opportunities are duly exploited and an integrated approach to urban development is planned, taking into account the extent of broadband access, Wi-Fi networks, lighting systems using renewable sources and the organization of transport.

1.4 Moving around: energy in motion

Whatever our age, and whatever we do, transport and mobility play a key role in our daily lives and economic activities. The annual budget that the average European household earmarks for transportation amounts to € 4,530; with a population of over 505 million, this represents a significant investment. A survey by the European Commission shows that 54% of respondents indicated their car as the most used means of daily transportation, followed by urban public transport (19%), and moving around on foot (14%). The car is chosen primarily for the convenience (61% of cases) and speed (31% of cases) it provides.

There is a clear preference for cars in Veneto; more than 80% of the commuting takes place by means of motor transport, 75% of which with a private car.

Over 2 million and 600 thousand daily commutes for work and study...

The data collected through the 15th Population Census help us investigate

aspects of systematic mobility for study and work. 2,603,830 trips were taken every day in Veneto to workplaces (70%) and study locations (30%), up by about 300,000 in the past ten years. For these trips, nine out of ten people used a means of transport, with the car being the most popular choice by almost 2 out of 3. Census data also revealed the most attractive municipalities, defined as "polarities", and on which municipalities they exert their attractiveness, defined as "user bases"⁶; they are the seven provincial capitals

plus another six municipalities (Bassano del Grappa, Castelfranco Veneto, Schio, Conegliano, San Donà di Piave, Montebelluna), for a total of 223 user base municipalities. The ranking of the most attractive municipalities does not change in the decade between censuses, due to their greater range of work and study opportunities; Venice is at the top, immediately followed by Padua and Verona.

Road accidents are closely linked to mobility aspects. In order to deal with this issue, the EU set the goal of halving fatalities between 2001 and 2010, and did the same for the decade 2011-

...but watch out for accidents

2020. Deaths in Italy were reduced by 42% for the 2001-2010 period, in line with the European average. Veneto's 42.9% decrease was slightly better. If we consider the data up to 2013, the number of deaths

Road deaths in Veneto fell by 56.9% from 2001 to 2013

was down by 52.3% on average in Italy and by as much as 56.9% in Veneto. In 2013, traffic accidents with injuries to people fell by 3.7% over

the previous year in Italy, whereas the wounded and the dead decreased by 3.5% and 9.8%. Veneto's absolute values for 2013 were 13,792 accidents with 299 deaths and 18,979 injuries.

Most traffic accidents occurred in urban areas, their distribution remaining essentially unchanged since 2001. In 2013, 71.2% of Veneto's accidents occurred in city streets, and of the remaining 28.8%, only 4.1% occurred on highways. However,

Traffic on open roads more dangerous than in cities

traffic outside cities was considerably more dangerous; although it accounted for only about 30% of the accidents, it registered the most deaths, 60.2% in Veneto and 58% in Italy. Again in Veneto and in 2013, accidents involving vulnerable road users, i.e. pedestrians, bicycles, motorised two-wheelers and their passengers, were almost 7,000, with 152 deaths. This category's mortality trends have also been decreasing significantly compared to 2001, although its vulnerability factors showed less responsiveness to the actions taken to reduce the phenomenon.

⁶ The term "polarities" applies to municipalities that attract at least 20,000 trips a day; "user bases" are the set of municipalities, selected in descending order according to their mobility contribution, that generate 85% of the trips toward the corresponding polarity.



1.5 Ingredients for a changing society

As previously mentioned, just like a person needs a healthy diet to be well, a society also needs the right nutritional balance to make the most of its energies. Fairness, social cohesion and culture are important nutrients for maintaining and developing human capital and for expressing the energies of the community in virtuous ways. Investing in culture and the people's education and work and ensuring equal opportunities for all is certainly fundamental to a proper social "diet"; promoting talent, skills and creativity is essential for building a society with a higher quality of life for all.

Culture: energy for growth

Veneto's artistic and cultural heritage is priceless; its multifaceted attractions range from art cities-provincial capitals to historical towns, walled medieval villages, spiritual sites, beaches and the Dolomites. More than half of the tourists who have come to Veneto over the years preferred art cities, mainly Americans, with a steady annual average of over 600,000 arrivals, followed by Europeans, primarily the French, Germans and English, who have been well-established customers for many years. Visitors to art cities have better economic means, spending up to € 132 a day, compared to the average € 100 a day for the whole of Veneto. Taking into consideration the economic activities that constitute the whole supply chain of Veneto's cultural system, we can calculate the value added produced by culture: 8.311 billion euro in 2013 (6.3% of the regional GDP and 11.1% of the GDP generated by culture at the national level). As for the public sector, clear budget cuts occurred in the cultural sector due to the recent years of crisis, the most important of them due to the Ministry of Heritage, Cultural Activities and Tourism (MIBACT), which reduced its budget by almost a third in ten years and cut transfers to the Veneto Region by 17% from 2011 to 2013.

After the sharp budget cuts of 2011 and 2012, the Veneto Region was back to a positive +4.2% in the balance sheet of 2013.

In the current state of crisis, a positive sign was the re-

The Veneto was in sixth place for number of shows

cent renewed interest in entertainment. Veneto offers a great number of high quality cultural activities; the number of shows in 2013 was nearly 181,000, equivalent to almost 500 shows a day. These events attracted 23.2 million tickets sold between residents and tourists. Veneto ranked sixth among the Italian regions for number of shows; however, it ranked fourth for number of tickets sold and third at the box office and for business volume.

Gender balance: the right boost toward positive development

The promotion of gender equality is an important cultural factor for social cohesion and skills enhancement. It represents another boost to economic growth and competitiveness, and hence an effective response to the current crisis. The European Union has the recognition of gender equality among its founding values and encourages this perspective in the adoption of all policies and governance guidelines. The promotion of the talent, skills and creativity of both men and women is the right energy for building a society with a higher quality of life for all. Despite numerous expressions of recognition and the progress made over the years, there is still a persistent gender disadvantage in many aspects of contemporary European societies; practically speaking, women and men do not enjoy the same rights, and there is a persistence of social, political, economic and cultural disparities, such as wage differences, for example.

Gender balance is still far away

The Gender Equality Index⁷, developed by the European Institute for Gender Equality, showed that in Europe the goal of equality is still far, with an average of 54 points on a scale of 1 to 100, where 100 means the condition of perfect equality between men and women. Northern European countries are the most egalitarian, while Italy, with a score of 40.9 was confined to the lower part of the list, in 24th place, ahead only of Greece, Bulgaria and Romania.

On average better educated than men, Italian women are still facing many difficulties in getting work; they turned out to have fewer jobs, continued to earn less and to be relatively few in the most important positions, including political representation. What about Veneto? The women were 2,524,783, representing 51.2% of the population. They have caught up in terms of education; in the 20-24 age group, 84.6%

⁷ The Gender Equality Index is a summary of the inequality between men and women in different areas of life, being part of the workforce, economic opportunities, schooling and education, leisure activities, political representation and health



of young women had at least a bachelor's degree, versus 76.8% of young men. Women began outdoing men during the generations who are now between 40 and 50.

Women at work

Although the Lisbon strategy goal of 60% female employment rate by 2010 is still distant, important progress was recorded; in 1993, only 43% of Veneto's women had jobs, while in 2014 their numbers were up to 54.5%, compared to more stable male employment settling at 73%. These rates are above the Italian average, and for men, also above the European average; on the other hand, women's employment stayed below the European average (58.8%). The gender employment gap has decreased over the years, also due to the economic crisis, which hit men the most. Where in 1993 the employment rate of Veneto's men exceeded that of women by as many as 31 percentage points, in 2014 the difference reached an all-time low of 18.4 points. In addition, the female education process has led women to higher levels of study and, gradually, to hold positions previously considered exclusively male, such as being an entrepreneur. To date, 25% of businesses are headed by women, showing a sharp increase especially in recent years. They outnumber men as far as micro enterprises and the service sector, primarily in helping families, social work and personal care, but also in restaurants. Nevertheless, the presence of women at the helm is still low and with lower earning. In addition to playing roles on average less qualified than men, women are also more often employed with atypical contracts and generally work in sectors where average wages are lower, such as education, health and social work.

Women employed full time earned an average of € 140 per month less than men in Veneto, a pay gap above the Italian average (€ 130).

The family-work balance challenges

In the face of surplus female labour, there are few tools available for work-family balance. In fact, the presence of children in a family often clashes with labour market inflexibility and reduced availability of family support services. It is women who are almost always required to accept compromises and adapt their jobs to the needs of the family, such as giving up or reducing their paid work hours; in fact, the employment rate for women living in couples with no children was 72.1%,

but decreased to 62.4% in the presence of children (for Italy, from 66.7% to 53.1% respectively). To avoid giving up working, women opted for part-time work more often than men. In 2013, 34.2% of women (31.9% in Italy) worked reduced hours and chose to work part-time especially so as to be able to take care of their children or other family members (57.8%), also in order to make up for the inadequacy of the welfare system.

Investing more in family welfare

One factor that contributes decisively to a better work-family balance is the availability of childcare and care services for the elderly and disabled. As families have become smaller, the need for such services has increased, because there are fewer family members available for care and support. However, public spending for families in Italy did not change accordingly. As far as early childhood services, Italy managed to grant access to only 13% of children under three, compared with 60% in Denmark, 40% in Ireland and 29% in France. Veneto's 785 public and private structures managed to accommodate 18.6% of children under the age of three. This places the Veneto Region among the top in the nation for the field of early childhood services, though still short of the 33% advocated by European guidelines.

Workforce: the dynamism of society

Economic recovery and the improvement of our society cannot be separated from occupation and the workforce. In the current state of crisis, it is crucial to find new energies, expertise and ideas to imagine

In 2014, employment went back up

and implement a new model of development. Fortunately, after two years of decline, in 2014 Veneto's employment started going back up: +1.1% from the previous year, about 22 thousand more jobs, while the number of the unemployed totalled 167,059, a 0.5% decrease. Consequently, the employment rate grew, particularly for women, and the unemployment rate decreased, albeit slightly, in contrast with the national figure, which increased by 0.6 percentage points. Veneto was once again among the leading regions. Veneto once again proved to be among the leading regions in Italy, and in 2014 recorded the sixth highest employment rate for the 15-64 age group, 63.7% against Italy's 55.7%, and the second lowest rate of



unemployment both overall, 7.5% against the 12.7% Italian average, and for young people, 18% in the 15-29 age group compared to Italy's 31.6%. Fewer NE-ETs (young people not in education, employment, or training) in our region as well; in 2014, they decreased by 8% and accounted for 16.8% of Veneto's 15-29 age group, i.e. just over 118 thousand, the second lowest

Wasted potential was lower in Veneto

percentage in Italy.

For a more complete view of the potential energies that could be used in the Italian

production system but are outside of it at this point, we can analyse the non-participation rate⁸ in addition to the unemployment indicator. The non-participation rate is a particularly important indicator for countries like Italy, which are characterised by a high proportion of people who do not actively seek work and, therefore, are not included in the calculation of unemployment statistics; this indicator provides a broader measure of the share of people potentially employable in the production system, by also taking into account a part of the potential workforce, and is useful for estimating the progress of Italian society and the measurement of well-being.

The indicator highlights the actual labour supply numbers not absorbed by business demand. In 2014, Italy's non-participation rate was 22.9%, of which 19.3% among men and 27.3% among women. The high share index that characterises our country suggests the persistence of discouragement mechanisms that cause lower entry into the labour market; those who did not seek employment but wished to work were about 3 million and 355 thousand in Italy, of which 48.2% were discouraged, or said they had not looked for work because they believed they would not find it. It should be emphasised that among discouraged Italians, as many as 69.5% were in the South and just 6.9% in the Northeast.

Work participation was higher in Veneto

Veneto's performance rose again among the highest; the rate of non-participation

in the labour market was 12.3%, the second lowest rate among the Italian regions, right behind Trentino Alto Adige's 9%, whereas the highest were Sicily and Calabria with, respectively, 42.7% and 42.6%. The rate for men in our region was 8.8%, and 16.7% for women, the second and the fifth lowest respectively in the regional lists by gender. The unemployment rate did not include the working hours lost by employees on re-

dundancy fund, which are considered employed, but who certainly did not receive the same pay as when they were in normal conditions. In 2014, the demand for redundancy fund hours decreased; 55,300 equivalent workers on redundancy fund⁹ were estimated in Veneto compared to over 70,000 the year before.

Education: a sound investment for social progress

A wider range of expertise and skills in the workforce and their full use are the keys to economic growth and employment and for promoting the social inclusion of people. The drive towards a society based on knowledge and increasing skills generates an effect on productivity by increasing efficiency in the use of production factors, while at the same time it fosters the ability of individuals to make intelligent and efficient economic choices and learn mature consumer behaviours, supporting the social progress and well-being of populations. Therefore, education plays an important role and brings advantages to one's job; spending energy to study is worthwhile, as a higher degree means less unemployment, a lower risk of job loss and higher wages.

Higher degrees: lower risk of job loss, fewer unemployed people...

Overall, in 2014 the employment rate was much higher for the better educated; in line with the national trend, 79.2% of

Veneto's college graduates had a job, and 71.9% of secondary school diploma holders, against 52.4% and 25.8% of those with a middle school diploma or lower. The opposite occurred as far as unemployment rate in our region; from 6.2% for those with a college degree to 7.3% for those with a secondary school diploma and 8-10% for those with lower education. These differences were more relevant at the national level, with a 7.8% rate for college graduates and 16.2% among those with a middle school diploma and 18.8% for those with only a primary school education or less. Both globally and in the initial working age group, it is evident how in recent years unemployment increased a lot more for the less educated. Considering Italy's citizens age 15 and up, the unemployment rate growth between 2007 and 2014 got higher as the education level got lower, going from 3.4 percentage points for graduates to over 11 points for those with education lower than middle school.

⁸ Non-participation rate: referred to the population aged between 15 and 74; it puts the unemployed and inactive people who are not seeking work but would be available for work in the numerator, and the latter along with the workforce (employed plus unemployed) in the denominator.

⁹ The number of equivalent workers is obtained by dividing the number of authorised redundancy fund hours by 1,650 hours worked per person. The result is a hypothetical share of workers on redundancy fund that never worked for that year.



The differences in Veneto were not as striking but were still there; unemployment grew by 3.2 percentage points over seven years for people with a college degree against 6.7 for those with a primary school diploma or no diploma at all.

...and bigger paychecks

Finally, there was an exponential pay growth for higher educational qualifications.

On average, in 2013 someone with a college degree in Veneto earned 25% more than a person with at most a middle school diploma and 15% more than someone with a secondary school diploma. A woman with a college degree earned on average € 1,400 per month, € 200 more than an employed woman with a secondary school diploma and 300 more than employed woman with a middle school diploma. The differences were even more significant for men: a college graduate took home € 1,750 against 1,350 for a middle school graduate and 1200-1300 for someone with lower education. Clearly, it is increasingly necessary to invest money and energy in people with appropriate policies, Italy having an old population with low education, and after seeing the positive results in terms of employment and remuneration for those who hold higher degrees. This would promote more and better employability, thereby helping to reduce poverty and social exclusion, also targets under Europe 2020. Having a good education not only contributes to personal growth but is also a way for the community to grow, and drive development.

The economic situation

There are favourable signs emerging for the global economy but there is still a lot of uncertainty. Growth accelerated in the United States, remained weak in Japan, slowed down in China and other emerging economies; the situation in Russia was worrisome.

It is true that the fall in oil prices, the monetary expansion measures of the European Central Bank, the fall in interest rates and the exchange rate depreciation of the euro are all factors that will stimulate global demand in 2015. After years of crisis and a disappointing 2014 in terms of growth, economists expect an improvement in macroeconomic conditions in the eurozone and especially in Italy.

In 2014, the world economy grew at a rate of about 3%; the European Union closed the year with a +1.3% of the GDP for the EU28 and +0.9% for the eurozone. In 2014, Italy registered a GDP of EUR 1,616,254,000 in current terms, with a 0.4% reduction in real terms

over the previous year. The real GDP fell below the level recorded in 2000. In early 2015, growth remained moderate, and insufficient for now to be able to determine appreciable improvements in the labour market; a timid recovery estimated at +0.7% is expected during 2015, and around 1.6% growth in 2016. Veneto in 2014 maintained pretty much the same GDP values as the previous year; there was a +0.1%, which means a better situation than for the whole country. Domestic demand was still weak; household consumption stabilised at low values and investment was reduced by 1.8%.

Veneto's quality specialisation and strong flexibility, which the economy of this region has always shown in the past, are characteristics conducive to grasping the elements of recovery: the fall in oil prices favouring Venetos' manufacturing industry, the exchange rate supporting the sale of products abroad and the ECB policies facilitating investment. 2015 estimates assume increased wealth by 1.1%, and a +1.7% consolidation is expected for 2016.

