

## Chapter 2 – The Economic Components and the Social Environment

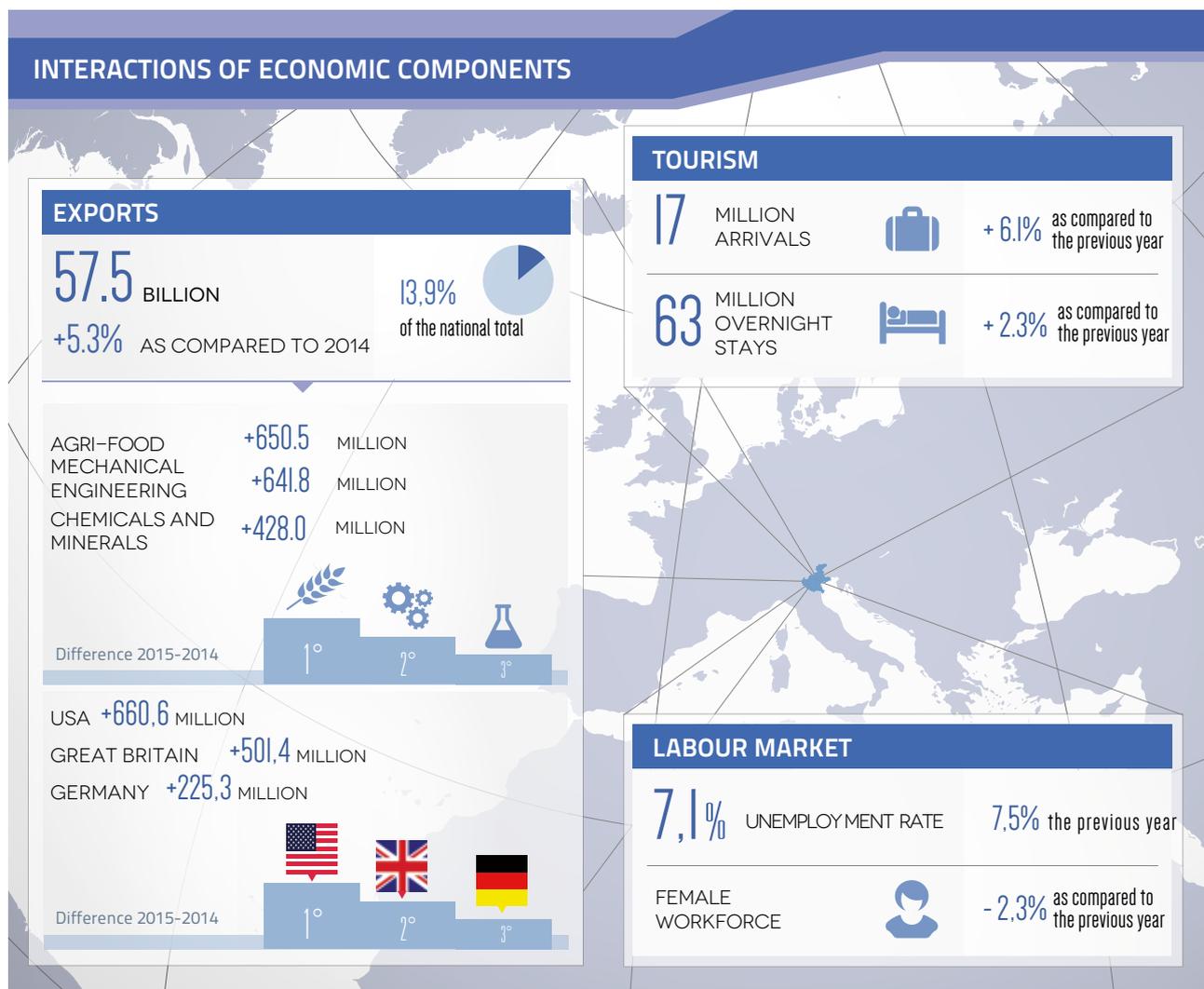
2015 was an excellent year for Veneto exports, which continue to support the regional economy: €57.5 billion, with a share of 13.9% of total national exports. The year ended with a very pleasing increase of 5.3% in export value, as compared to 2014, the greatest percentage variation since 2011.

Veneto's domestic trade has stalled, whilst the cross-cutting segment of e-commerce continues to thrive. The overall value of gross agricultural production in Veneto was estimated at €5.7 billion for 2015, essentially in line with the previous year (-1%).

Active Veneto enterprises numbered 437,130 in 2015, 8.5% of the national total, a fall of 0.3% as compared to 2014, excluding agriculture, and of 0.5% with agriculture included.

In 2015, the flow of visitors to Veneto increased once again (+6.1%) and surpassed 17 million arrivals for the first time. This also coincides with a significant increase in overnight stays (+2.3%), which once again exceed 63 million.

The 2015 labour market is characterised mainly by a fall in unemployment after seven negative years, both in Veneto and in Italy: in our region, the unemployment rate fell from 7.5% in 2014 to 7.1%.

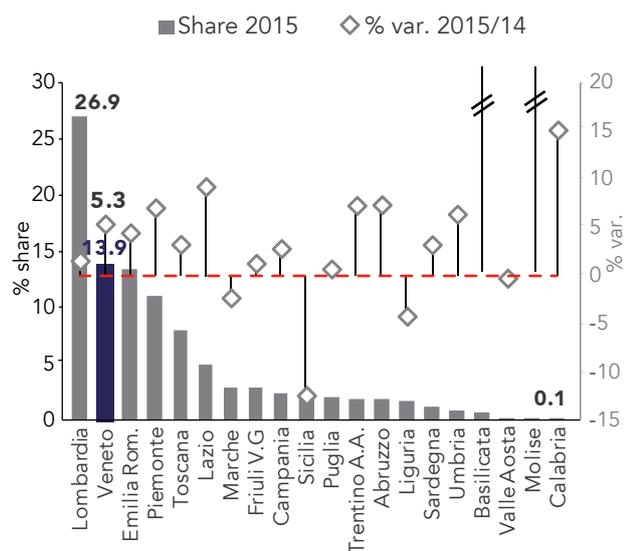




in imports concerned all the main manufacturing areas, with peaks in the transport vehicle sector (+21.5%), electrical appliances sector (+13.3%), jewellery sector (+12.2%), electronics sector (+9.8%) and machinery (+8.7%).

The only sector with negative growth was that of energy products, which recorded close to -12% in purchases. From a geographical point of view, growth in procurement from the EU (+5.9%, an increase of around €12 billion as compared to 2014), from East Asia (+13.4%), now the second largest area of procurement for Italian businesses, more than compensated for the reduction in imports, in terms of value, from markets linked to raw materials, such as North Africa (-15.8%), the Middle East (-8.3%) and Russia (-17.5%).

**Figure 2.1.2 – Annual percentage share and variation of exports per region – Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

Among EU partners, there is a recorded significant increase in imports from Poland (+18.7%), due mainly to the purchase of transport vehicles (584 million more than in 2014), from Belgium (+13.8%) and from the Czech Republic (+15.6%).

Over the course of 2015, there was growth in national exports in all areas, except the islands (-7.3%). Southern Italy recorded the largest growth (+10.2%), followed by the North-east (+4.7%), Central Italy (+4.0%) and the North-west (+2.7%).

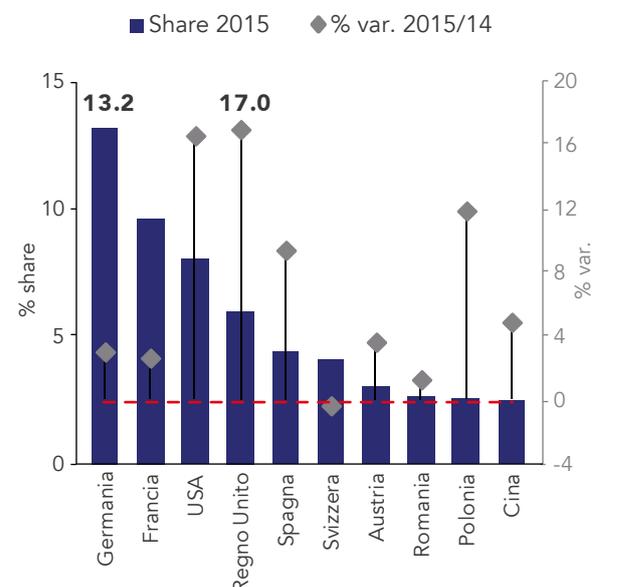
The regions that contributed the most to the increase in national exports in 2015 were Piedmont (+7.0%), Veneto (+5.3%), Emilia Romagna (+4.4%);

Lazio (+9.2%), Lombardy (+1.5%) and Basilicata (+145.7%).

Negative contributions included Sicily (-12.4%), Liguria (-4.2%) and Marche (-2.3%).

During 2015, the provinces that made the greatest contributions in support of sales on foreign markets were Turin, Potenza, Latina, Vicenza, Florence and Bologna.

**Figure 2.1.3 – Annual percentage share and variation of Veneto exports to the main markets – Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

## In Veneto

2015 was an excellent year for Veneto export, which continues to support the regional economy. The year ended with a pleasing increase of 5.3% in exports as compared to 2014, the biggest percentage variation since 2011. Veneto confirms itself in second position in the regional rankings for overall export value: €57.5 billion, with a 13.9% share of the national total.

**The major contributors to the increase in Veneto exports are the US and UK markets**

The increase in Veneto exports is also distributed evenly among EU countries

(+5.5%) and non-EU countries (+5.1%). Among the principal markets, there were double-figure increases in the sales of Veneto products in the United States (+16.6%), thanks to the depreciation of the



grew annually by around five percentage points.



### The rise of capital goods exports

In 2015, Veneto exports recorded trend increases in all the main sectors of economic activity.

The main Veneto export sector remains mechanical engineering (€11.4 billion in foreign sales), with an annual increase significantly above the national average, at +6.0%. As far as concerns the dynamics of the main foreign markets of Veneto mechanical engineering, in contrast to a notable decrease in sales in Russia (-€142 million) and China (-€62 million), there was a strong increase in sales in the US (+€99 million), Algeria (+€69 million), the UK (+€68 million), Spain (+€63 million) and in Egypt (+€40 million). Thus, we see a repositioning of the supply of Veneto-produced machinery towards certain markets closer geographically or in areas where the domestic demand is growing.

Exports in fashion, the second biggest Veneto export industry (€10 billion in foreign sales in 2015), grew by one percentage point. The German market remains the principal channel for Veneto fashion products, despite the poor growth recorded in 2015 (+0.6%), whilst exports grew in the US market (+12.0%, €61 million) and in the UK market (+9.3%). In addition, there was growth in Veneto fashion exports to certain emerging markets, such as Vietnam and Poland, where there the vibrancy of domestic demand is more pronounced. Negative reports for the industry come from certain Far Eastern markets, such as Hong Kong and Japan, and from Russia, with a decrease of almost €100 million as compared to the previous year.

The commodities sectors that made the greatest contribution to the growth in Veneto exports in 2015 were eyewear production (+12.6% on 2014, with a total share of 6.0%) and agri-food products (+12.4%, with a share of 10.3%).

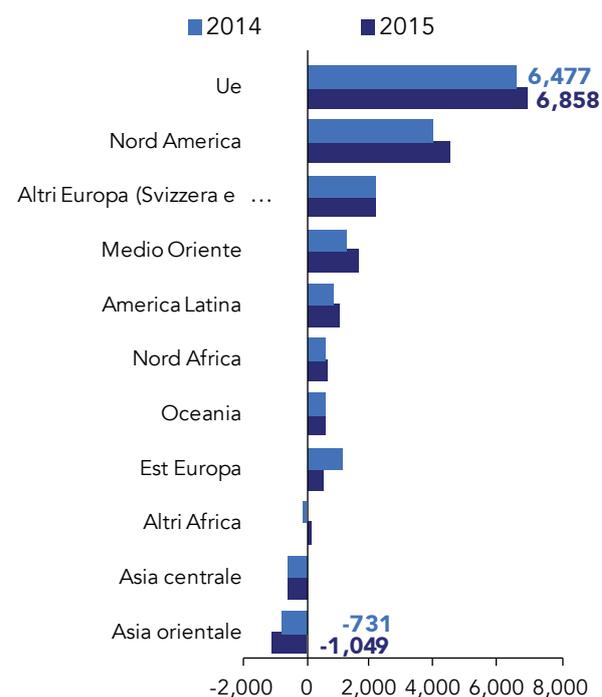
The Veneto eyewear sector recorded increases in turnover in almost all the main markets, with the exception of Brazil and Hong Kong. The US was confirmed as the leading foreign market of reference for Veneto eyewear: €845 million in sales recorded in 2015, with a share of 24.5% of overall sector exports and an annual increase of +26.1%.

Most likely due to the Expo effect, the Veneto agri-food export market ended 2015 with a record balance of

€5.9 billion. The dynamics of Veneto exports in these products are changing and developing in a new

direction. 72% of foreign sales in agri-food products are achieved through exports to EU markets, with annual growth of over twenty percentage points in the UK, Spain and Poland. But Veneto agri-food products are going strongly beyond European bor

**Figure 2.1.6 – Balance of trade per geographical area. Values expressed in millions of euro. Veneto – Years 2015 and 2014**



Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

ders too, starting with the US, which is the leading non- EU market (€468 million in 2015), with annual growth in Veneto food sales of +20.9%. Negative figures arrive from the Russian market, with -42%. The Veneto trade balance was positive for 2015 too, with almost €16 billion, displaying very strong results in mechanical engineering (€8.8 billion in surplus), the group "Jewellery, sports goods and medical supplies" (+€4.3 billion), fashion (+€2.6 billion), electrical appliances (+€2.5 billion) and the timber industry (+€1.9 billion), whilst very negative results were recorded for the transport sector (-€3.7 billion) and agri- food products (-€464 million), with a much lower trade deficit than the previous year. The regional trade balance per geographical area showed surplus for the EU (+€6.9 billion) as well as for non-EU countries (+€8.7 billion), both with an









In the complex international scenario, described in the first part of this report, it is interesting to highlight Veneto's position, in relation to that of certain other leading European regions in exports, such as Baden-Württemberg and Bayern in Germany, Île-de-France, Midi Pyrénées and Rhône-Alpes in France and Cataluña in Spain.

**Figure 2.1.9 – Regions of comparison**



Source: Veneto Region Data Processing - Regional Statistical System Section

**Veneto improves its competitiveness in foreign markets...**

Despite the difficult context, Veneto has successfully improved its position, demonstrating

more intense growth in exports not only than global demand, but also than the other regions of comparison. In terms of destination areas, Veneto exports have managed more than to compensate for the losses relating to the fall in demand from non-EU countries (Russia in particular), with an increase in sales in mature economies (EU and USA) and in emerging markets that are more dynamic (East Asia) but also more difficult to approach and characterised by profound economic and social changes. The leading production sectors formed the driving force behind the region's exports in recent years: mechanical engineering, the main export sector, but also food and beverage, footwear and

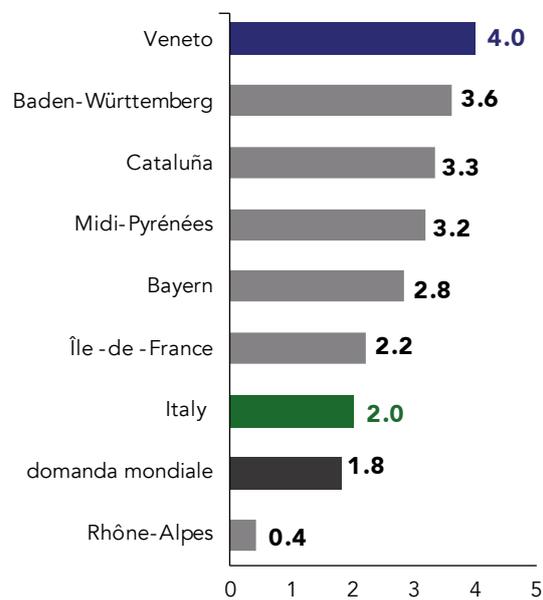
**...and takes first place for growth among its competitors**

other manufacturing activities, with the leading role held by the

eyewear sector.

With an average annual increase of 4% between 2012 and 2015, Veneto took first place for growth in exports among all the regions surveyed. Baden-Württemberg sits in second place (3.6%) and Cataluña in third (3.3%). Italy is placed further down the rankings, with growth that is, however, above global demand (2% as compared to 1.8%), and above Rhône-Alpes, which achieved a rate of just 0.4%.

**Figure 2.1.10 – Exports and global demand. Average annual % var. 2013-2015**



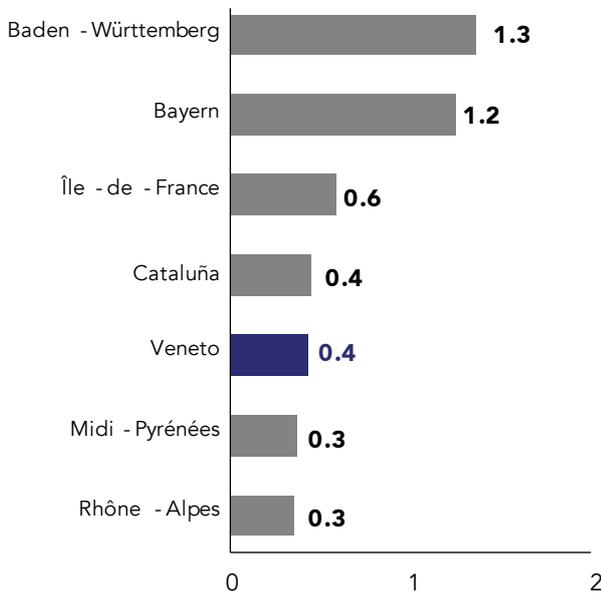
Source: Veneto Region Data Processing - Regional Statistical System Section and Prometeia on various sources

Whilst Veneto surpasses the other regions in terms of dynamics, its impact on global demand in 2015 was in line with that of Cataluña (0.4%), though below that of Île-de-France (0.6%) and, above all, below the two German regions that recorded impact of 1.2-1.3%.

Which are the areas and sectors that have driven Veneto exports in the past three years? Firstly, observing the EU area, the main market for Veneto exports, but also for the other regions surveyed, it can be seen that Veneto's performance of 4% was only improved upon by Bayern (4.4%) and Cataluña (4.7%).

Exporting enterprises successfully managed to take advantage of the recovery in domestic demand (consumer demand in particular) experienced in the Eurozone in 2014 and, above all, in 2015.

**Figure 2.1.11 – Exports and global demand. % impact – Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section and Prometeia on various sources

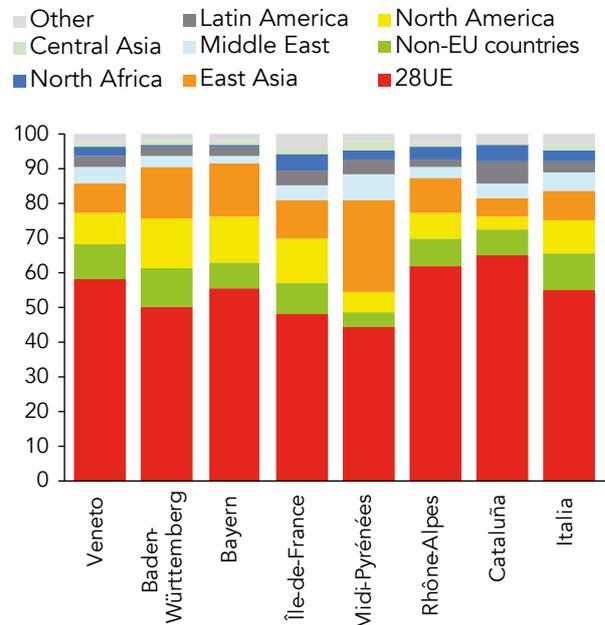
**North America is the most dynamic market of the 3-year period...**

However, North America is the market towards which Veneto exports increased the most, with growth of 11%, only just below the 11.6% recorded by Baden-Württemberg and greater than the growth of all the other regions and of Italy. Between 2012 and 2015, all the areas of the survey recorded a fall in exports to non-EU countries, with Île-de-France, Rhône-Alpes and Veneto affected to a relatively minor degree. With regard to the most dynamic emerging market, East Asia, Veneto exports increased by 6.6%, only just below the increase by Cataluña of 6.9%, whilst the index fell for the three French regions and also, though only slightly, for Bayern.

**...and mechanical engineering remains the leading sector**

Moving on to growth according to sector, it is clear that comparisons between areas are influenced by the different regional specialisations in production. For example, whilst mechanical engineering bears significant weight in the majority of the areas under consideration, the automotive industry, which was an important driving force behind exports in the regions of comparison, does not

**Figure 2.1.12 – Percentage composition of exports according to destination area – Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section and Prometeia on various sources

feature among the main export sectors of Veneto. That said, it was the leading sectors of Veneto's economy that drove regional exports. Mechanical engineering, for example, the leading export sector for the region, saw growth of 4.6%, above the national average of 2.5% and surpassing growth by the German regions, which stood at 1.4-1.5%, and that of Cataluña, at 2.3%. As far as concerns the French regions, the sectorial rankings are more aggregated, thus, in order to make fair comparisons, mechanical engineering has to be grouped with electrical, electronic and optical appliances; here, again, Veneto demonstrated superior growth in the 3-year period 2013-2015. However, it was the food sector that achieved the best results: Veneto beverage exports increased by 8.2% and food exports by 7.7%. The areas of comparison in which the food and beverage sector features among the leading export sectors showed more modest results: food product exports increased by 4.9% in Italy, 4.1% in Cataluña, 2.1% in Bayern, whilst food and beverage exports increased by 5.4% in Rhône-Alpes and decreased by 0.2% in Île-de-France. In addition, Veneto exports saw an increase of 6.3% in "leather goods and footwear", whilst the national average was 5%. Amongst the other areas, this sector, also

**Tab. 2.1.2 - The target area for exports. Var.% Average annual 2012-2015**

	Veneto	Baden-Württemberg	Bayern	Ile-de-France	Midi-Pyrénées	Rhône-Alpes	Cataluña	Italia
UE28	4.0	3.9	4.4	2.5	2.4	2.1	4.7	2.4
Paesi europei non UE	-4.2	-6.2	-5.3	-1.4	-15.9	-3.9	-10.2	-5.1
America settentrionale	11.0	11.6	7.1	9.8	8.2	-0.4	8.5	10.3
Asia orientale	6.6	5.5	-0.1	-1.1	-0.6	-1.1	6.9	4.8
Medio Oriente	8.4	7.6	3.6	1.1	30.8	-0.4	10.6	4.0
America central-sud	4.0	2.0	0.3	5.2	19.0	-6.6	2.9	-2.9
Africa sud	4.9	2.5	1.7	0.1	24.7	-0.5	5.5	-1.2
Asia central	0.6	2.0	0.6	7.4	12.6	5.4	10.6	0.7
Export complessiv	4.0	3.6	2.8	2.2	3.2	0.4	3.3	2.0

Source: Processing by Veneto Region - Regional Section Statistical System and Prometeia on various sources

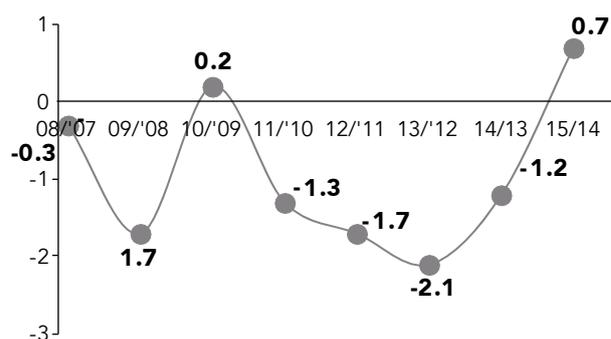
including textiles and clothing, achieved notable results only for Rhône-Alpes and Île-de-France; in the former, the increase was of 6%, in the latter, 2.7%, whereas Veneto exports for the same sector group grew by 4.3%. The region's exports were given a further boost by the sector of other manufacturing activity, which includes gold and eyewear and which grew by 6.7% (average growth for the gold sector was 1.2% and for eyewear was 10.3%). Sales of optical supplies to the USA formed a fundamental contribution to growth in Veneto exports in the analysed period: +15.7% in average annual growth in the period 2012:2015 and, in 2015, foreign sales in the US counted for around 25% of total exports for this sector. This sector group does not feature among the leading export groups of the other regions of comparison, with the exception of Rhône-Alpes, where it holds a more inferior position.

## 2.2 Domestic Trade: Tradition Makes Way for Innovation

### In Italy

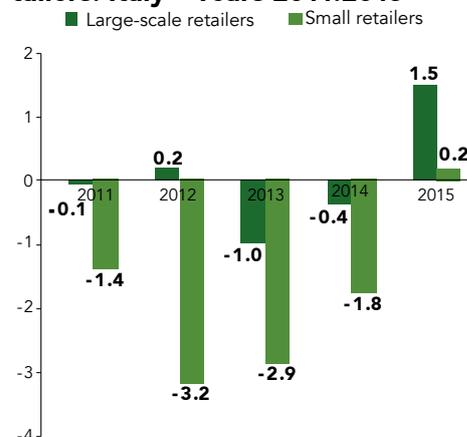
After years of negative results, the variation of the fixed shop retail sales index returned to above zero in 2015, with +0.7% as compared to 2014, generated by an increase of 1.3% in the sales of food products and 0.5% in the sales of non-food products. The recovery of market activity reflects upon the forms of retail distribution: Grande Distribuzione Organizzata (large-scale retailers) and Piccole Superficie (small retailers) returned to growth, with an annual increase of +1.5% and +0.2% respectively. All this affects the expectations of retail trade bu

**Figure 2.2.1 - Annual percentage variation in fixed shop retail sales. Italy - Year 2008:2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

**Figure 2.2.2 - Annual percentage variation in sales value of large-scale retailers and small retailers. Italy - Years 2011:2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

businesses in terms of sales, order volumes and occupation, positive for the whole of 2015 and for early 2016.

## The New Forms of Trade: B2C and B2B

**E-commerce continues to grow, in particular sales from mobile devices**

Growth in online business-to-consumer trade (hereinafter B2C) in Italy reaches

double figures. Whilst 2014 ended with growth in online sales from Italian websites of €13 billion, estimates by the Milan Polytechnic B2C E-commerce Observatory for 2015 predict that this figure will reach €15 billion (+15%) and, as a consequence, predict an increase in e-commerce penetration to 4% of retail sales; this value is, however, still far below that of the main Western markets, such as France, Great Britain, Germany and the United States, where e-commerce has achieved market shares of four times this figure.

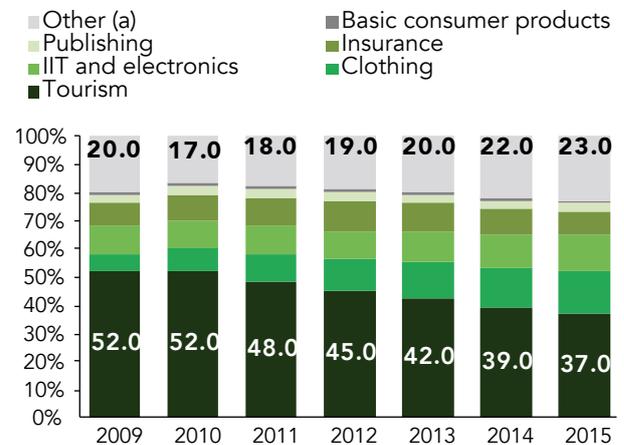
Sales made via new mobile devices, such as smartphones and tablets are assuming increasing importance, with an increase of almost 70 percentage points on 2014, reaching 25% of total e-commerce. It is not only the traditional sectors, such as IT (+26%), clothing (annual +23%), groceries<sup>3</sup> (+22.0%) and publishing (annual +21.0%), but also “emerging” sectors, such as furnishings, up by over 70 percentage points on 2014, and food & wine, with an increase of 30% as compared to the previous year.

The role played by service sales remains of fundamental importance, in particular sales of tourist products, which represent 37% of the market, an increase of 9% as compared to 2014.

With regard to the demand side of things, the value of online purchases increased by 16.0% in 2015, as compared to 2014. There are 11.1 million habitual Italian online shoppers (i.e. that make at least one online purchase a month), over 36% of the Italian online population. The most-used payment method for online transactions is the credit card: the CartaSi Purchasing Observatory reveals that, in December 2015, Italian credit card payments for online purchases reached €1,752 billion, taking the

<sup>3</sup> A term used frequently by large-scale retailers to indicate all packaged basic consumer products, such as: food products, household cleaning and personal hygiene products and non-durable products.

**Figure 2.2.3 – E-commerce: distribution of sales value according to commodity sector. Italy – Years 2009:2015**



(a) The “Other” group includes: designer furnishings, quality food & wine and perfumery  
Source: Veneto Region Data Processing - Regional Statistical System Section on Netcomm Consortium – Milan Polytechnic B2C School of Management E-Commerce Observatory data

total figure for 2015 to €18 billion, almost €4 billion more than in 2014.

**Online trade between businesses also on the increase**

Not only is there an increase in online trade between businesses and their customers (B2C), but also between businesses, the so-called B2B trade, which is

growing at a rate predicted at 12% for 2016 and 10.6% for 2017<sup>4</sup>.

According to estimates by the Netcomm<sup>5</sup> Consortium B2B E-commerce Observatory<sup>35</sup>, B2B transactions in Italy are worth around €20 billion (excluding EDI – Electronic Data Interchange, i.e. the electronic exchange of data according to industrial standards). In our country, there are 7,500 e-commerce websites attributable to B2B companies, 32% of all Italian e-commerce websites: 51% are commercial companies and 31% are industrial manufacturing businesses and 76% of these are micro-enterprises, i.e. with fewer than 5 employees.

<sup>4</sup> eMarketer predictions

<sup>5</sup> The data provided is from a survey conducted by the Netcomm Consortium (Italian e-commerce consortium) – B2B E-commerce Observatory, on a sample group of 500 Italian B2B and B2B retail businesses in commercial and manufacturing sectors

## In Veneto

In 2015, in Veneto, there were 50,285 fixed-premise shops, bars and restaurants, almost one percentage point fewer than in 2014 (-0.7%), yet in line with the national annual trend of -0.5%. There is a continued increase in the number of non-headquarter/registered address local units (annual +0.7%), against a reduction in enterprise headquarter of 1.4% as compared to 2014.

Therefore, it would appear that the crisis has hit above all the less innovative commercial enterprises, retailers in town and city centres that failed to focus on improving organisational processes and human capital, whilst commercial chains continue to grow.

**Veneto is the sixth region in Italy for number of fixed-premise shops, bars and restaurants...**

In comparison with the other Italian regions, Veneto is in sixth place in terms of number of

fixed-premise shops, bars, and restaurants, behind Campania, Lombardy, Lazio, Sicily and Puglia, and represents almost 7.0% of the national total.

Shops specialising in the sale of IT and telecommunications equipment are the fastest-growing businesses, up 3.7% on 2014, followed by vendors specialising in the sale of automotive fuel, up by 2.5%, and specialist vendors of other products for household use, up 0.4% on 2014. During 2015, there was a drop in the number of non-specialist shops (-3.4%) and shops specialised in the sale of cultural and recreational articles (-2.3%) and food, beverage and tobacco products (-1.1%), as compared to 2014. Padua and Vicenza, which are home to over 30% of Veneto's fixed-premise shops, bars and restaurants, are the only two provinces that ended 2015 essentially on a par with the previous year; Verona, Treviso, Belluno and Venezia, however, recorded the worst performances, with negative variations of between 1 and 1.3 percentage points; Rovigo, instead, ended the year at -0.2%.

**...over 30% of these are found in the provinces of Padua and Vicenza**

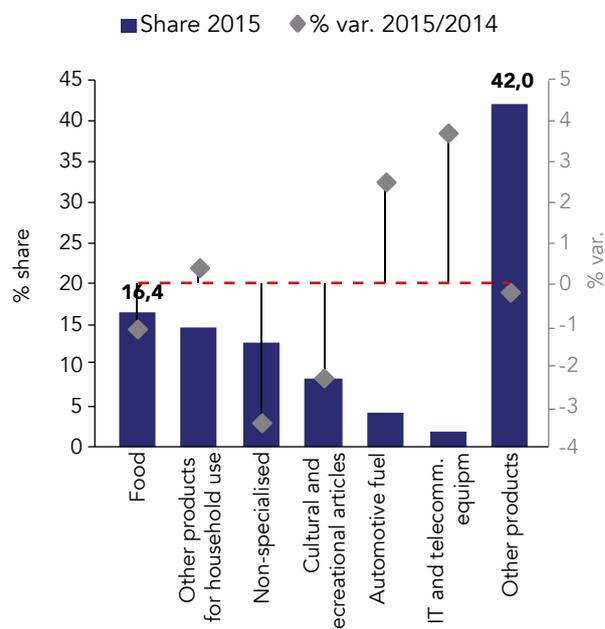
Street trading held on well in 2015, with +1.0% on the previous year,

as did retail trade other than shops, stalls and markets, with +6.5%. In particular, for this second sales channel, there was growth of over 5 percentage points for mail order and doorstep sales, though the best trend was seen in online sales, with growth

of 12.2% as compared to 2014.

In Veneto, in 2015, there were 1,134 commercial enterprises selling their products exclusively via the internet, located mainly in the province of Padua (262), Verona (219) and Treviso (209). Similarly to the national trend, credit cards remain the most widely-used payment method in Veneto e-commerce: in December 2015, online shopping using credit cards increased by 25.8% as compared to the same month in 2014.

**Figure 2.2.4 – Annual percentage share and variation of fixed-premise shops, bars and restaurants according to trade specialisation. Veneto – Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on Ministry of Economic Development data

As far as large-scale retailers (GDO) are concerned, regional data is always made available a year later, thus analysis refers to 2014.

The trend in large-scale retail proves to go against that of fixed-premise shops: indeed, in 2014, workers and sales surface areas both increased, by an annual 1.1% and 2.0% respectively. The number of shops, however, remained almost unchanged, at +0.1% as compared to 2013.

In detail, growth in the more structured forms of distribution continued: specialist retailers grew in both number of shops (annual +1.8%) and number of employees (+6.7%). At the same time, expansion of department stores, supermarkets and hypermar-

**Tab. 2.2.1 - Local units, sales surface area and number of workers of large-scale retailers according to province. Veneto – Year 2014**

	Department stores, Supermarkets and Hypermarkets			Mini-markets			Specialist shops		
	Shops (no.)	Workers (no.)	Sales surface area (m <sup>2</sup> )	Shops (no.)	Workers (no.)	Sales surface area (m <sup>2</sup> )	Shops (no.)	Workers (no.)	Sales surface area (m <sup>2</sup> )
Belluno	67	1,271	73,410	21	96	6,157	3	39	7,778
Padova	260	5,354	320,124	66	358	20,473	39	1,197	110,892
Rovigo	82	1,613	97,513	19	81	5,683	8	142	24,425
Treviso	237	4,885	307,617	83	435	24,844	55	1,118	152,596
Venezia	239	5,572	303,126	51	414	15,524	42	1,542	166,761
Verona	244	5,116	341,234	83	414	23,503	53	1,381	162,846
Vicenza	291	5,063	348,511	63	330	18,374	29	819	92,690
<b>Veneto</b>	<b>1,420</b>	<b>28,874</b>	<b>1,791,535</b>	<b>386</b>	<b>2,128</b>	<b>114,558</b>	<b>229</b>	<b>6,238</b>	<b>717,988</b>

Source: Veneto Region Data Processing - Regional Statistical System Section on Ministry of Economic Development data

kets also continued, in particular the sales surfaces, with +2.9% as compared to 2013. This all occurs to the detriment of mini-markets, the only type of large-scale retailer to suffer a reduction in number of shops, workers and sales surface, with -1.0%, -0.6% and -1.8% respectively, as compared to 2013.

## 2.3 The Economic Situation of Agriculture<sup>6</sup>

The overall value of gross agricultural production in Veneto in 2015 is estimated at €5.7 billion, essentially in line with the previous year (-1%). This result was produced by the negative effects of the fall in production and price of the main herbaceous crops and the downturn of the livestock sector (due in particular to the reduction in milk prices), whilst positive influences were provided, above all, by the increase in production and price of wine products.

**Tab. 2.3.1 – Percentage variation in agricultural production as compared to the previous year. Veneto – Year 2015**

	at current prices	at constant prices
Gross production	-0.8	1.2
Herbaceous crops	-0.4	1.2
Woody crops	19.8	14.8
Livestock farming products	-2.2	2

Source: Veneto Agriculture Processing on ISTAT data

<sup>6</sup> Managed by Veneto Agriculture

The fall in the number of agricultural enterprises registered with the Veneto Chamber of Commerce continues to fall, with a drop in 2015 to 64,950, -1.6% as compared to 2014. The number of food industry enterprises, however, rose to 3,720 active units (+1.4%). Agricultural workers also fell slightly further in number to an average of 62,551 units in 2015 (-0.7%), as a result of the drop in self-employed workers (-16%), only partially counterbalanced by the significant increase in employees (+32%).

There were very positive results for foreign trade: the deficit in the Veneto balance of trade of agri-food products in 2015 halved as compared to the same period in 2014, falling to around €460 million (-54.7%), due to the slight increase in imports to €6.4 billion (+1.4%) and the significant growth in exports (+12.4%), which rose to a new record of €5.9 billion.

Focusing on the climatic trend, 2015 was overall warmer and there was less rainfall than normal. The most significant temperature anomalies were experienced in the winter, summer and autumn, whilst rainfall was recorded as close to average only in certain months at the start of the year; for the rest of the year, there was a shortage of rain, especially in summer and autumn.

The high temperatures and scarcity of rainfall in the summer period had a particularly negative effect on corn and soy, the main crops in Veneto in terms of size (209,000 and 134,000 hectares respectively), which suffered falls in yield of around 20% and consequent drop in related production activity, not dissimilar to the fall in yield of sugar beet. However, the year was fairly good for rice, tobacco and autumn-winter crops, such as common wheat, durum



wheat (which tripled in cultivation surface area) and barley. The globalisation of the commodities market, which was influenced, on an international level, by the abundant availability of product and the high quantity of stock, also caused the depreciation of national prices, with the result of negative average prices for almost all the above-mentioned crops. The main vegetable products provided results that varied according to their seasonality: there was an increase in the yield of potatoes (+10%) and radicchio (+21%) and a decrease in that of lettuces (-19%) and strawberries (-1%). The total surface area devoted to potatoes and vegetables remained essentially unchanged as compared to 2014, with around 26,000 hectares, the result of an increase in open-air vegetable cultivation (+1%) and, above all, in greenhouses (+7%) and, at the same time, a fall in the number of tuber crops (-12%).

Fruit farming, in particular summer fruit, appears to have failed to recover from the economic crisis that has scarred recent years and that caused a significant decrease in the number of crops. As compared to 2014, production increased slightly for kiwifruit (+4%), pears (+2%) and apples (+1.4%), but fell for peaches (-3.6%) and cherries (-27%). The local fruit trade was also hit by the fall in prices of peaches (-38%) and apples (-15%). To be noted, however, was the return to normal levels of olive production (+37.5%), after the disastrous harvest of 2014.

It was a particularly good year for wine growing, characterised by climatic trends that enabled both the limitation of fungus and provided ideal conditions for grape maturation and the accumulation of aromatic and polyphenolic elements. The resulting abundant harvest provided a record yield of 12.5 million metric tons of grapes (+20% as compared to the poor harvest of 2014), with rewards also in terms of quality, classified as very good/excellent by Assoenologi (Italian wine association). The quantity of wine that can be made from the 2015 harvest is estimated at a total of 9.7 million hectolitres (+18%), whilst Prosecco production is estimated at half a billion bottles.

The total surface area of the region's vineyards also increased to 80,000 hectares and is likely to increase further in coming years, with the abolition of grafting rights and the introduction of the authorisation system. 68% of the Veneto harvest is made up of white grape and 32% of red grapes, whilst the share of DOC-DOCG (Protected Designation of Origin-Protected and Guaranteed Designation of Origin) grapes stands at 62%, that of IGT (Pro-

tected Geographical Indication) grapes is 30% and the remaining 8% are used for varietal or generic wines. The good quality of the grapes harvested and the positive market trends have led to an increase in the price of grapes on all fronts and for almost all the types of grape. The average regional prices for 2015 rose to 0.65 €/kg, an increase of 14.7% as compared to the previous year.

The livestock farming sector is having a much rougher time. The annual price of milk fell by over 10%, whilst production remained essentially stable. Beef was hit by the weight of consumer markets, recording a slight reduction in prices and a similar fall in production. The pig farming sector recorded an increase in production of 10%, with a corresponding fall in prices of 7%, and the same trend, though less pronounced, was observed for poultry. That said, the significant reduction in the costs of purchasing feed and energy partially safeguarded the profitability of meat farming.

The Veneto fishing industry recovered slightly: after the significant downturn of 2001 (-42%), the Veneto fishing fleet would appear to have stabilised at 654 units, whilst local production supplying Veneto fish markets recorded an annual increase in quantity and value of 6.5%. Considering local, national and international product movement, analysis of regional fish market turnover highlighted total revenue of €114.5 million (+5.3%), due more to the increase in average price than to the increase in quantity on the market.

## 2.4 Businesses: Difficulties and New Opportunities

### In Italy

In 2015, there were 5,144,383 active businesses in Italy, almost unchanged as compared to 2014 (+0.1%

excluding agriculture and -0.1% with it included).

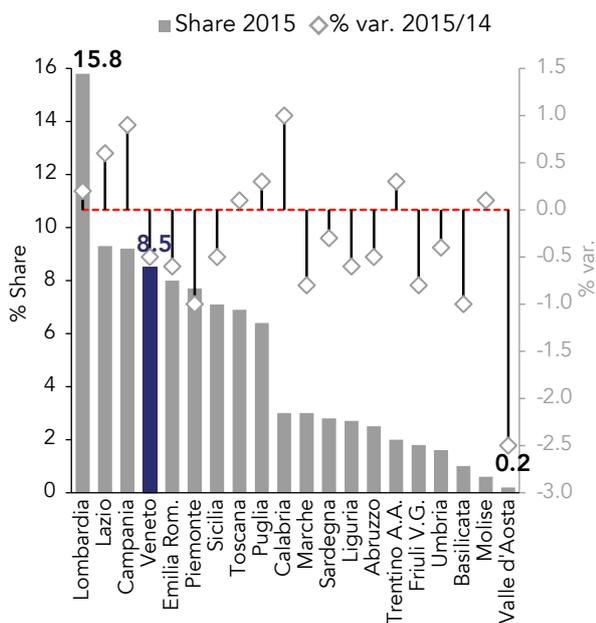
In 2015, business mortality rate decreased, settling at 6.9 businesses closed down for every 100 active enterprises, whilst business birth rate remained more or less constant; the overall business balance improved to above zero, at 0.3%.

The sectors that were most affected by the economic situation were construction (-1.7% as compared to 2014) and manufacturing (-1.2%); however, the services sector recorded positive performance, up by 0.7% as compared to 2014.

Eight Italian regions recorded an increase in the number of active businesses in their territory: Ca-

labria, Campania and Lazio ended 2015 with increases of between 0.6 and 1 percentage point, whilst Puglia, Trentino Alto Adige, Lombardy, Tuscany and Molise remained just above zero. The worst performing regions last year were Valle d'Aosta, with -2.5%, Piedmont and Basilicata, both with -1%.

**Fig. 2.4.1 – Annual percentage share and variation of active businesses according to region. Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on InfoCamere data

## In Veneto

In Veneto, there were 437,130 active businesses in 2015, 8.5% of the national total, a decrease of 0.3% as compared to 2014, excluding agriculture, and of 0.5% with agriculture included.

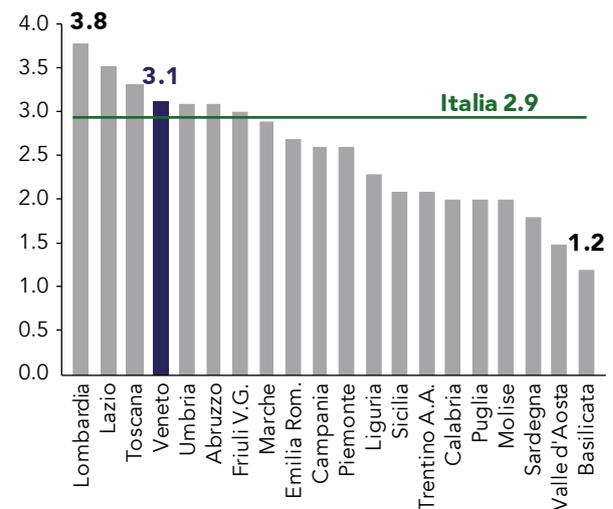
Veneto remains in fourth position on the list of Italian regions according to number of active businesses, behind Lombardy, Lazio and Campania.

Similar to the national trend, business mortality decreased in 2015, settling at 6.6 businesses closed per 100 active enterprises. Data on business birth rate was also positive, with a slight increase as compared to 2014, reaching 6.4 new businesses out of every 100. The overall business balance of 2015 was just below zero and back to pre-crisis levels, at -0.2%.

Alongside these encouraging indicators, however, there was an increase in business insolvencies in 2015, reaching 3.1 insolvent enterprises for every

1,000 active businesses. This figure is in line with the national trend of 2.9 failed businesses for every 1,000. There were a total of 1,363 insolvent businesses in Veneto, 3.3% more than in 2014, with a resulting decrease in voluntary liquidations<sup>7</sup> in the region: -11.7%.

**Fig. 2.4.2 – Number of insolvencies per 1,000 active businesses according to region. Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on Cerved - Observatory on business insolvencies, procedures and closures

Looking in more detail at the legal form of businesses, the positive trend of joint-stock companies continues, up 1.9% in 2015 as compared to 2014; more minor forms, consisting mainly of cooperatives and consortia, also return to growth, with +1.2%. Partnerships were again those worst affected by the economic situation, with a decrease of almost two percentage points as compared to 2014.

Belluno was the province that suffered the greatest decline during 2015 (-1.4%). Verona and Treviso, each with a weight of over 18% of overall Veneto businesses, ended the year with negative variation of almost one percentage point, whilst Rovigo closed the year at -0.6% as compared to 2014.

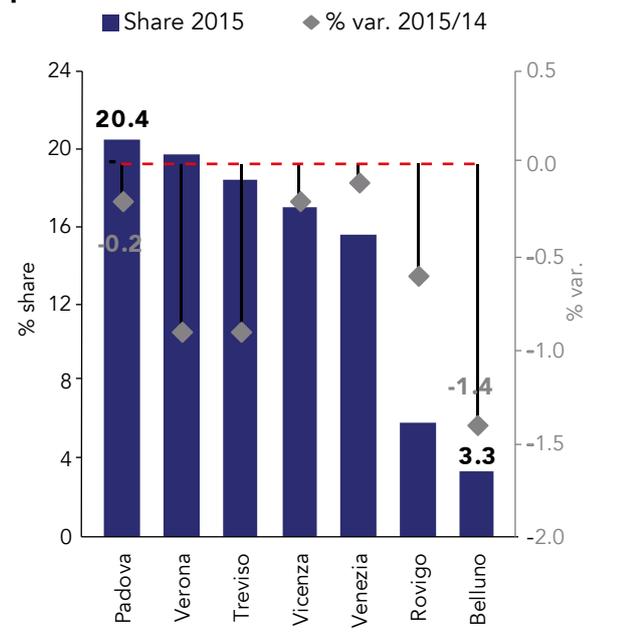
Venice, Vicenza and Padua are the provinces that best withstand economic difficulties. Venice, Vicenza and Padua, which together repre-

<sup>7</sup> "Liquidation" is intended to mean the procedure through which the company ends its productive or commercial activity. Liquidation is defined as voluntary when it is freely decided by the shareholders.



sent over half of the region's active businesses, are the provinces that best withstand economic difficulties, ending 2015 with figures essentially unchanged as compared to the previous year.

**Fig. 2.4.3 – Annual percentage share and variation of active Veneto businesses according to province – Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on InfoCamere data

## The Sectors

Last year saw the tertiary sector maintain its role as the driving force behind Veneto's economy: it represents over half of regional production and grew last year by 0.5%.

**The tertiary sector drives Veneto's economy**

The leading activities in terms of growth were finance and insurance, up 2.9% on 2014; there was a good performance by personal services, with +1.5%; this was followed by business services, +1.3% and accommodation and catering services, +1.0%. Trade, Veneto's primary sector, suffered a slight decline of -0.4% in 2015; there was also a decrease in the number of businesses active in the transport sector, -0.5%.

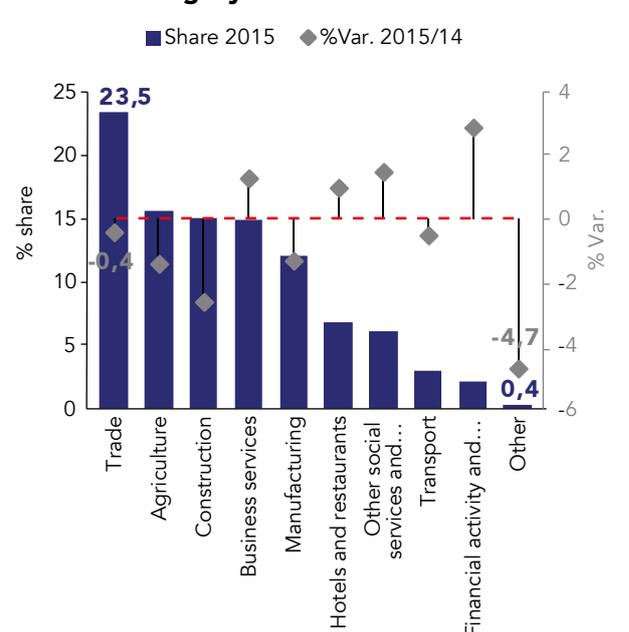
Again worst affected by the economic difficulties were the construction and manufacturing sectors, with -2.6% and -1.3% respectively, as compared to 2014.

Looking in more detail at the latter of these two,

economic difficulties involve almost all Veneto manufacturing companies, in particular the timber, furniture, paper and printing, mechanical engineering and electronics industries, with negative variations of over two percentage points.

The chemical, metal and fashion industries, which together represent almost 50% of Veneto manufacturing, also ended 2015 below zero, with -1.4%, -1.3% and -0.9% respectively, as compared to the previous year.

**Fig. 2.4.4 – Annual percentage share and variation of active Veneto businesses according to business category – Year 2015**



Source: Veneto Region Data Processing - Regional Statistical System Section on InfoCamere data

The transport vehicle sector, however, managed to slow the decline as compared to 2014. There are two sectors which take the opposite direction to the other manufacturing sectors: the food industry, with +1.4% and the group sector "jewellery, sports goods and eyewear", with +0.5% as compared to 2014.

## Sectors of advanced levels of knowledge and expertise

Alongside the typically traditional enterprises, increasing space is being occupied by businesses operating in technologically advanced sectors. These include innovative start-ups, companies founded up to 48 months



liability companies established under private law, for the purpose of enhancing the economic value of findings, know-how and expertise of public research. Of 1,190 public research spin-offs active in Italy, 75 originate from one of the four Veneto universities and are concentrated mainly in Padua, Verona and Venice.

Businesses operating in the knowledge intensive services<sup>10</sup> sector occupy an important position in Veneto economy, providing support for company organisation: companies in IT, research and development and enterprise and professional services. Veneto is the third region, after Lombardy and Lazio, for number of active enterprises in technology intensive services. There are 74,512, 9.4% of the national total, an increase of 1.6% as compared to 2014, demonstrating increased vitality as compared to overall business activity.

Last year, the business birth rate grew by 6.1% and, at the same time, there was a decrease in business mortality, with 5.9 businesses closed down for every 100 active enterprises. The business balance, though negative, is an improvement on 2014: -0.7%.

Similar to innovative start-ups, technology intensive service businesses are focused mainly in the provinces of Padua (22.2%), Treviso (19.1%) and Verona (18.5%).

## Businesses owned by Women and Young People

It is interesting to observe the dynamics of certain types of business to understand whether events of 2015 had a different impact based on the characteristics of the business owner. In particular, attention is focused on businesses owned by women<sup>11</sup> and

<sup>10</sup> Based on the Eurostat – OECD definition of businesses according to sector intensity of technology and knowledge, there are: knowledge intensive technological services (Codes H53, J68, J60, J61, J62 and J63 of the ATECO 2007 classification); knowledge intensive market services (Codes H50, H51, L68, M69, M70, M71, M73, M74, N77, N78, N80, N81 and N82 of the ATECO 2007 classification) and knowledge intensive financial services (Codes K64, K65 and K66 of the ATECO 2007 classification).

<sup>11</sup> According to the definition by the Osservatorio dell'Imprenditoria Femminile (Women's Enterprise Observatory), these are: individual businesses with female owners; partnerships or cooperatives in which the majority of shareholders are women or the majority of capital shares are owned by women; joint-stock companies in which the majority of members of the administrative body are women or the majority of capital shares are held



**Positive trend of female-owned businesses in Veneto...**

young people, whose development is promoted and often

co-funded by different institutional entities active in the region.

Of the 437,130 active businesses in Veneto in 2015, 87,272 are female-owned, an increase of almost one percentage point as compared to 2014, indicating the more dynamic nature of this type of enterprise with regard to the overall trend in business development in Veneto. The birth rate decreased slightly in 2015: there were 8.6 new businesses for every 100 active enterprises; at the same time, the business mortality rate was reduced to 7.9 per 100 active enterprises. Therefore, the businesses balance for female-owned enterprises improved by 0.8% as compared to 2014.

The main legal form of female-owned businesses is sole-proprietor firms (68.8%); this is followed by joint-stock companies (15.6%) and partnerships (14.3%). Businesses are concentrated mostly in the tertiary sector (68.6%), in particular in the commerce and accommodation and catering sectors (35.7%). However, the share of female-owned enterprises in manufacturing and construction decreased to 9.5% and 3.2% respectively.

In terms of dynamics, the tertiary sector is the driving force behind the expansion of female-owned enterprise, up by over 1% as compared to 2014: education ended the year with a strong increase of 7.1%, followed by financial and insurance companies and business services, up by 4.6% and 4.3% for the year. The health and social care sectors also achieved a good performance, as well as sports and entertainment, both up by over 3 percentage points on the previous year. Commerce, the sector with the largest share of female-owned businesses, remained essentially unchanged as compared to figures in 2014.

As far as concerns the impact of female enterprise, in comparison with other regions, Veneto, with a female enterprise rate<sup>12</sup> of 20%, is below the national average of 22.4%. In general, the rate is higher in the South, in particular in Molise (29.5%), Basilicata (27.9%) and Abruzzo (26.7%), than in the North, such as Trentino Alto Adige (17.8% and Lombardy

by women; consortia made up by 51% or more of businesses owned by women as defined above.

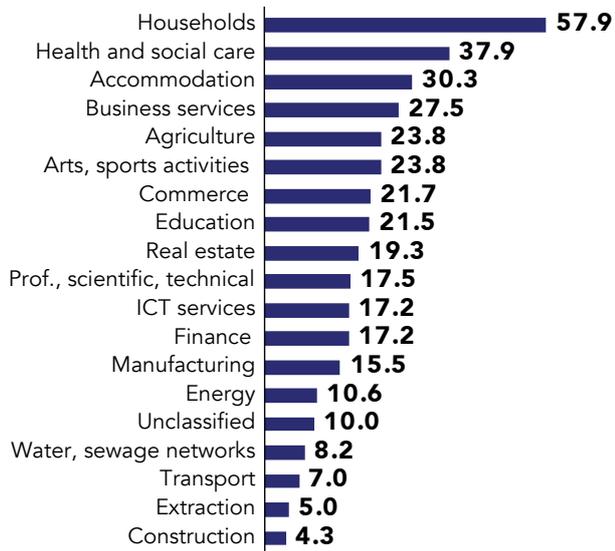
<sup>12</sup> The female enterprise rate is equivalent to the percentage of businesses registered as "female-owned".





(19.0%).

**Fig. 2.4.7 – Percentage impact of female-owned businesses according to business activity. Veneto**



(\*) – Year 2015

(\*) Impact: the ratio between female-owned businesses and total number of enterprises

Source: Veneto Region Data Processing - Regional Statistical System Section on Osservatorio dell'Imprenditoria Femminile (Women's Enterprise Observatory) data and Unioncamere - InfoCamere data

It is also interesting to examine, as well as gender, the age of our business owners and, in particular, how successful young Veneto people manage to be in business. The Osservatorio sull'impreditoria giovanile (Young Enterprise Observatory) gives a definition of "young enterprise": a sole-proprietor firm with owner under 35 years of age, a partnership that has a majority of partners of under 35 years of age; a joint-stock company in which the average age of the shareholders and administrators is below 35 years.

**...with greater difficulties recorded for "Under 35" enterprises**

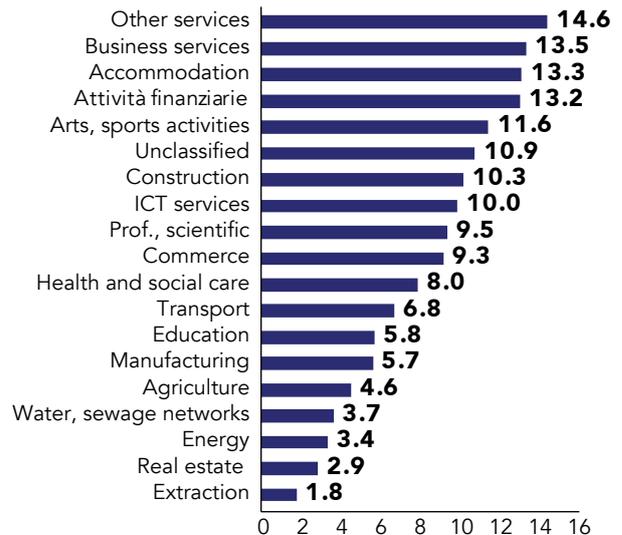
In Veneto, there were 36,978 active young enterprises in 2015, a decrease of almost three

percentage points as compared to 2014. The turnover for this type of business is high, with young enthusiasm not always matched by appropriate means, markets and experience: in 2015, there were 21.4 new businesses for every 100 active enterprises and 9.8 of every 100 businesses were closed

down. The balance remains positive, however, at +11.6%.

Around 80% of "Under 35" businesses have the legal form of sole-proprietor firm, the simplest form to set up when starting out as self-employed. The impact of young enterprise is greater among micro-enterprises, in particular those with 1 worker, with a share of over 10%. Moving up in categories of size, the incidence of young enterprise tends to decrease, until it disappears among businesses with more than 500 workers. The business sectors in which "Under 35" enterprises are most active are commerce (25.8%), construction (18.4%) and accommodation and catering services (10.6%). They are less common in manufacturing (8.4%) as compared to "senior" enterprises (12.9%).

**Fig. 2.4.8 – Percentage impact of young enterprise according to business activity. Veneto (\*) – Year 2015**



(\*) Impact: the ratio between young enterprises and total number of enterprises

Source: Veneto Region Data Processing - Regional Statistical System Section on Osservatorio dell'Impreditoria Giovanile (Young Enterprise Observatory) data and Unioncamere - InfoCamere data

Analysis of the economic situation reveals that enterprises within the sport and entertainment sector ended the year with significant growth of 7.5% as compared to 2014; there was also a good performance by financial and insurance companies and by the transport sector, which increased by 3.7% and 3.2% respectively. Commerce, a popular sector among "Under 35" businesses, decreased by 2.4% as compared to 2014, but the greatest difficulties

were noted in the construction sector, with a fall of 11 percentage points.

In comparison with other regions, the impact of "Under 35" enterprise is below average, with 8.5%, as with the rest of the North-east, in contrast with southern regions, in particular Calabria (15.2%), Campania (14.3%) and Sicily (13.7%).

## Veneto Handcrafts

Craftsmanship is the flagship of the Veneto economy: with 131,601 businesses active in 2015, 9.7% of the national total, Veneto is the third most important region for number of active handcraft enterprises, behind only Lombardy and Emilia-Romagna. Notwithstanding the quality of products, businesses continue to close: in 2015, there was a decrease of 1.3% as compared to 2014, in line with the national trend of -1.6%.

Again, in 2015, it is the sectors associated with services that contribute to the growth in Veneto handcrafts, mainly business services, with +3.8%, and the accommodation and catering sector, with +1.2%. The construction sector, manufacturing industry and transport sector, which together represent over 70% of regional handcrafts, continued to decline, with -2.8%, -1.6% and -1.4% respectively, as compared to 2014. However, there were positive indications from the commerce sector, which, for the first time since the start of the financial crisis, ended the year with a slight increase.

## 2.5 Tourism: a Positive Result

For Veneto, 2015 brought another tourism record, with over 17 million arrivals, one million more than the previous year (+6.1%). This was accompanied by a significant, though more limited, increase in overnight stays (+2.3%), which again numbered more than 63 million and were just 144,000 below the all-time record of 2011.

The Veneto package is multifaceted, including tourism, culture, food & wine, identity, landscape and territory, capable of satisfying every demand in the best possible way. Placing this result within the context of the current period of great economic uncertainty, it is clear that tourism, once again, is the most important sector for the Veneto economy, both for directly produced wealth and for the economy generated upstream and downstream of tourist activity.

**Strong increases in numbers of Italian and foreign tourists**

The excellent results are the reflection of a good year for international tourism (+5.8% in arrivals and +2.2% in over-

night stays), but also of increased interest among Italian customers (+6.7% and +2.4% respectively). Positive variations were recorded by both the hotel industry (+6.1% in arrivals and +3.9% in overnight stays) and the complementary hospitality sector (+6.3% and +0.8%).

Among the Italian tourist regions, Veneto has been in first place for several years, both in terms of number of arrivals (15.3% of the national total) and in terms of overnight stays (16.4%). Veneto differentiates itself from the other regions for the strong presence of foreign tourists, similar only to Lazio, Trentino Alto Adige, Lombardy and Tuscany and, in particular, for the large proportion of these tourists that chooses to stay in facilities other than hotels.

This data provides a detailed image of those who spend at least one night in hospitality facilities for holidays, business, wellness, therapy, sports, religion etc. All the data processing disregards, however, daily tourism, which plays a significant role in our region's economy.

In terms of so-called "day trips", we use ISTAT estimates.

Day trips by Italians in Veneto, which numbered around 13 million in 2014, include movement outside of the habitual environment and exclude movement for routine activities, related more to commu-

**Tab. 2.4.1 – Handcraft businesses: number, share and annual percentage variation according to business category. Veneto – Year 2015**

	Number	Share	% var.
Construction	50,781	28.6	-2.8
Manufacturing ind.	34,731	26.4	-1.6
Other social and personal services	16,892	12.8	0.2
Transport	9,057	6.9	-1.4
Business services	7,288	5.5	3.8
Commerce	6,818	5.2	0.3
Accommodation and catering	4,117	3.1	1.2
Agriculture	1,410	1.1	0.0
Other	507	0.4	-1.2
Total	131,601	100.0	-1.3

Source: Veneto Region Data Processing - Regional Statistical System Section on InfoCamere data

**Tab. 2.5.1 - Tourist movement according to place of origin and facility. Veneto – Year 2015**

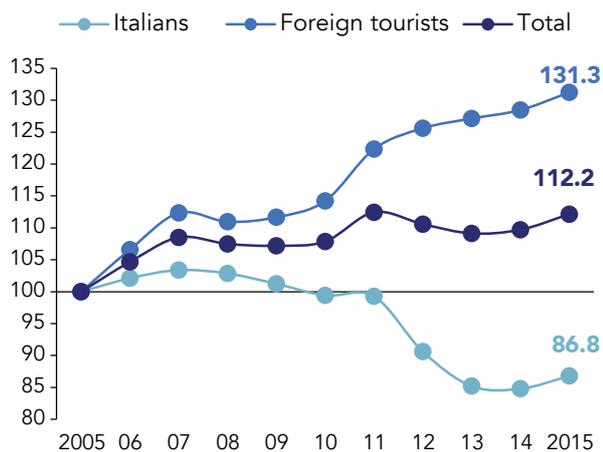
Absolute values in millions						
	Hotels		Other facilities		Total	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays
Italians	4,2	10,5	1,8	10,5	6,0	21,0
Foreign tourists	7,7	20,5	3,5	21,7	11,2	42,2
Total	11,9	31,0	5,3	32,3	17,3	63,3

Percentage variation 2015/14						
	Alberghiere		Extralberghiere		Totale strutture	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays
Italians	5,9	3,6	8,5	1,2	6,7	2,4
Foreign tourists	6,1	4,0	5,1	0,6	5,8	2,2
Total	6,1	3,9	6,3	0,8	6,1	2,3

Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data – Veneto Region

**Fig. 2.5.1 – Index number (\*) of tourist overnight stays (base year = 2005). Veneto – Years 2005:2015**



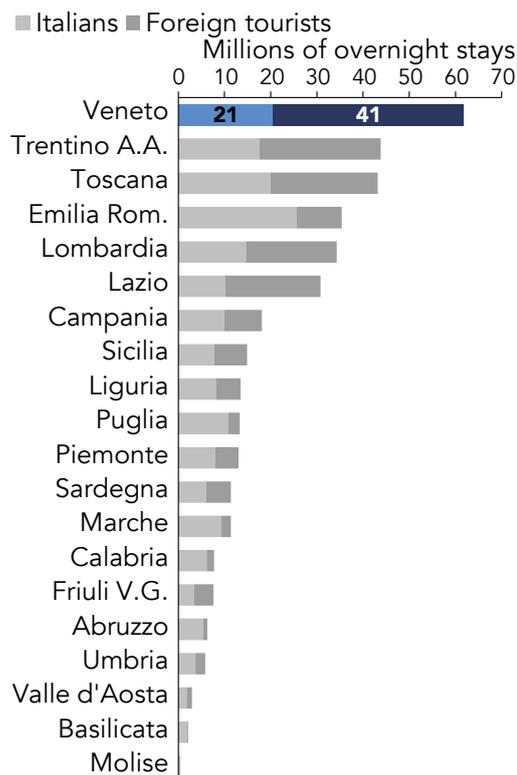
(\*) Index number = (overnight stays year t / overnight stays base year) x 100

Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data – Veneto Region

ting for work than to tourism.

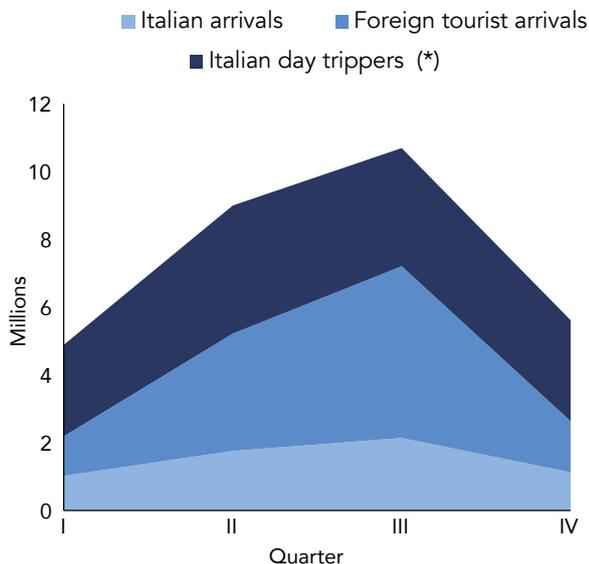
In order to reach a maximum indication of the number of people who move around Veneto for travel or for recreational or work trips or for any other reason, and excluding short-range movement for mobility purposes, we can examine the graph below. This graph shows the numbers recorded in the different periods of the year, with peaks in the 3-month summer period of July-September, reaching almost 11 million, with an annual total of over 30 million.

**Fig. 2.5.2 – Tourist overnight stays in Italy according to region visited and place of origin. Year 2014**



Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

**Fig. 2.5.3 – Flows of overnight stay tourists and day trippers according to place of origin and quarter. Veneto – Year 2015**



(\*) Daily movement for holiday or work, excluding routine travel. Year 2014  
 Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

## Tourist Spending

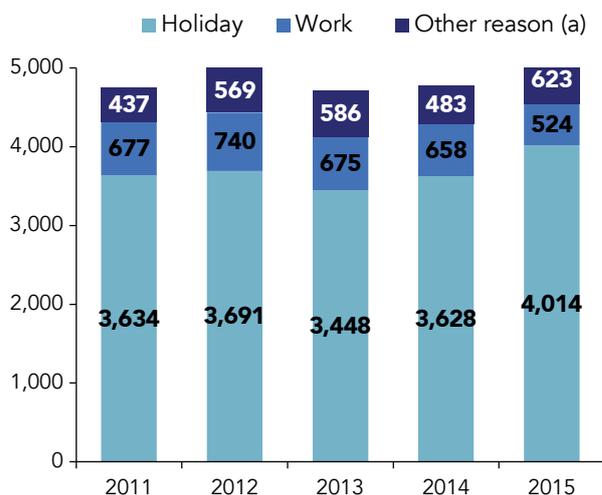
The border survey by the Bank of Italy provides some indication of the revenue from the tourist industry, not only in relation to hospitality but also to the overall spending by foreign tourists once they reach the region. It is estimated that spending by foreign travellers – in Veneto for any reason and not necessarily staying overnight – totalled around €5.2 billion in 2015, a significant increase on the year before (+8.2%). This is thanks to the increase in revenue related to holidays (+10.6%), which is the most significant, whilst revenue related to work trips decreased.

In 2015, foreign tourists that spent one day in our region, without staying overnight, spent an average of €75<sup>13</sup>. In almost half of cases, these were travellers on their way to other countries; a third of cases were on recreational day trips and 13% were on a non-habitual work trip. Those who stay for at least one night, but without spending anything for accommodation because they stayed with family or friends or in a second home, spend around €60 a day. Focusing, instead, on those who stay in a ho-

<sup>13</sup> Average spending by tourists not staying overnight, excluding only the return travel expenses.

spitality facility, spending varies greatly according to the chosen destination. Those visiting cities of art have greater financial resources: whilst foreign

**Fig. 2.5.4 – Spending by foreign travellers (millions of euro at current prices) for travel purposes (\*). Veneto – Years 2011:2015**



(\*) This includes spending for accommodation, restaurants and bars, purchases, transport in the visited country and other services  
 (a) Visits to family and friends, study, therapy, honeymoons, shopping, pilgrimage, etc.  
 Source: Veneto Region Data Processing - Regional Statistical System Section on Bank of Italy data

tourists spent on average €106 a day<sup>14</sup> in Veneto in 2015, this figure reaches €134 in the cities of art. Around 48% of overall spending by foreign tourists is devoted to a cultural holiday. Japanese tourists spend the most, with an average of €193 a day, followed by Americans and Russians. The latter of these spends the most overall for the whole holiday.

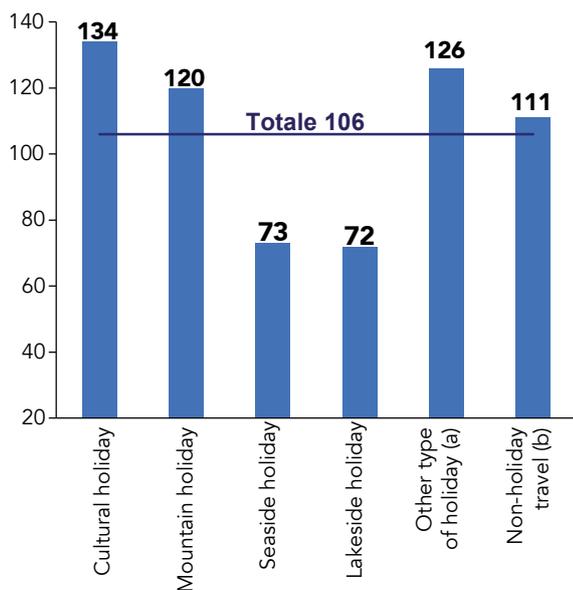
“With regard, however, to Italians, considering the good recovery of domestic demand in 2015 and also taking into consideration movement in relation to unregistered buildings, such as second homes - a phenomenon especially common in seaside or mountain destinations – their spending in the region is estimated at around €6.2 billion.”<sup>15</sup>

<sup>14</sup> Average daily spending of foreign tourists staying overnight in Veneto in a hospitality facility. This spending includes expenses for accommodation, restaurants and bars, purchases, transport in Italy and other services and excludes expenses incurred to travel to Italy.

<sup>15</sup> CISET

Overall, in 2015, tourist spending in Veneto was around €11.4 billion, recovering from the lower figures of recent years to get back up to the values of 2011-2012.

**Fig. 2.5.5 – Average daily spending by foreign tourists who stay in hospitality facilities in Veneto (\*) according to reason for travel – Year 2015**



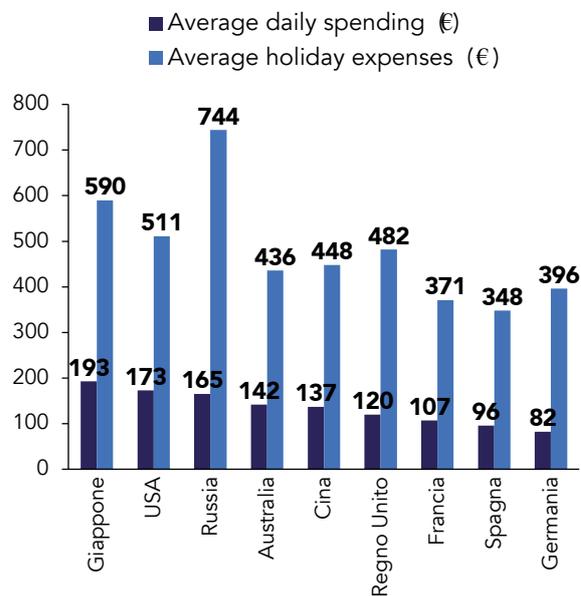
(\*) Including expenses for accommodation, restaurants and bars, purchases, transport in Italy and other services and excluding the cost of the return journey to Italy

(a) Wine and food, nature, sports, for cultural or sports events

(b) Travel with at least one overnight stay in hospitality facilities for work, study, purchases, visiting family or friends, therapy, religious reasons, honeymoon, etc.

Source: Veneto Region Data Processing - Regional Statistical System Section on Bank of Italy data

**Fig. 2.5.6 – Spending at destination by foreign tourists (\*). Veneto – Year 2015**



(\*) Including expenses for accommodation, restaurants and bars, purchases, transport in Italy and other services and excluding the cost of the return journey to Italy

Source: Veneto Region Data Processing - Regional Statistical System Section on Bank of Italy data

## Veneto in Europe

In the past sixty years, tourism has recorded growth rates so high as to become one of the biggest industries in the world. As is noted by the World Tourism Organisation (UNWTO), over the years, an increasing number of destinations and countries have opened up to tourism and invested in its development, transforming modern travel into a key factor of economic progress.

In 2012, the global number of international tourist arrivals surpassed one billion for the first time and estimates for 2014 and 2015 are 1,133 million and 1,184 million respectively. Europe confirms its position as leading continent for number of international arrivals (51.4% of the global total), counting mainly on three strong points: cultural heritage, variety of landscape and quality of products offered. Thus far, data comes from UNWTO, the only information that enable the comparison among countries all over the world in terms of international tourist arrivals; only those who visit and stay overnight in a foreign country are counted, excluding resident data. This is important data for the economy, insofar as foreign tourism brings wealth to the economic system in the form of added spending in the country. Comparing the EU states, Italy is clearly a strong

tourist attraction, reaching second place in 2014 in terms of international tourism (behind Spain), thanks to over 51.6 million foreign arrivals, corresponding to almost 187 million overnight stays. Our country loses this position when national travellers are included in the calculations, dropping to 4th place for arrivals and 3rd for overnight stays, behind Spain and France.

**Tab. 2.5.2 – Positioning in the rankings for arrivals and overnight stays. Italy and Veneto – Year 2014**

	Foreign tourists		Total tourists	
	Arrivals	Overnight stays	Arrivals	Overnight stays
Italy among EU member states	2nd	2nd	4th	3rd
Veneto among European regions	3rd	6th	5th	6th
Veneto among Italian regions	1st	1st	1st	1st

Source: Veneto Region Data Processing - Regional Statistical System Section on Eurostat data

**Veneto is 5th region in Europe for total number of tourists**

Veneto, too, achieves its highest position among European regions when it comes to foreign

tourism, sitting in 3rd place for arrivals (after Île-de-France and Cataluña) and 6th place for overnight stays. In the European rankings based on overall

**Tab. 2.5.3 - Rankings of European regions according to tourist overnight stays – Year 2014**

	Overnight stays (millions)	Arrivals (millions)	Average stay (nights)
Canarie	94,3	12,1	7,8
Île de France	77,7	35,4	2,2
Catalogna	72,7	21,0	3,5
Croazia	63,3	11,3	5,6
Baleari	63,0	10,1	6,2
Veneto	61,9	16,3	3,8

Source: Veneto Region Data Processing - Regional Statistical System Section on Eurostat data

flows, resident and non, Veneto is 5th for number of arrivals and 6th for overnight stays, preceded by the coastal regions of Spain and Croatia, characterised, among other things, by longer average holidays.

## Predictions for 2016<sup>16</sup>

CISSET (International Centre of Tourist Economy Studies) estimates that international tourist flows in Veneto will increase in 2016 by 3.4% as compared to 2015, confirming wholly positive dynamics for Veneto tourism.

These predictions express the good regional performance on the international market, in view of global growth predictions estimated by UNWTO at +4% for 2016, notwithstanding the economic and geopolitical turbulence. The best performances are confirmed among advanced economies, whilst the dynamics of emerging countries see a reversal in recent trends, with slowdown even on the tourist front, strongly tied to the same countries' economic trends. In terms of the Eurozone, the definitive, though still weak, emergence from the recession and the consequent recovery of consumption has a positive impact on the climate of confidence, favouring the inclination towards tourist activity, above all in Central and Northern European markets.

Looking in more detail at the predictions according to place of origin, the most dynamic is the non-EU area, from which is predicted an increase in tourist flows to Veneto of +5.7% in 2016, thanks above all to the US market (+12%) and Japanese market (+3.3%). Flows from Latin America, however will be weaker. These are followed by Northern Europe (+2.7%) and Central Europe (+2.9%). Flows from Mediterranean Europe are predicted to grow by +2%.

In terms of destination, as with recent years, cities of art will remain the outstanding leader on the international tourism front, with growth of +4.4% in 2016. These will be followed by lakeside destinations, with +2.9%, coastal locations, with +2%, together with thermal springs (+2.1%) and, in last place, mountain destinations with +1.4%.

<sup>16</sup> CISSET



**Tab. 2.6.1 - Indicators of social deprivation: percentage of people according to type of deprivation. Veneto. Italy. EU-28 – Year 2014**

	Veneto	Italia	28UE
Risk of poverty or social exclusion (a)	16.9	28.3	24.5
Risk of poverty (b)	11.6	19.4	17.2
Low work intensity (c)	5.5	12.1	11.2
Serious material deprivation (d)	4.7	11.6	9.0
<i>unable to afford a washing machine</i>	<i>n.s.</i>	0.3	1.1
<i>unable to afford a colour television</i>	<i>n.s.</i>	0.2	0.4
<i>unable to afford a telephone</i>	<i>n.s.</i>	0.1	0.6
<i>unable to afford a car</i>	<i>n.s.</i>	2.4	8.4
<i>unable to afford a protein-based meal at least once every two days</i>	7.9	12.6	9.5
<i>unable to cope with an unforeseen expense</i>	30.0	38.8	38.9
<i>unable to afford one week of holiday per year away from home</i>	36.7	49.5	36.9
<i>behind in payments of bills. rent. mortgage or other type of loan</i>	7.9	14.3	12.8
<i>unable to afford adequate heating</i>	9.5	18.0	10.2
Serious housing deprivation (e)	7.2	9.7	5.1

a) People who find themselves in at least one of the following three situations: available income below the poverty threshold; live in a situation of serious material deprivation; are low work intensity.

(b) People who live with an equivalent household income below the poverty threshold. i.e. 60% of the average equivalent national income after social transfers.

(c) People under 60 years of age who, in the previous year, worked less than 20% of their potential.

(d) People who live in families forced to live with at least four privations of the nine listed in italics.

(e) People who live in over-crowded accommodation and who have one of the following problems: lack of inside toilet. lack of a shower or bath. lack of windows. doors or roof. damaged flooring or damp and problems of poor lighting.

n.s. = Estimate not significant due to low sample number.

Source: Veneto Region Data Processing - Regional Statistical System Section on Eurostat and ISTAT data

housing-related expenses and find themselves in situations of real deprivation.

Over recent years, the housing problem has spread, affecting even the so-called “grey band” of the population, i.e. those who, based on accrued income, do not qualify for public housing, though nor do they have the possibility of accessing the free market.

In 2014, 7.9% of the population in Veneto declared themselves behind in payments of rent, mortgage or household bills and 9.5% are unable to afford adequate heating. The housing problem is even more serious for almost 355,000 people, 7.2% of the population, who find themselves in situations of serious housing deprivation, that is to say that they live in inadequate accommodation because of overcrowding and due to serious structural limitations, damp problems or poor lighting. These are mainly families living in rented and dated housing: young people and couples with children, single-parent families and people with poor qualifications.

The situation in Veneto, although worsening over

time (housing deprivation was below 6% in 2008), is better than the national average (9.7%) but worse than that of the EU (5.1%), especially if considering the 15-country European Union (3.3%).

Among the most serious forms of housing insecurity is the risk of losing the home due to eviction: in 2014, 4,937 eviction notices were issued in Veneto, one in every 415 resident households and, in 97% of cases, it was due to payments in arrears.

## 2.7 Work in Veneto: More Leading Players than Extras

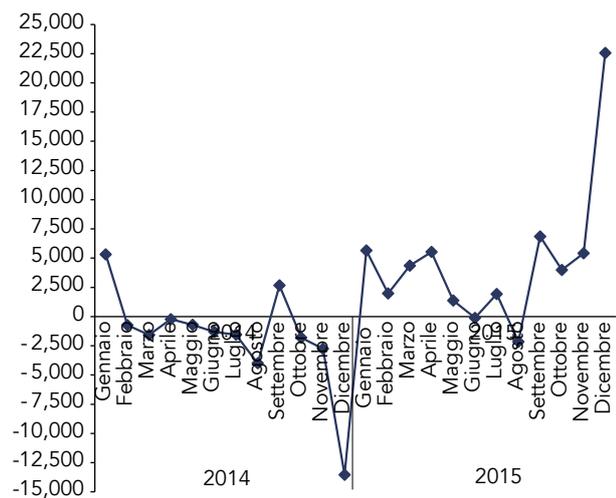
The reduction in poverty can only come principally from an improvement in the conditions of the labour market. Indeed, during the recession, there was a strong increase in the proportion of those who are poor despite being in work, increasing the risk of social exclusion. It is not enough to create more jobs to reduce poverty. Employment must also be relatively well paid and must not involve many periods of unemployment; in addition, a good, stable





tions on the duration of mobility allowances, whilst the fall in numbers hired in the final months of 2014 was in part motivated by delaying hiring in order to benefit from the incentives envisaged by the 2015 stability law, then under discussion.

**Fig. 2.7.2 – Monthly balance (\*) of permanent contracts. Veneto – Years 2014 and 2015**



(\*) Balance = Numbers hired + Transformations from Temporary and Apprentice Contracts – Terminations. It must be taken into account that the decreasing balance of the final months of 2014 was also affected by the increase in terminations in December, which was determined by the bringing forward of terminations in order to benefit from the old regulations on the duration of mobility allowances, whilst the fall in numbers hired in the final months of 2014 was in part motivated by delaying hiring in order to benefit from the incentives envisaged by the 2015 stability law, then under discussion.

Source: Veneto Region Data Processing - Regional Statistical System Section on Veneto Labour processing on SILV data (extracted 4 February 2016)

## In Veneto: Little Variation in the Employment Situation...

Therefore, 2015 ended by leaving 2016 with significantly more consistent stock in terms of permanent employment contracts; but the true testing ground will be the length of time for which this phenomenon will last.

According to data from the workforce survey conducted by ISTAT, employment rose in Italy for the second year in a row: in 2015, there were 22,464,753 employed, an increase of 185,836 on the year before, or +0.8%, a superior variation to that even of ten years ago (+0.3%). Consequently, over the course of the year, the rate of employment in Italy for people of between 15 and 64 years of age grew from 55.7% to 56.3%, an improvement due mostly to men, as well as to the persisting figures of those

remaining in employment among the over-50s. On the other hand, our region suffered a decrease in employment, due mainly to a fall in the female component<sup>18</sup>: in 2015, there were 2,051,552 employed of 15 years or over, 0.7% less than a year ago. That notwithstanding, the unemployment rate remains almost unchanged, moving from 63.7% in 2014 to 63.6% in 2015.

In detail, it is revealed that, in Veneto, there is a marked decrease in self-employed workers of -1.7% as compared to the previous year, which concerns men in particular (-1.9%), whilst the fall in number of employees (-0.3%) is led exclusively by women (-1%). The main decrease is in part-time workers and women in particular: consequently, in 2015, full-time workers make up 34.1% as compared to 34.6% in 2014, whilst male workers go from 6.3% in 2014 to 6% today.

The rate of employment among 20-64 year olds



### Towards the Europe2020 target

in Veneto is also slightly lower than the year before, at 68.3% (68.4% in 2014), though Veneto is still in sixth position among Italian regions and is already in line with the target set by the Italian government for the Europe2020 strategy, of between 67% and 69% to be reached by the year 2020; the target on a European level is 75%, which has already almost been reached by Trentino Alto Adige, which recorded 74% in 2015.

## ...but unemployment has fallen

After seven years, unemployment has finally fallen. However, the main feature of 2015 is that, after seven years, unemployment in Italy has finally fallen and in significant measure: around 203,000 fewer people are in search of work, 6.3% fewer than in 2014. Consequently, the rate of unemployment has fallen from 12.7% to 11.9%, in particular thanks to the fall in numbers of women out of work, with a decrease in rate of over one percentage point; though it must be pointed out that the greater decrease in female unemployment is connected to a rise in the rate of inactivity, which fell, instead, for men.

Unemployment fell almost all over Europe: the EU-28 rate in 2015 was 9.4%, as compared to 10.2% in the previous year. The best situation is found in Germany, where fewer than 5 people are in search of employment for every 100 in the work force.

<sup>18</sup> This data must be read together with data on unemployment and inactivity that is found in the following paragraph.



In detail, there are a lot fewer active 15-24 year old young women, perhaps because they are more inclined to stay on at school and delay entering the labour market (this is taken up further on in the discussion on youth unemployment and NEETs); however, activity also decreased among 25-44 year old women. In contrast, it increased in women over 65.

Finally, it must be taken into consideration that, between 2013 and 2014, female inactivity fell by almost 4% and that, in 2015, women recorded as inactive were still fewer than the number recorded two years earlier.

**Tab. 2.7.3 - Main indicators of the labour market. Veneto – Difference between 2015 and 2014 (\*)**

	male	female	total
Employed 15-64 years of age	0.0%	-1.2%	-0.5%
Unemployed 15+ years of age	1.7%	-12.3%	-6.2%
Workforce 15-64 years of age	0.1%	-2.3%	-1.0%
Inactive 15-64 years of age	-2.2%	2.7%	0.9%
Rate of employment 15-64 years of age	+0.3 points %	-0.5 points %	-0.1 points %
Rate of unemployment 15+ years of age	+0.1 points %	-1.0 points %	-0.4 points %
Rate of inactivity 15-64 years of age	-0.4 points %	+1.2 points %	+0.4 points %

(\*) The first four indicators express the percentage variation between 2015 and 2014, given that they are relative to absolute values. The other three indicators, however, are the differences between 2015 and 2014 in percentage points because they refer to rates

Rate of employment = (Employed 15-64 year olds / Reference population) x 100  
 Rate of unemployment = (People seeking employment / Workforce) x 100  
 Workforce = Employed + Unemployed

Rate of inactivity = (NON workforce / Reference population) x 100

Source: Veneto Region Data Processing - Regional Statistical System Section on ISTAT data

## Veneto's Good Performance

**Vicenza has the second lowest rate of unemployment among Italian provinces**

Given all of the above, it must be underlined that four of Veneto's provinces are placed within the first fifteen in terms of lowest rate of unemployment: in particular, Vicenza, with a rate of two percentage points lower than the previous year, stood at 4.8% in 2015, recording the second lowest index

among all the Italian provinces; at the same time, Vicenza also recorded an increase in rate of employment of two percentage points

Belluno and Verona follow with an unemployment level of 6% and 6.2% in seventh and eighth place and finally Venice in fifteenth place with 7.1%, the latter figure decidedly lower than the figure for last year (over 2 percent less). Moreover, Belluno has always recorded good trends in job market participation and this year it has improved further, going on to occupy the third place in the classification of Italian provinces with the highest employment rate (68.3%).

In detail, after the excellent performance of last year, the situation is slowing in Verona and unemployment has started to increase while employment is decreasing; similar results were found in Padua. Conversely, in Rovigo the situation is recovering. Finally, in Treviso and Venice, as well as unemployment decreasing, employment is increasing.

## Young people: how to connect to the working network

Young people are certainly those most affected by the current employment crisis: in recent years youth unemployment has greatly and progressively increased, making young people feel increasingly like extras in the job market rather than protagonists. Not being able to get into work, remaining too long out of the working network and therefore being disconnected from society increases malaise and the risk of exclusion.

**After seven years youth unemployment in Italy is decreasing...**

Fortunately in 2015 the youth unemployment rate finally came to a standstill: in Italy, after seven years, unemployment is also falling among young people so much so that the percentage of unemployment between those aged 15 and 24 went from 42.7% in 2014 to 40.3% in 2015, in any case still double the recorded EU average (EU28 20.4%). Once more it is Germany to bring home the trophy among the 28 nations of the European Union, for the lowest unemployment (7.3%), while Greece and Spain showed the worst conditions (49.7% and 48.3% respectively). In our country, the situation is particularly severe in the South where, in many regions, the youth unemployment rate exceeds half of the population of this age: the worst case was detected in Calabria where 65.1% of young people searching for work can't find it, followed by Sardi-



dies, a piece of information also confirmed by the growth of students from Veneto registered at universities if we read the data emanated from the Ministry of Education, University and Research (in this regard see also the first paragraph of sub-chapter 4.2).



### The issues faced by 25-29 year olds

A situation that does not arise at all if we consider the following age bracket of 25-29 year olds. In fact, if we analyse the changes that have occurred over one year for Veneto youths over a wider age bracket, or rather 15-29 year olds, since now there is not only data on 25-29 year olds for 2015, we find ourselves simultaneously faced with a decrease in the rate of employment and an increase in the levels of unemployment and NEET. The differences compared to the data available on 15-24 year olds are due to the conditions in which 25-29 year olds find themselves, youths who now are almost no longer involved in study programmes and how have perhaps even attained tertiary education.

discouraged in the face of a society that seems to offer little or are they not willing to do a job just to be in work, maybe they can allow themselves to wait, secure in their family home.

In this regard data on NEET 25-29 year olds from recent years may suggest other considerations, especially if we consider that NEETs can be divided into unemployed and inactive.

In 2014 in Veneto the number of young people in this age bracket neither in education nor working decreased by more than 13% compared to the previous year in the face of the increase recorded in 13 of the 20 Italian regions, such a significant increase to make Veneto the region with the lowest portion of NEET 25-29 year olds in Italy.



### Veneto youths: among the best off in Italy

The situation is the opposite in 2015, or rather this time in the face of a decrease of 25-29 year

olds outside of the scholastic and working network for more than half the regions, Veneto showed an increase of 22.6% going from a portion of NEET in the reference population of 1.8% in 2014 to 4.3%.

In summary, we need to consider that Veneto has some of the lowest unemployment rates compared to almost all other Italian regions whether considering the population bracket of 15-24 year olds, 15-29 year olds or 25-34 year olds. Furthermore, the trends in the employment rate are also good since Veneto occupies the first place in the regional ranking of the highest levels of employment, with 36 out of 100 15-29 year olds and 72.5 out of 100 25-34 year olds employed. And finally, compared to almost all the rest of Italy, there are less youths at home as NEET in Veneto with only Trentino Alto Adige ahead of us.

**Tab. 2.7.5 - Percentage distribution of young people by professional situation and unemployment rate (\*) by age. Veneto - Years 2014 and 2015**

	Young people 15-24 years old		Young people 15-29 years old 2014	
	2014	2015	2014	2015
Employed (**)	21.9	20.8	38.0	36.0
Following study or education programmes	63.1	66.5	45.2	47.0
Neet (***)	15.0	12.7	16.8	17.0
<b>Total young people</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Unemployment rate	27.6	24.7	18.0	18.4

(\*) Unemployment rate = (young people seeking employment / reference work force) x100 (\*\*) This percentage expresses the youth unemployment rate. In fact, the employment rate is given by the following formula: (those employed of an age bracket/population for the same age bracket) x100 (\*\*\*)Young people not in employment, education or training  
Source: Veneto Region Processing – Directorate of Regional Statistical System on Istat data]

It is mainly young people who enter into the job market looking for their first job or a new job because the last one ended, in part also young people who do not have a job and at the same time aren't looking for one and are therefore inactive. Are they

## Supporting the network of social safety nets



### New legislation

One of the aims of the Jobs Act is the reorganisation

of social safety nets, with the aim of "ensuring, in the case of involuntary unemployment, uniform protection related to past contribution of workers, rationalising regulation on salary supplementation and to encourage active involvement of those expelled from the job market or benefiting from social safety nets, by simplifying administrative procedures and reducing non-salary expenses of work"



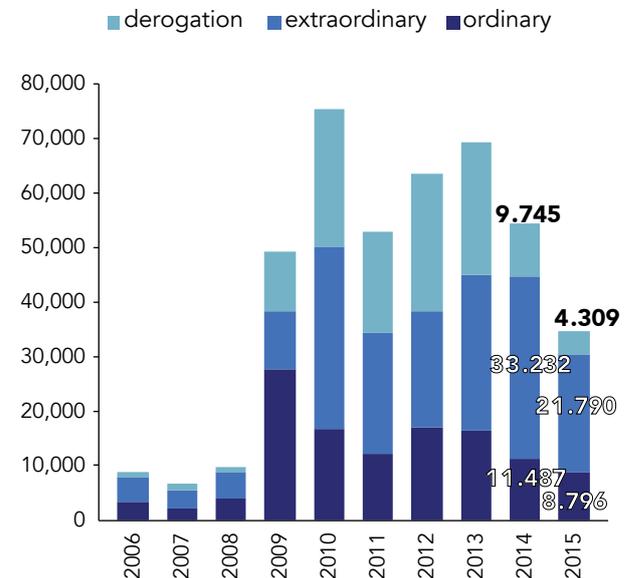
(Italian Law n. 183 of the 10th December 2014). With the implementation of Italian Legislative Decree 148/2015, the fifth of the decrees applicable to the Jobs Act, important innovations are introduced on unemployment insurance (CIG) including the lowering of the maximum duration (from 36 to 24 months, with exceptions), the increase of the additional contribution that enterprises will have to pay when they use this instrument, prohibition of unemployment insurance at zero hours (supplementation for all workable hours) and the extension of the range of beneficiaries to apprentices as well. The ordinary unemployment insurance is then extended to all industrial and construction enterprises regardless of the number of employees (before it was only valid for enterprises with over 15 employees), but wage supplementation disappears for shrinkage or suspension of production activities, or if the enterprise closes. Furthermore, unemployment insurance in derogation is also to be cancelled, even if gradually from 2016.

Following the transposition of this decree, INPS has planned an authorisation on the CIG "aimed at aligning the procedures with the regulatory provisions introduced" (press release by INPS of the 18th December 2015). Therefore, the trend of the hours authorised in recent months is greatly influenced by this block of the months November-December 2015 and January 2016 and the gradual authorisation resumption beginning from February 2016.

**CIG and...** With this long premise, in 2015 recourse to the wage supplementation fund significantly decreased, both in Veneto and in Italy (both -36%). However, this decrease was recorded even before the authorisation block: -37% in Veneto in the period of January – October 2015 compared to the same period of the previous year; this decrease is mainly attributable to the use of the CIG in derogation: if in 2014 over 16 million hours of CIG in derogation in Veneto, in 2015 little more than 7 million were granted (-56%). Ordinary CIG decreased by 23% in Veneto and by 28% in Italy and extraordinary management cig decreased by 34% in our region and 29% throughout the country.

In summary, in 2015 it is estimated that in Veneto there are around 35 thousand CIG equivalent workers, the hypothetical number of unemployed workers who would have never worked throughout the year, compared to 55 thousand in 2014.

**Fig. 2.7.4 – Equivalent workers (\*) in unemployment insurance, earnings by type of management (\*\*). Veneto – Years 2006:2015**



(\*) the number of equivalent workers is obtained by dividing the number of hours of unemployment insurance authorised at a number of ours worked per person of 1,650 hours. This obtains a hypothetical share of unemployed workers who over the year would have never worked (\*\*) Please note that there was a decrease in the hours of CIG in the months of November and December 2015, essentially attributable to the authorisation block from INPS aimed at aligning the procedures to the regulatory provisions introduced following the implementation of Italian Legislative Decree 148/2015.

Source: Veneto Region Processing – Directorate of Regional Statistical System on Istat data

**...dismissals decreasing**

As regards dismissals, according to data published by Veneto Lavoro, up to date as of December 2015, 604 enterprises activated collective dismissals, for a total of 5,340 workers dismissed and inserted into list of mobility as per Italian Law 223/1991. Compared to the same period in the previous year the enterprises involved decreased by 44% and the workers decreased by 49%.

Workers dismissed individually and not following collective actions must be added to these: in the period January – September 2015 22,515 workers were dismissed of which 74% for objective justified motives, 12% for cessation of activity and the remaining 14% for other causes (justified subjective motive, just cause, just cause dismissal). In the first nine months of 2015, compared to the same period of the previous year, the number of enterprises who



