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## CHAPTER 1 - FROM THE DECELERATION OF THE ECONOMY IN 2019 TO THE UNKNOWN IN 2020

*"[...] lowering your eyes, you see the university of winds, clouds, mists and storms, ebbs and flows that proceed from the life and breath of this great animal and god, which we call Earth [...]."*  
(Giordano Bruno)



The Tempest - Giorgione (1506-1508)

# FROM THE DECELERATION OF THE ECONOMY IN 2019 TO THE UNKNOWN IN 2020



2020 began in a general state of uncertainty: the global economic scenario was turned upside down by the Covid-19 pandemic. The health emergency has meant the economic system has been dealt a blow of greater intensity than the other crises in the recent history of advanced economies. This situation of falling production and consumption and the difficult short-term prospects mean that the forecasts of world GDP and most of the economies are heavily revised downwards<sup>1</sup>.

**-3.0%**

World GDP: 2020/19 variation



**-7.7%**

EMU GDP: variation 2020/19



**-8.7%**

Veneto GDP: variation 2020/19



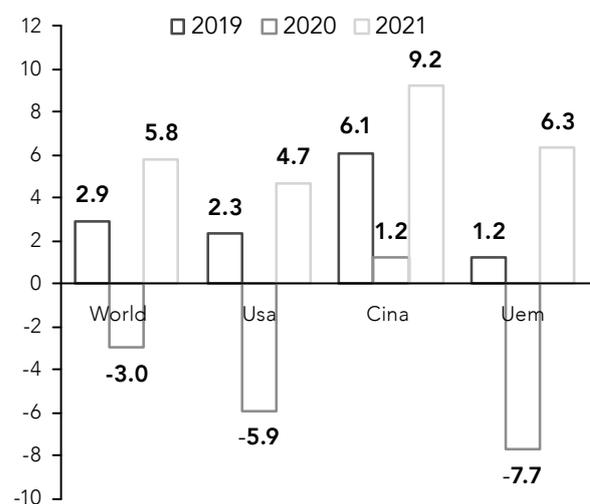
## 1.1 The world scenario

In the first months of 2020, the international scenario was turned upside down by the Covid-19 pandemic. Whilst in early January 2020, economists were worried because 2020 opened with the unknown factor of an unclear international cycle, that is, they wondered whether the stabilization of the past months would be followed by the start of a recovery phase, or whether it would fluctuate for a few more months before a new fall, one month later the priorities were to change completely: first of all, saving human lives; secondly, the total redefinition of a scenario for the world economy.

To clarify, let's start from the situation for which new perspectives will have to be developed.

**Analysis of the economic and social events that occurred in 2019 leads to the identification of 3 key words: sustainability, protests, uncertainty.** 2019 will be remembered as the year of the turning point on the issue of *sustainability*, no longer a niche topic, but one which has finally found its space on the web, in the news, on the front pages of newspapers, but also in everyday conversations of ordinary people.

**Fig. 1.1.1** - The pre and post pandemic scenarios. Annual percentage variations in Gross Domestic Product. World, USA, China, EMU - Years 2019:2021



Source: Processing of data from the International Monetary Fund, Eurostat and the European Commission by the Statistical Office of Regione Veneto

<sup>1</sup> Data and forecasts available as of March 2020.

If you search for the term *sustainability* on Google, you get around 240 million hits.

While the international scientific community is trying to make available to the world the best knowledge on the relationship between natural systems and economic and social systems, politics is trying to define local strategies for sustainable development, the implementation on a local scale of the objectives set by the UN 2030 Agenda, aimed at a development model that combines economic and social progress and care of the environment and that ensures a more equitable society, without compromising resources.

We have all heard about "Fridays for Future", protests celebrated weekly all over the world, including Italy, by many young people who are clamouring for action for their future. The hashtag with the three Fs (#FridaysForFuture) is viral: on Fridays, the children do not go to school, thus drawing the attention of adults, often so inattentive, to their future, starting with the effects of climate change.

After all, in 2019 there were events as unique as they were painful: from the fires in the green lung of the world, the Amazon, to wildfires in California, Australia and in the African forests, high water in Venice, as far as the discovery that islands of trash are not only found in the Pacific, but also in the nearby Tyrrhenian Sea.

But whereas the FridaysForFuture protests have always been peaceful, the same cannot be said for the demonstrations in Hong Kong, triggered by an extradition bill.

In Algeria, protesters forced President Abdelaziz Bouteflika to step down after 20 years in power. Presidential elections were held, boycotted by most of the electorate, but protesters continued to protest, demanding a real change in national leadership. The Middle East was also not spared from popular uprisings. The decision to charge for WhatsApp services triggered a wave of protests in Lebanon that convinced Prime Minister Saad Hariri to resign. The same in Iraq, where protests against corruption and unemployment were bloodily suppressed. The increase in the price of public transport was instead the reason for Chileans taking to the streets. In November, it was the turn of the Iranians, furious at the revocation of subsidies on the price of petrol. Again, the repression led to bloodshed. Protests also rocked Bolivia, India, Nicaragua and Russia.

And finally the year ended in Europe with protests in France against the pension reform proposed by Macron.

All this, combined with and linked to the economic situation, created a widespread state of *uncertainty*. Think of the increase in geopolitical tensions, especially between the United States and Iran, the intensification of social unrest, Brexit, the further deterioration of relations between the United States and its trading partners. "Phase one" of the trade agreement between the US and China helped to reduce downside risks to some extent, but the high degree of *uncertainty* surrounding US trade policy continued to prevent the spread a climate of trust among companies. Social unrest in Latin America threatened to undermine the region's economic recovery and the escalation of geopolitical tensions in the Middle East increased the risk of a conflict in the region. Furthermore, the exchange rate tensions affecting many emerging countries are reflected in the deceleration of world trade.

**The uncertainty of 2019 is nothing compared to the sentiment of 2020: the Covid-19 epidemic has spread to become a pandemic.**

And with it come not only the sick, but also the economic damage, although at the moment the latter are difficult to ponder.

China was the first country affected and resorted to a severe lockdown, with significant repercussions on production in February and March. In western countries, the spread of the epidemic began at the end of February. The initial perception of health authorities was that the outbreak could be confined to the Hubei province, without leading to a pandemic. The prevailing hypothesis was therefore that trends would be replicated similar to those observed in other cases of recent history, such as Sars or Mers. A benevolent hypothesis in the light of subsequent events, but initially also shared by the prospects expressed by the financial markets.

**The economic system suffered a blow of greater intensity than the other crises in the recent history of advanced economies.**

The nature of the phenomenon entails a discontinuity in economic behaviour, of unprecedented speed, given that the scenario is constantly changing.

Let us try to clarify by conducting an analysis in chronological order. 2019 is the second year of slowdown for the world economy. A disappointing first half of the year was followed by a second half of stasis. International demand remained weak, especially following the slowdown in investments, particularly by multinational companies, which reacted to the uncertainty over trade regulations by

# FROM THE DECELERATION OF THE ECONOMY IN 2019 TO THE UNKNOWN IN 2020

postponing investment plans. Industry slowed down especially in the more integrated economies within global value chains, and particularly in those specializing in the manufacture of machinery.

The International Monetary Fund (IMF)<sup>2</sup> estimated worldwide growth of 2.9% in 2019, a downward revision from the October 2019 World Economic Outlook (WEO), which mainly reflected negative surprises in economic activity in some emerging economies, notably India.

GDP in the United States was estimated to rise by 2.3% in 2019, the United Kingdom would stabilize at 1.4%, while Japan's growth rate was estimated at 0.7% in 2019, the result of healthy private consumption.

Emerging Asia in 2019 showed a slowdown, +5.5%, a decline compared to previous projections due to the revision of the Indian data, domestic demand decelerated more than expected and led to India recording a more moderate growth in 2019, +4.2%. China too, in 2019, already slowed in pace compared to the sprints it was used to: +6.1%.

**In 2020, the international scenario is dominated by the health emergency.** The necessary Covid-19 containment measures are causing a widespread shock, with no historical precedent, which involves both supply, with the closure of businesses and the interruption of value chains, and demand; the effects of the lockdown on the world economy are being felt and will be severe.

This context leads to significant downward revisions of global GDP forecasts, which are expected to contract by 3% in 2020, much worse than during the 2008-2009 financial crisis, according to the International Monetary Fund's April forecast. In a baseline scenario, which assumes the pandemic will fade in the second half of 2020 and it will be possible to lift gradually the containment measures, the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, aided by political support.

Financial markets react immediately with a sharp drop in asset prices and a sharp increase in volatility. The outlook for world trade, already declining in January, deteriorated dramatically, as indicated by the fall in the global PMI<sup>3</sup> on new export orders in February and March. To counter the effects of the lockdown on the economy, central banks are

intervening with extraordinary measures to support demand and injecting liquidity into the economic system.

For advanced economies, the IMF forecasts -6.1% in GDP in 2020; these include -5.9% for the United States, -5.2% for Japan, -6.5% for the United Kingdom and -7.5% for the euro area.

Emerging markets and developing economies<sup>4</sup> will shrink by 1% overall. Among them, China will recover faster, reaching a variation in GDP of +1.2% at the end of 2020.

## Raw materials

The weakness of international demand<sup>5</sup> in 2019 guided the trend in commodity prices: the commodities most linked to the industrial cycle, such as metals, remain essentially stable.

Conditions of excess supply prevail on the oil market in 2019, inflated by the continuous increase in American extraction; over the last two years, the stagnation of world production has slowed down the demand for energy, while the weakness of world trade penalizes the demand for fuel from large ships for freight transport. This, added to the contraction of production by some countries (Iran, Venezuela), led the production quota of the OPEC countries to contract; moreover, in September-October 2019 there is also the effect of the momentary reduction in production levels by Saudi Arabia following the drone attacks by Yemen. Against this, the United States' share of world crude oil production continued to increase: US production reached more than sufficient levels to satisfy domestic demand and the United States became a net exporter of oil. Under these conditions, market prices remained weak.

<sup>2</sup> World Economic Outlook April 2020 (WEO).

<sup>3</sup> The Purchasing Managers Index (PMI) is the composite index of a country's manufacturing activity and reflects the capacity to acquire goods and services.

<sup>4</sup> Bangladesh, Bhutan, Brunei, Darussalam, Cambodia, China, Fiji, India, Indonesia, Kiribati, Lao P.D.R., Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, Nepal, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-este, Tonga, Tuvalu, Vanuatu, Vietnam.

<sup>5</sup> Economic situation Ref. January 2020.

**In 2020, the deterioration of the global economic outlook due to the pandemic weighs on commodity prices.** From mid-January to the end of March, base metal prices dropped by about 15%, natural gas prices by 38% and oil prices by about 65% (a drop of around \$40 a barrel).

In April, despite the agreement between the OPEC+ countries, the price of oil was down: The price of WTI went from \$61.65 a barrel on 31 December 2019 to \$13.48 a barrel on 20 April 2020.

## 1.2 Europe

The European Commission's Spring Forecast, presented on 6 May 2020 by the European Commissioner for Economic Affairs Paolo Gentiloni, describes the effects on GDP of a crisis deeper than the financial crisis of ten years ago.

**GDP will see a decline at the end of 2020 of 7.4% for the EU and 7.7% for the eurozone.** These changes are very similar to those predicted by the IMF.

These forecasts start from a 2019 situation that we will briefly describe here. Whereas in 2018 the European economy proved to be fragile in relation to the worsening of the international economic situation, in 2019 growth was even smaller: +1.2% (+1.9% in 2018). The external context remained problematic, but the positive consideration was that the euro area recorded the longest period of growth since the introduction of the euro in 1999, there is constant job creation, growth in wages and, during the year, there are encouraging developments in terms of reduced trade tensions. The economic trend was combined with a declining trend in the climate of confidence of businesses and households. Towards the end of 2019, several indicators show a stabilization, close to the lows of the previous quarters.

The slowdown did not hit all the economies of the area with the same intensity: the deceleration was more intense for Germany and Italy, while Spain and France show greater resilience. The trend is mainly driven by the performance of manufacturing, which showed a contraction again in the fourth quarter of 2019.

The pandemic developed suddenly in early 2020, so much so that economic activity falls by a third in one day.

In the presentation of the 2020 forecast, the European Commissioner provides some key messages. The first concerns the severity of the recession: the

decline of more than 7% is even greater than in the 2009 crisis, when it stopped at -4.5%. Recovery will be in 2021, with growth of +6.1% for the EU and +6.3% for the eurozone. It is pointed out that, despite the fact that recovery will start in the second half of this year, the loss in value of the first months will be so intense that it will not be recovered even at the end of 2021 in the EU. The second element highlighted is the lack of homogeneity in the recession and recovery of the member countries: at the end of 2021 Italy, Spain and the Netherlands will not yet have reached pre-pandemic levels, while Germany and Austria will have exceeded them.

While government aid, wage subsidies and business support are expected to help limit job losses, the impact on the labour market will be severe. The unemployment rate in the euro area is expected to rise from 7.5% in 2019 to 9.6% in 2020 before falling again to 8.6% in 2021. In the EU, the unemployment rate should rise from 6.7% in 2019 to 9% in 2020 and then fall to around 7.9% in 2021.

Some Member States will see more significant increases in unemployment than others. Those with a high percentage of workers on short-term contracts and those where a large part of the workforce is dependent on tourism are particularly vulnerable. Young people who are joining the workforce now will also find it more difficult to secure their first job. Consumer prices are expected to decline significantly this year due to falling demand and sharply falling oil prices, which together should more than offset isolated price increases caused by pandemic-related disruptions to supply. Inflation in the euro area, as measured by the harmonized index of consumer prices (HICP), is now forecast at 0.2% in 2020 and 1.1% in 2021. For the EU, inflation is forecast at 0.6% in 2020 and 1.3% in 2021.

Member States have reacted decisively with fiscal measures to limit the economic damage caused by the pandemic. As a result, the aggregate government deficit of the euro area and the EU is projected to rise from 0.6% of GDP in 2019 to around 8.5% in 2020, and then return to around 3.5% in 2021.

After experiencing a downward trend since 2014, the debt-to-GDP ratio

is also expected to rise. In the euro area, it is expected to increase from 86% in 2019 to 102.7% in 2020 and then drop to 98.8% in 2021.

For member states, more specifically, Germany's GDP grew by +0.6% in 2019, while the forecast is -6.5% for 2020 and +5.9% in 2021. Spain closed

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**Tab. 1.2.1 - Economic indicators in major eurozone countries - Years 2018:2021**

	GDP (% var. )				Internal demand (% var. )				Inflation (a)				Unemployment rate			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Germany	1.5	0.6	-6.5	5.9	2.1	1.0	-4.8	4.9	1.9	1.4	0.3	1.4	3.4	3.2	4.0	3.5
France	1.7	1.3	-8.2	7.4	1.0	1.4	-8.2	7.9	2.1	1.3	0.4	0.9	9.0	8.5	10.1	9.7
Spain	2.4	2.0	-9.4	7.0	2.7	1.5	-9.5	6.9	1.7	0.8	0.0	1.0	15.3	14.1	18.9	17.0

(a) Harmonised index

Source: Processing of data and forecasts, in red, from Eurostat and the European Commission by the Statistical Office of Regione

2019 at +2% with forecasts of -9.4% for 2020 and +7% for 2021.

France registered +1.3% for 2019 and expects a decline of -8.2% in 2020 and a growth of +7.4% in 2021. Finally, Italy had the lowest variation in the euro area for 2019, +0.3%, with prospects of -9.5% for 2020 and +6.5% for 2021.

## 1.3 Italy

**In Italy, after the setback at the end of 2019, the outbreak of the pandemic led to the biggest recession of the post-war period.** Already in 2019 the growth of the national economy marks a marked slowdown.

The growth profile in real terms became negative in the fourth quarter of 2019, with an economic decline of 0.3%, mainly due to a fall in production indices in manufacturing and construction.

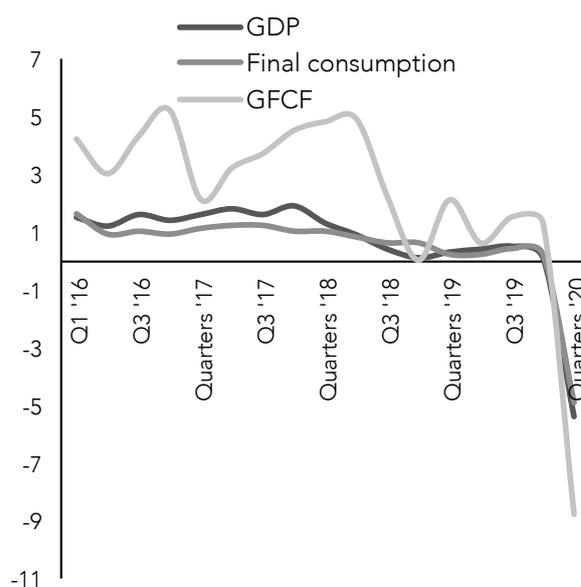
On the demand side, despite the slowdown in exports, the decline in imports led to a positive contribution from net foreign demand. In the supply of goods and services, the growth of added value is sustained in the construction sector and modest in services, while agriculture and manufacturing suffer a contraction. Worker numbers and per capita wages increase at a more moderate pace than the previous year. The net debt of general government records a clear improvement compared to 2018 and the tax burden increases.

In 2019, GDP at market prices amounted to 1,787,664 million euro at current value, with a real increase of 0.3%<sup>6</sup> compared to the previous year. In terms of domestic demand, in 2019 there was 1.4% growth in gross capital formation and 0.2% growth in national final consumption.

In 2019, the final consumption expenditure of res-

<sup>6</sup> Values at 2015 prices.

**Fig. 1.3.1 - Percentage variation in GDP, final consumption and investments as compared to the same period of the previous year. Italy - Q1 2016:Q4 2020**



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

ident households slowed down growth, increasing by 0.4%. Consumer spending on goods increased by 0.1%, and on services by 0.9%. In terms of consumption purposes, the most marked increases concerned communications (+7.1%), spending on recreation and culture (+2.0%) and spending on various goods and services (+1.2%). The components that recorded a decrease were clothing and footwear (-2.7%), expenditure on health care (-0.8%) and for alcoholic beverages, tobacco and narcotics

(-0.4%).

General government expenditure recorded a fall of 0.4% while that of private social institutions (PSIs)<sup>7</sup> increased by 1.7%.

Gross capital formation was the most dynamic component of demand, albeit slowing, with an increase of 1.4% (+3.1% the previous year). Increases were recorded for all components: +2.6% for investments in construction, +0.8% for intellectual property products, +0.4% for investments in means of transport and +0.2% for those in machinery and equipment.

Exports of goods and services increased by 1.2%, imports fell by 0.4%.

In 2019, the total added value grew by 0.2%; in 2018, it had recorded an increase of 0.9%. The increase was marked in construction (+2.6%) and moderate overall in service activities (+0.3%). Negative changes were recorded in agriculture, forestry and fishing, with a decline of 1.6%, and in industry in the strict sense (-0.4%).

## Public finance

Based on the information received in March 2020, Istat prepares provisional estimates of the consolidated account of general government for the year 2019. The net debt<sup>8</sup> of general government in relation to GDP was -1.6% (-2.2% the previous year). In absolute terms, debt amounted to -29,301 million euro, down by approximately 9.5 billion euro compared to the previous year.

The primary balance (net borrowing minus interest expenditure) was positive and amounted to 31,004 million euro, 1.7% of GDP (+1.5% in 2018).

In 2019, total general government revenue increased by 2.8%, as compared to the previous year. In relation to GDP, it was equal to 47.1%. Current revenues recorded a growth of 2.8%, equal to 46.9% of GDP. In particular, direct taxes increased by 3.4%, by virtue of the increase in IRPEF, IRES and substitute taxes. Indirect taxes also recorded an increase (+1.4%), mainly due to the increase in VAT revenue and the tax on Lotto and the lotteries. Actual social contributions increased (+3.2%) compared

<sup>7</sup> Private Social Institutions Serving Families (PSIs), which include private producers of non-market goods and services, such as cultural and sports associations, foundations, political parties, trade unions and religious entities.

<sup>8</sup> Debt/credit = accounting balance between the revenue and expenditure of the economic accounts of general government. Therefore, transactions of a financial nature are excluded (granting and collection of credit, shareholdings and contributions, production and non-production advances, etc.). Net debt or credit is calculated on an accruals basis.

to 2018 while other current revenues increased by 4.6%, thanks above all to the positive trend in dividends. The decrease in capital revenue (-3.1%) was due to the reduction in capital taxes partially offset by the growth in other capital revenues. The total tax burden (amount of direct, indirect, capital and social contributions in relation to GDP) was 42.4%, an increase on the previous year.

In 2019, total general government expenditure increased by 1.6% as compared to 2018. In relation to GDP, this is equal to 48.7%. Of this, current expenditure increased by 1.4%, mainly due to the dynamics of social benefits in cash, which grew by 3.7% (+2.1% in 2018), in turn driven by pensions and other welfare services. The performance of these items is particularly affected by the introduction of measures relating to the 'Quota 100' and the 'Reddito di Cittadinanza'. Intermediate consumption (+1.2%), income from employment (+0.4%) and other current expenditure (+0.8%) also increased. Interest expenses decreased by 6.7%, following a reduction of 1.3% in 2018. Capital expenditure increased by 3.6% mainly due to the strong growth in gross capital formation (+7.2%), partially offset by the reduction in other capital expenditure (-2.7%).

## The first data of 2020 and forecasts

The rapid evolution of the pandemic makes it difficult to measure the intensity of the effects on the real economy with the delay in diffusion of the economic indicators in relation to the reference month. The sudden increase in cases of Covid-19 around 20 February drastically changed the macroeconomic picture. The consequences of the epidemic are already partially visible in the economic data for the month of March with a fall in industrial production. Initial data indicate that non-EU trade is strongly influenced by the decline in exports to China, while retail sales show an increase driven by purchases of food.

Inflation is approaching zero due to falls in the energy prices linked to the collapse of oil prices.

**The measures to contain the epidemic have affected economic activity since the week of 9 March.** This is due to the closure of non-essential businesses and many factories, as well as social distancing measures. Data on electricity production and consumption, transport (see Chapter 6) and electronic invoicing reveal an unprecedented decline in economic activity.

In March, economic activity, which had picked up at the beginning of the year after the setback of the

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fourth quarter, suffered a decline never seen before in post-war history.

Istat estimates that, in the first quarter of 2020, GDP, expressed in chain-linked values with the reference year 2015, will decrease by 5.3% compared to the previous quarter and by 5.4% in trend terms, the worst recorded fall since the first quarter of 1995.

The fall in GDP is due to domestic demand above all, while foreign demand, also down, made a less marked negative contribution. On the domestic level, final consumption was strongly negative (-5.1% in economic terms and -4.9% in trend terms) and gross capital formation decreased by more than 8 percentage points in both economic and trend terms.

Since the precautionary measures will have to remain in force for an appropriate period of time and the pandemic has in the meantime hit Italy's main trading partner countries, the economy will be heavily impacted for several months and will probably have to operate under social distancing and strict safety protocols for a few quarters.

## **In all this, we must consider both the direct and indirect effects<sup>9</sup> in terms of economic impact.**

The direct effects are the effects of supply, i.e. by the constraints on the movement of people and the isolation of entire areas of the country that reduce the production of goods and services, and by the potential damage this can cause to the value chains due to the lack of intermediate goods. Then there are the effects of demand, since the constraints on the movement of people prevent household consumption other than that necessary for subsistence and certain services that can be used through IT channels.

In particular, the lockdown hits especially hard services linked to the interaction between people. Sectors such as catering, hotels, transport, personal services, activities related to entertainment (cinemas and theatres, museums, etc. closed), but also all consumption of non-essential goods (from clothing to many durable goods, with the exclusion of purchases made via the internet) see their production fall to almost zero in just a few days.

The need to make workers safe also limits manufacturing production: many companies suffered temporary closure, others chose to reduce or even suspend activity, even if not imposed by decree.

There are also indirect effects to be taken into account, which tend to occur the longer the emergen-

cy situation continues and the more the emergency involves many countries (from Europe to the USA). Over time, the effects of the stop in production will be combined with those of demand; the related companies, along the value chains, will suffer the consequences of the stop in production in other companies, there could be a shortage of intermediate goods. Business failures (especially in services but not only) would mean fewer jobs (self-employment is particularly at risk) and a contraction in disposable income.

The drop in demand from abroad could reduce exports and therefore also domestic production. All this could trigger further reductions in consumption by households, investments by businesses, conditioned by the prospects of lower demand due to greater uncertainty. As has happened in other periods, uncertainty is assumed to increase the propensity to save. In any case, the final effects will depend on the economic, monetary and fiscal policies that will be put in place to offset the shock.

At the time of writing, there are many forecasts on the trend of the national economy; we report those considered most reliable, yet still to be considered in the benefit of the doubt in this climate of great uncertainty.

The Economic and Financial Document (DEF) illustrated to Parliament on 24 April 2020 reports: "... In consideration of the drop in production and consumption already recorded and these difficult short-term prospects, the official GDP forecast of the DEF for 2020 is a contraction of 8%. This new forecast includes a fall in GDP of over 15% in the first half and a subsequent rebound in the second half of the year. ... The GDP recovery forecast for 2021 is 4.7%."

For our country, the IMF expects a drop in GDP of 9.1% in 2020, with a rebound of +4.8% in 2021.

The European Commission, in the spring forecast<sup>10</sup>, foresees a fall of -9.5% for Italy, with an increase of +6.5% in 2021.

The Prometeia research institute expects a GDP contraction of -8.5% for 2020 and a recovery of +4.5% in 2021.

## **Industrial activity**

**Industrial production slows...** In March, industrial production decreased in terms of trend by 29.3%, continuing a long phase of contraction. All the main sectors of economic activity recorded negative trend variations.

<sup>9</sup> Prometeia, Forecast Report - March 2020.

<sup>10</sup> As at 6 May 2020.

Overall in 2019, industrial production reported a decrease compared to the previous year, the first since 2014. Among the main industry groupings, the decline was more marked for intermediate goods, less severe for capital goods. On the other hand, there was a slight increase in the production of consumer goods and energy.

**... along with turnover and orders.** Total turnover in March 2020 marked a decrease in trend terms of 25.2%, with negative variations of 27.6% on the domestic market and 20.7% on the foreign market. The trend in orders was also negative, decreasing by 26.6%.

For 2019 there was a decrease compared to previous year both in industry turnover, -0.3%, and in new orders, -1.9%. For turnover, this is the first decrease in annual terms since 2015; for orders, the first decrease since 2014. In terms of economic cycle, total turnover increased only in the first quarter of 2019, while it remained substantially stable in the second. It decreased in the last two quarters of the year. Orders, on the other hand, showed a negative or steady trend in 2019, with the exception of growth in the final quarter. The turnover net of the price component of the manufacturing sector also fell, on average for the year, the first time since 2014.

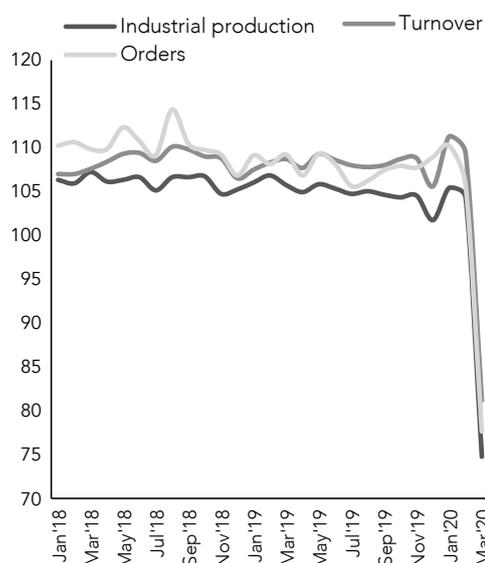
**The climate of confidence is falling.** The health emergency and the consequent containment measures adopted by the Government to limit the spread of the virus heavily influence the climate of confidence of economic operators<sup>11</sup>, which in May reached particularly low levels for both businesses and consumers; in fact, consumer confidence reached its lowest value since December 2013 and that of businesses recorded the lowest value since the beginning of the historical series in March 2005. As far as businesses are concerned, in manufacturing the opinions on orders worsened and production expectations suffered a further decline. For construction and market services, the decline in the index is caused by a sharp deterioration in opinions. In the retail sector, opinions on sales collapsed and there was a modest decline in sales expectations, after the fall in March.

## 1.4 The Veneto economy<sup>12</sup>

<sup>11</sup> After the suspension in April 2020 due to the ongoing health emergency, surveys on consumer and business confidence were resumed in May 2020. The last data collection was made between 30 April and 20 May 2020.

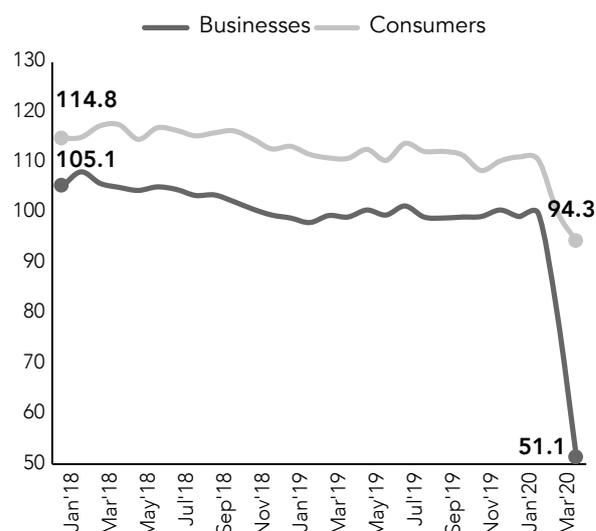
<sup>12</sup> All the values shown in the tables, graphs and text are expressed in real terms at 2015 prices, unless otherwise stated.

**Fig. 1.3.2** - Seasonally adjusted indices of industrial production, turnover and orders (base year 2015=100). Italy - Jan. 2018: Mar. 2020



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

**Fig. 1.3.3** - Monthly balance of consumer confidence (seasonally adjusted data, 2010=100). Italy - Jan 2018: May 2020



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

# FROM THE DECELERATION OF THE ECONOMY IN 2019 TO THE UNKNOWN IN 2020

The official regional accounting data stops in 2018; therefore, for the analysis of 2019/2020, we refer to estimates and forecasts from the Prometeia Research Institute.

It should be noted that the decision to use the estimates and forecasts of the Prometeia Institute for Veneto is not only due to its recognized expertise in this area, but also due to the possibility of obtaining consistent and comparable information for the whole national territory. We also point out that, when economic forecasts are based on statistical-probabilistic models, they always contain a percentage of error; in fact, they are mainly used to identify the trend of a phenomenon and not to determine its precise value. In view of this, a variation of one decimal point in the forecast is to be considered irrelevant. The estimates and forecasts for Italy and Veneto from authoritative data sources are compared below.

Below, we describe the official regional accounting data for 2018, released by Istat in March 2020, to contextualize the situation in which the health emergency caused by Covid-19 began and which has a severe effect on the entire Veneto economy.

With 163,682.8 million euro at current value in 2018, Veneto remained the third region in Italy for the generation of wealth, after Lombardy and Lazio: 9.3% of the national Gross Domestic Product is produced in Veneto. In 2018, Veneto recorded growth of +1.3%, higher than the national rate of +0.8%.

**Veneto is the third region for production of wealth.** The GDP per inhabitant of Veneto in 2018 was 33,372 euro at current value, 14% higher than

the national figure. It was estimated that in 2019 the GDP per capita would reach 33,700 euro at current value.

In the comparison between the economies of the European regions, there emerged a broad heterogeneity. Veneto was placed above the general average. Among the Italian competitors, Veneto was surpassed only by Lombardy and Emilia Romagna, while the German regions confirmed their competitive strength. Veneto sat above the French Rhône Alpes and the Spanish Catalonia.

**Veneto GDP was estimated to grow by 0.3% in 2019**, a rate in line the national average.

Domestic demand increased by 0.7%, more due to the rise in investments, +1.6%, than due to the boost in household consumption, +0.7%.

The result of 2019 is attributable to a good recovery in the construction sector, +3.1% and to the positive performance of services, +0.5%; Veneto industry recorded a stagnation: -0.2%.

As regards the labour market, Veneto recorded an employment rate of 67.5% and an unemployment rate of 5.6%; therefore, it was once again among the leading regions in Italy, with the fourth lowest unemployment rate.

**2020 opens with the health emergency and severe effects on GDP.** In the 2020 forecasts, it is assumed that the economic impact of Covid-19 will be slightly more intense in Veneto than the national average, both because our region has had a high infection rate, and for the weight of the territory in terms of production and companies involved.

**Tab. 1.4. 1 - Macroeconomic framework (percentage variation in chained volumes with reference year 2015). Veneto and Italy - Years 2017:2021**

	2017		2018		2019		2020		2021	
	Italy	Veneto								
Gross Domestic Product	1.7	2.2	0.8	1.3	0.3	0.3	-8.5	-8.7	4.5	5.3
Household final consumption expenditure	1.5	1.5	1.0	1.0	0.5	0.7	-6.5	-6.7	4.0	4.0
Final consumption expenditure of GG and SPIs	0.0	-0.6	0.1	0.5	-0.3	-0.6	2.2	2.0	-1.6	-1.8
GFCF	3.2	5.3	3.1	4.1	1.4	1.6	-13.9	-14.0	5.6	7.0
Imports (a)	9.2	8.9	6.1	5.6	-0.7	-0.6	-11.8	-11.3	10.2	10.7

(a) Current values

Source: Processing of Istat data and estimates and forecasts, in red, from Prometeia in May 2020 by the Statistical Office of Regione Veneto

**Tab. 1.4.2** - 2019 estimates and 2020-2021 forecasts for the Italian economy compared: GDP growth rate

Source	GDP (% var. )		
	2019	2020	2021
Prometeia (May 2020)	0.3	-8.5	4.5
European Commission (May 2020)	0.3	-9.5	6.5
Confindustria (May 2020)	0.3	-9.6	5.6
DEF (April 2020)	0.3	-8.0	4.7
International Monetary Fund (April 2020)	0.3	-9.1	4.8

Source: Processing of estimates and forecasts from various sources by the Statistical Office of Regione Veneto.

Assuming that the gradual return to production activities takes place in May 2020, the Prometeia institute expects that Veneto's GDP should fall overall in the year by -8.7%, and then recover in 2021 with growth of +5.3%.

In 2020, a drop in investments of -14.0% is assumed, alongside a drop in household consumption of -6.7%.

All sectors will be affected: industry -10.5%, construction -10.8%, services -8.0%.

Per capita GDP in 2020 is assumed to be 31,187, a reduction of approximately 2,500 compared to 2019; while disposable income will be 20,831, a reduction of 466 compared to 2019.

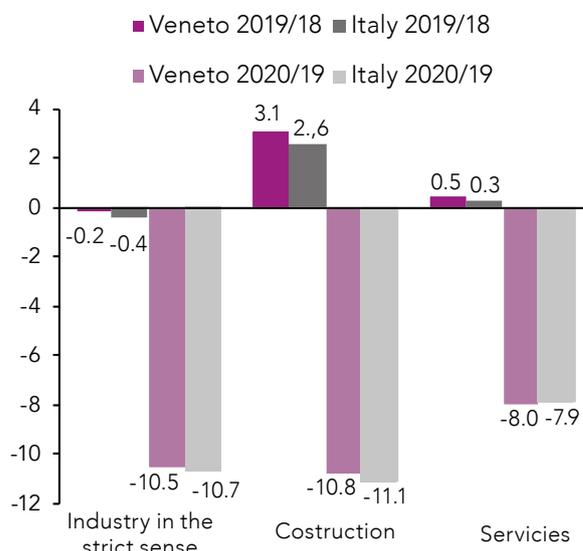
In this context of uncertainty, it is assumed that the efforts made in recent years to reach the pre-crisis levels of 2007, the year in which the Veneto economy reached its peak, will be lost.

The positive developments up to 2019 show that the levels of 2013, a particularly difficult year, had been far exceeded.

In the Prometeia forecasts, considering the suspension of activities by Prime Ministerial Decrees 22 and 25 March 2020, compared to the pre Covid-19 scenario, there is a greater impact in Veneto, Trentino Alto Adige and Valle d'Aosta, among all Italian regions. The sectors most affected are, in the immediacy, those relating to leisure, recreation, tourism, catering, but also to transport. In the second quarter of 2020, the impact will also be significant in manufacturing, construction and trade.

Marche and Friuli-Venezia Giulia are penalized

**Fig. 1.4.1** - 2019/18 and 2020/19 % variation in value added by sector of economic activity. Veneto and Italy



Source: Processing of data from Istat and Prometeia forecasts by the Statistical Office of Regione Veneto

above all in terms of industry, which in the two regions sees close to 70% of activities suspended, following strong specialization in non-essential sectors (fashion, furniture, shipbuilding). In Emilia-Romagna and Veneto, on the other hand, the suspension of activities has a significant impact on both industry and services. At the opposite extreme, Calabria, Sicily and Lazio are less affected by the suspension of activities, given that they carry more significant weight in essential sectors (agri-food in Calabria and Sicily, pharmaceuticals in Lazio, public utilities in all three).

At a glance, the regional map gives us a picture of greater penalization in the North. However, some considerations are necessary, due to the fact that the analysis focuses only on supply.

Some activities, especially services, although not suspended, have suffered sharp falls in demand (think of hotels or airports) which have a negative impact on the local system, causing losses that are difficult to recover even after restrictions are lifted. Secondly, the weight of suspending activities on the local economy offers an assessment of the difficulties affecting the territories, but does not necessarily say anything about their resilience: it is not at all obvious that recovery will be easier for relatively less

**Fig. 1.4.2** - Direct effects differentiated by region (% deviations from the pre-Covid-19 scenario). Italy - 2020



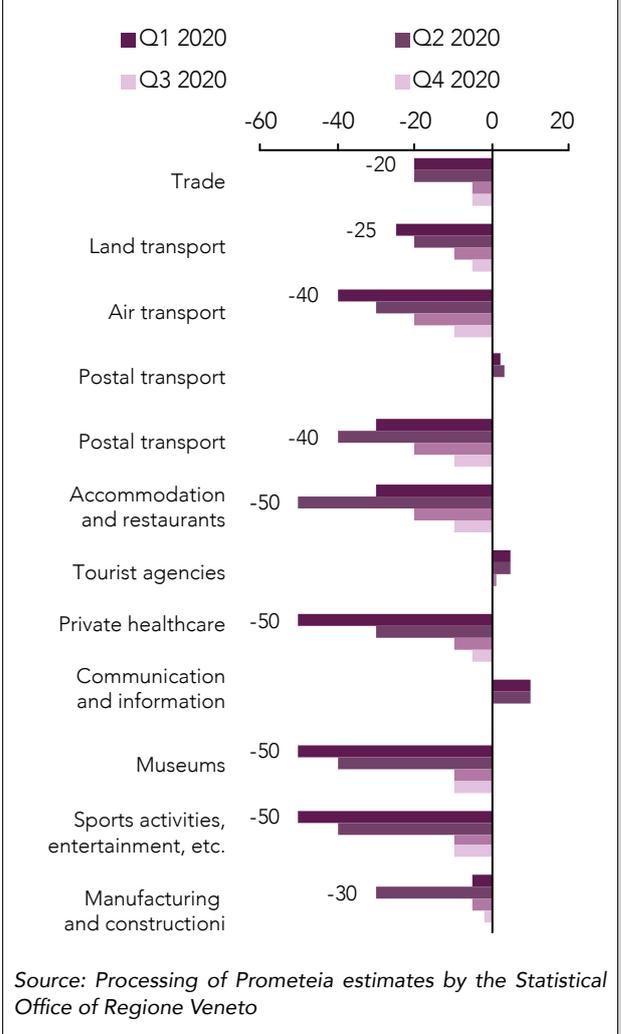
affected areas.

On the contrary, if anything, the history of Italian territorial divides reminds us that the North, and in particular Veneto<sup>13</sup>, recover faster than the South. The closest precedents in order of time, the two years 2008-2009 and 2012-13, in fact, saw a larger fall in GDP in the North and more modest drop in the South. In the following two years, however, the northern regions recorded a recovery, while the economy of the South continued to stagnate. For the next few years, a faster recovery is therefore more likely in Veneto, compared to the Italian average, thanks to a production system that is relatively stronger and more internationalized and better economic and social conditions for households.

**Consumption and investments: fall and recovery.** Final consumption and gross capital formation over time are analysed among the components that contribute to the formation of Gross Domestic Product, taking as a reference (of 100) the level they enjoyed

<sup>13</sup> See the analysis in Chapter 1, paragraph 1.4 of the Statistical Report of the Regione Veneto 2018 and 2019.

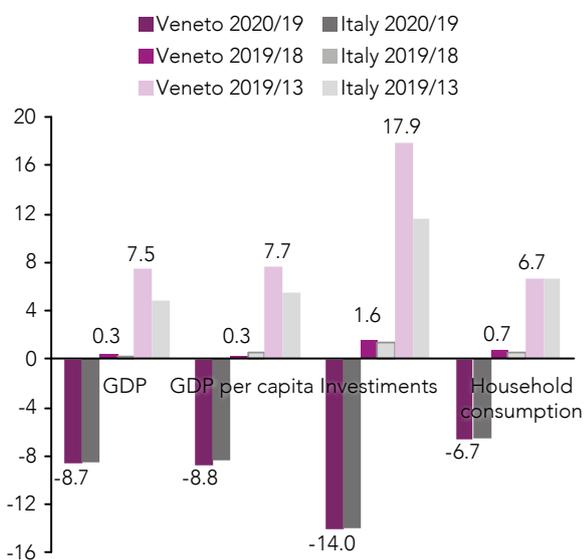
**Fig. 1.4.3** - Direct effects differentiated by sector of economic activity and by quarter (% deviations compared to the pre-Covid-19 scenario). Veneto - Year 2020



in 2007, the year of maximum glory of the Veneto economy. For both variables, Veneto records a higher trend than the national average. From the point of view of consumption, Veneto showed a greater capacity to react compared to the national level, recovering from the fall of 2008 as early as 2010. Faced with the new decline in 2013, it demonstrated a speedier climb back up the slope and it is assumed that the same will happen from 2021.

Gross fixed capital represents the value of durable goods purchased by resident production units for use in the production process, as well as the value of services incorporated in the capital goods

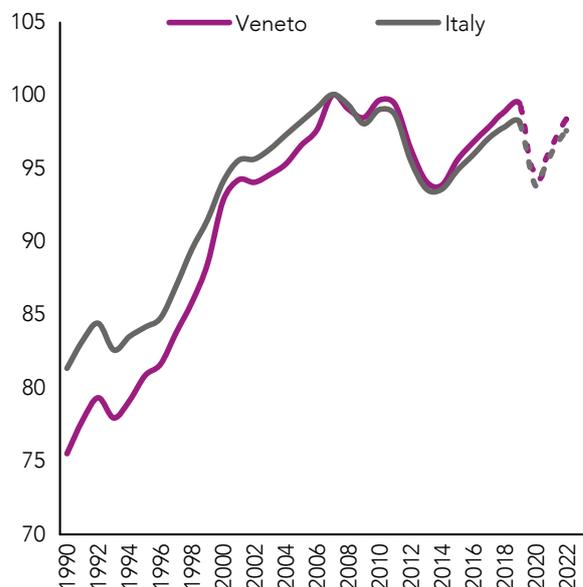
**Fig. 1.4.4** Average annual % variations 2020/19, 2019/18 and 2019/13 of some economic variables. Veneto and Italy



Source: Processing of Istat data and Prometeia forecasts by the Statistical Office of Regione Veneto

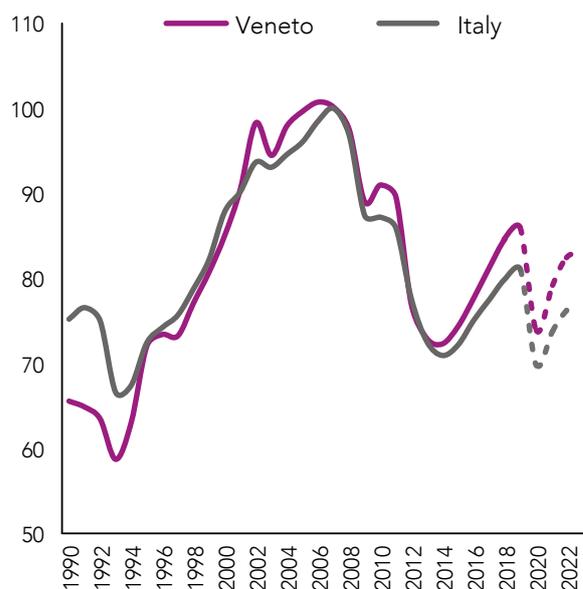
purchased. In this case too Veneto shows a greater ability to exploit recovery opportunities, both in past data and in those forecast for after this year's decline.

**Fig. 1.4.5** Final consumption expenditure (year 2007=100). Veneto and Italy - Years 1990:2023



Source: Processing of Istat data and Prometeia forecasts by the Statistical Office of Regione Veneto

**Fig. 1.4.6** Gross fixed capital formation (year 2007=100). Veneto and Italy - Years 1990:2023



Source: Processing of Istat data and Prometeia forecasts by the Statistical Office of Regione Veneto

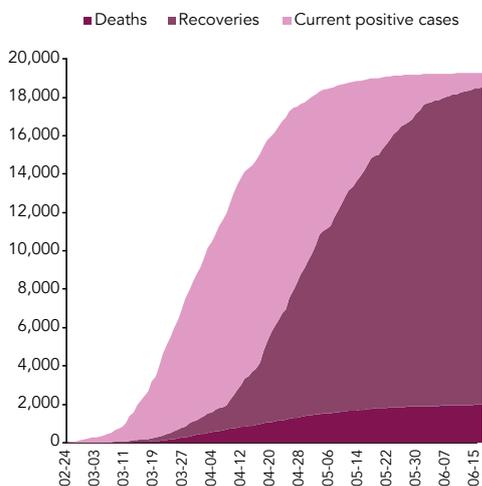








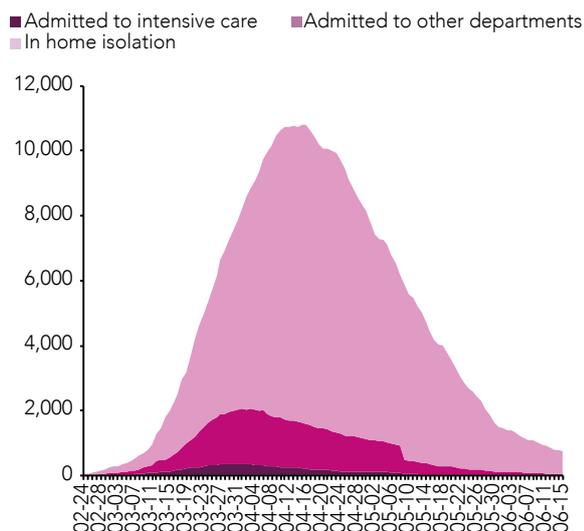
**Fig. 2.1.1 - Confirmed cases of Covid-19: deaths, recoveries and positive cases(\*). Veneto - 24 February: 15 June 2020.**



(\* Data updated to 15/6/2020. Recoveries include people who tested negative before being discharged. Positive cases include only people who have tested positive, hospitalized or not, who are alive.

Source: Processing of Civil Protection data by the Statistical Office of Regione Veneto

**Fig. 2.1.2 - Confirmed cases of Covid-19: hospitalized in intensive care and in other wards and in home isolation. Veneto - 24 February: 15 June 2020(\*)**



(\* Data updated to 15/06/2020.

Source: Processing of Civil Protection data by the Statistical Office of Regione Veneto

hospitalized for Covid-19 (30-31 March). As at 15 June, there were 39 people hospitalized, including 1 in intensive care.

As far as the provinces are concerned, with caution due to the partial incompleteness of the data, we can see that of the 19,220 total positive cases ascertained at regional level, the largest share is in Verona (26.6%), which together with Padua accounts for approximately half of the cases in the region. If we look instead at the prevalence in relation to the population, in Verona there are 5.5 cases per thousand people, but it is surpassed by Belluno with 5.8 cases per thousand people.

### The impact on mortality

Among the most dramatic effects of the Covid-19

**Tab. 2.1.1 - Confirmed cases of Covid-19: total positive cases by province(\*). Veneto - 24 February - 15 June 2020**

	Total positive cases	% of the regional total	Cases per 1,000 people
Belluno	1,181	6.1	5.8
Padua	3,943	20.5	4.2
Rovigo	443	2.3	1.9
Treviso	2,666	13.9	3.0
Venice	2,678	13.9	3.1
Verona	5,110	26.6	5.5
Vicenza	2,855	14.9	3.3
under verification	344	1.8	
<b>Veneto</b>	<b>19,220</b>	<b>100.0</b>	<b>3.9</b>

(\* Data updated to 15/6/2020. Total positive cases include people who have tested positive, those who have recovered and are discharged and those who died.

Source: Processing of Civil Protection data by the Statistical Office of Regione Veneto

pandemic, there is certainly the increase in deaths, which records particularly high peaks in some provinces of Northern Italy, most affected by the spread of the virus, and, in general, in the elderly population.

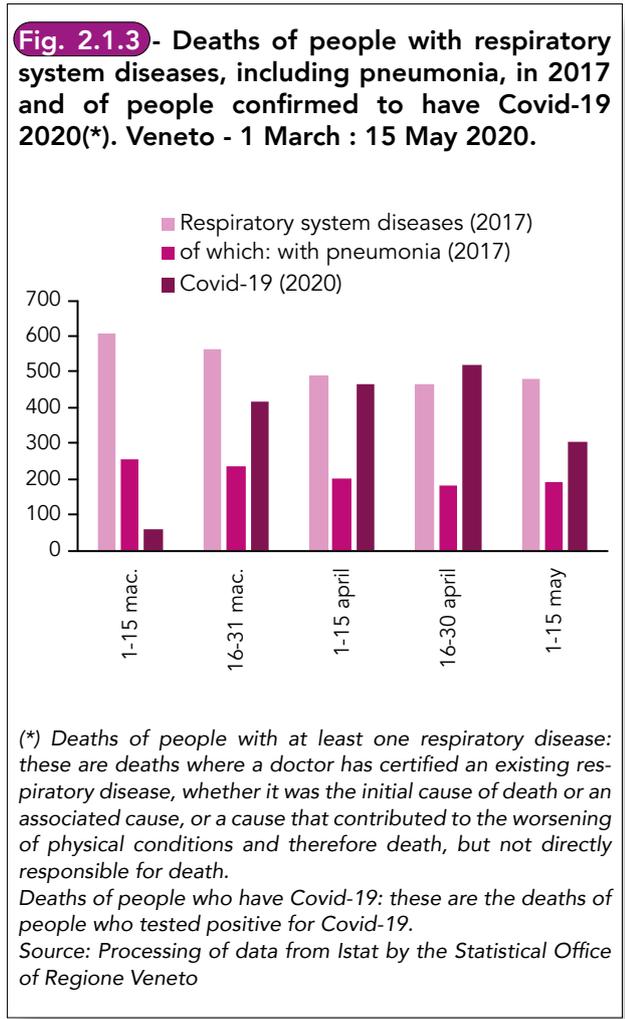
As already mentioned, the national surveillance data provide a partial measure of those infected and, consequently, of the actual deaths due to the spread of the virus. A more complete assessment of



the impact of the epidemic on the mortality of the population can be obtained with the data for deaths from specific causes, currently not yet available for 2020, because these will also refer to the deaths of people not tested but certified by doctors based on a clinical diagnosis of Covid-19 (not counted in surveillance). In the meantime, on the basis of the available data, some considerations can be made.

**Comparison with deaths from pneumonia in 2017 shows the excess in certified deaths from Covid-19.** A first interesting picture of the health impact of the Covid-19 epidemic emerges from the comparison between the deaths in 2020 of people with Covid-19 recorded so far and the deaths in 2017<sup>2</sup> of people with similar pathologies. Since Covid-19 is currently classified by the World Health Organization as a respiratory disease, we can consider a

<sup>2</sup> Last available year for Istat data on causes of death.



quantitative comparison with the number of deaths that occurred in the first months of 2017 for which the doctor certified the presence of a respiratory disease<sup>3</sup>.

In the period from 1 March to 15 May 2017, there were 803 deaths with the main cause of death<sup>4</sup> recorded as respiratory disease, 7.9% of overall deaths, and these include a range of diseases, such as pneumonia, influenza and chronic lower respiratory tract diseases. If, on the other hand, we consider all deaths in which there is at least one existing respiratory disease, recorded as the initial cause of death or not, the percentage rises to 25.5%, i.e. at least one in four people who died also had a disease of this type. There were 2,603 people, of which 1,062 with pneumonia.

In the same period in 2020, there were 1,760 deaths of people with Covid-19, almost 700 more than the deaths from pneumonia recorded in 2017.

Considering the evolution over time, we can see the differences between the trend of Covid-19 deaths, which increased until the end of April, and instead the decline between March and April 2017 in the trend for overall respiratory diseases and pneumonia.

**Further evidence of the increasing impact of Covid-19 on population mortality is obtained by analysing total deaths,** not distinguished by cause of death, recorded in the first months of 2020 and by comparing this with the same data for previous years.

Specifically, the data on total mortality in 2020 refer to deaths recorded in the municipal registries until 15 April 2020. These are not exhaustive, because data from some municipalities are missing, but they have are complete enough<sup>5</sup> to allow certain reasoning already, pending complete and more refined data.

It should be noted that the excess mortality recorded cannot be fully attributed to deaths of people infected with Covid-19 (both those who had a confirmed diagnosis and those who died who weren't tested), but probably also includes indirect mortality

<sup>3</sup> Whether it was the initial cause of death or an associated cause, or a cause that contributed to the aggravation of physical conditions and therefore death, but not directly responsible for death.

<sup>4</sup> This refers to the "initial" cause of death or the morbid condition directly responsible for the death.

<sup>5</sup> For the Veneto region, data up to the end of March refers to 490 of the 563 municipalities (approximately 87%), while at the national level the coverage is 86.9% of municipalities.

The data from 1 to 15 April, on the other hand, refer to almost 68% of the municipalities in Veneto and 56% of Italian municipalities.



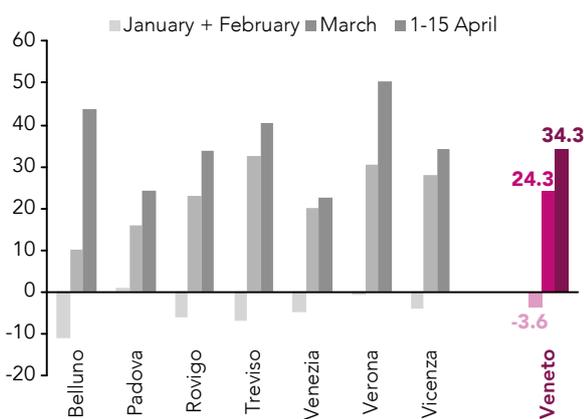
related to Covid-19 (deaths from organ dysfunction as a consequence of the disease triggered by the virus in untested people) and indirect mortality not related to the virus, caused, for example, by the crisis of the hospital system and the fear of going to hospital in the worst affected areas.

Considering the mortality in the first quarter of 2020 compared to the average data in the same period in the five-year period 2015:2019, in Veneto, as in Italy, starting in March there was a "break" in the downward trends in mortality at the beginning of 2020: whilst in January and February deaths were down by 3.6% compared to the previous five-year period (-6.6% in Italy), in March they grew by 24% (+49.4% in Italy). And considering the first two weeks of April, excess mortality rose to 34%.

Starting in March, in all the Veneto provinces, there was an excess mortality compared to the average for the previous years, more intensely in Treviso and Verona, and also in the Belluno area in the first two weeks of April.

**The excess mortality is more pronounced in men and in the elderly population.** The highest increase was observed for men aged 85 or over (+39% in March and +46% in April), followed by the 75-84 age group. For women, it was more limited in all

**Fig. 2.1.4 - Percentage variation in deaths (for all causes of death) in the first months of the year(\*). Comparison between 2020 and the average for the years 2015:2019, by province**



(\* Up to March, the mortality data for 490 Veneto municipalities were considered (87.2% of the total), while for April the data refers to 382 municipalities (67.9% of Veneto municipalities).

Source: Processing of provisional data from Istat-ISS by the

age groups.

## 2.2 The economic trend of businesses: the implications of the current scenario

**Tab. 2.1.2 - Excess of deaths (for all causes of death) in March and until April 15, 2020(\*) compared to the average for the same period in the years 2015:2019, by gender and age group of the elderly - Veneto**

	% increase	
	March	1-15 April
Men	31.9	35.4
65-74 years	14.2	15.9
75-84 years	33.3	35.1
85 years and older	39.5	45.8
Women	22.2	26.5
65-74 years	9.9	12.0
75-84 years	15.8	17.9
85 years and older	26.6	32.1
Total elderly	26.5	30.5
65-74 years	12.6	14.4
75-84 years	25.3	27.4

(\* For the month of March, the mortality data for 490 Veneto municipalities were considered (87.2% of the total), while for April the data refers to 382 municipalities (67.9% of Veneto municipalities).

Source: Processing of provisional data from ISTAT-ISS by the

The profound crisis we are facing in these months of 2020 occurs in an already uncertain context, given that 2019 was not one of the most optimistic starting situations. We know that, at the end of the health emergency, the production structure we had before will be no longer, but probably, amidst challenges and opportunities, a new production structure will emerge. Companies will be called upon to review and restructure certain functions and activities, to focus new organizational models, with a view to







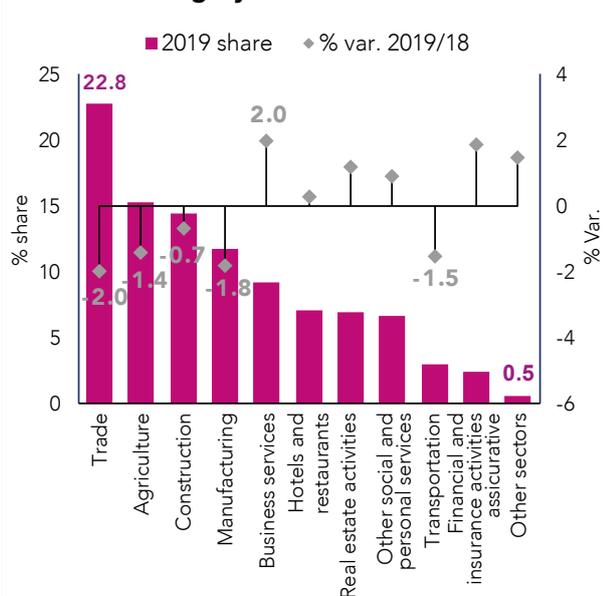
try (-3.6% compared to 2018), the fashion sector (-2.9%), electrical, optical and electronic equipment (-2.5%), the chemical, rubber and plastic industries (-2.2%) and mechanics (-2.2%). The sector "other manufacturing industries" <sup>6</sup>, which includes the repair, maintenance and installation of machines, was the only manufacturing sector to grow in the year just ended (+1.3%).

The slow but continuous company law reform continued: individual firms, which, although decreasing by 1% per year still exceeded 56% of total Veneto businesses, made space for joint-stock companies, which in the last year grew by 2.4%, reaching 22.8% of total companies. Partnerships also continued to fall (-2.8%). The proportion of joint stock companies grew in all sectors and reached the highest values in the manufacturing, real estate and business services.

At territorial level, Treviso (-0.3%), Vicenza (-0.4%) and Venice (-0.2%) were the Veneto provinces that recorded substantial economic equilibrium, while Padua and Rovigo were in the most difficulty (-1.4% and -1.1% per year respectively).

<sup>6</sup> Aggregation of the ATECO 2007 codes CM 32 and CM 33.

**Fig. 2.2.2** - Share and annual percentage variation of active Veneto businesses by economic category - 2019



Source: Processing of data from InfoCamere by the Statistical Office of Regione Veneto

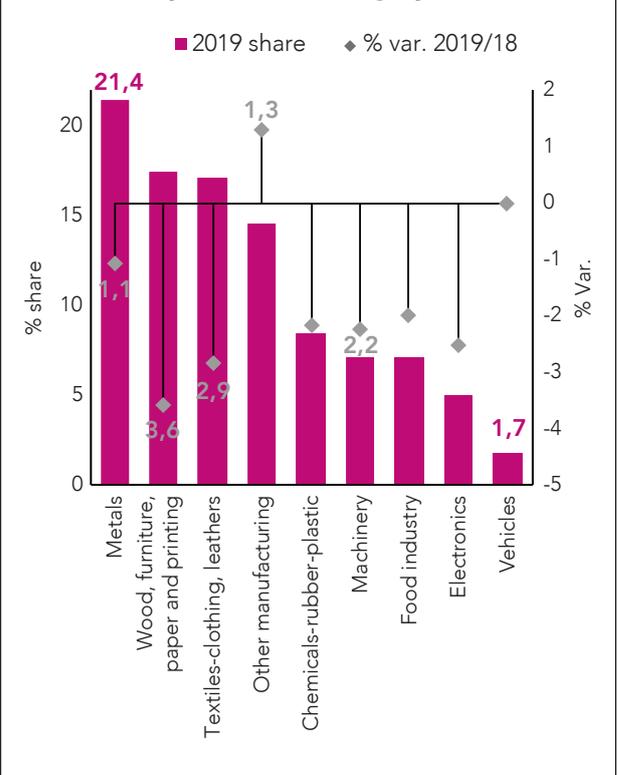
**Businesses owned by women closed 2019 in a stable situation, young entrepreneurs in difficulty.**

Businesses owned by women closed the year in a stable situation, with 88,442 women-owned businesses active in Veneto (+0.1% on an annual basis). Women-owned joint-stock companies continued to grow at a good pace (+3.6%), but in the same way as for all Veneto companies, the prevailing legal form continued to be sole proprietorship (67.4%), still in slight decline. Meanwhile, the number of partnerships also continued to decline (-2.7%).

The first two sectors for female entrepreneurship, commerce and agriculture, which together cover more than 40% of activities, are also the two sectors in greatest difficulty, with annual variations of -1.6% and -2.4% respectively.

Some sectors with the highest proportions of women in the workforce continue to grow, sectors still linked to a strong female tradition, such as family services and other personal services (+1.2%), health

**Fig. 2.2.3** - Share and annual percentage variation of active Veneto manufacturing businesses by economic category - 2019



Source: Processing of data from InfoCamere by the Statistical Office of Regione Veneto







There were almost 245,000 Veneto production businesses affected by the suspension of production, based on the list of economic activities indicated by Prime Ministerial Decree 22/03/2020 and subsequent integration Ministerial Decree of the Ministry of Economic Development (MISE) 25/03/2020, (approximately 59% of the total), which employ over 900,000 workers (around 55% of total employees)<sup>8</sup>. On an economic level, the production units affected by the suspension of activities generate 55.5% of the turnover of the private business sector and approximately 51% of private value added.

The analysis used Istat data on local units, i.e. the operational or administrative places subordinate to the registered office (for example: a laboratory, workshop, factory, branch, agency, etc.), as they are considered more representative of the local business with respect to the company headquarters. The data available at production unit level refer to 2016, but, since the business structure is quite solid, they allow estimates to be made in terms of the sector share and therefore current assessments relating to the weight of suspended activities. We must specify that the analysis does not take into account the fact that the suspended production activities could still continue if organised remotely or through agile work; furthermore, the activities authorised to remain open by the Prefecture in derogation of the aforementioned decrees were not considered.

**The sectors worst affected by the lockdown are entertainment, real estate, accommodation and restaurants, trade and industry.** The sectors potentially completely closed were those relating to arts, entertainment, sports and real estate, which together represent approximately 8.6% of the local Veneto units, employ 3.4% of workers, generate over 5.5 billion in turnover and produce around 3% of private value added. The other sectors on which the lockdown had a severe impact are accommodation and restaurants, trade and manufacturing in general, in addition to the construction sector. In fact, the lockdown measures concerned almost 92% of the accommodation and restaurant services (82% of sector employees and 73% of sector turnover) and 85% of commercial activities (80% of sector employees and 70% of sector turnover). In addition, approxi-

mately two thirds of the manufacturing production units were affected by the lockdown, representing 60% of turnover and 66% of workers in the sector.

**The self-employed are the worst affected.** Over a quarter of the workers in the Veneto production units are self-employed. The data provided by Istat<sup>9</sup> shows that the self-employed segment is more concentrated precisely in the production sectors affected by the lockdown measures, thus showing a significant difference compared to the proportion of employees affected.

The provinces most disadvantaged by the suspension of some production activities due to the Covid-19 emergency were Vicenza and Treviso: just under 60% of production activities are potentially suspended and the same proportion of employees are involved, accounting for 61.1% of turnover for Vicenza and 63.5% for Treviso.

The closure of activities penalized above all exporting companies: analysis of the exporting production units in fact highlights an even more challenging situation precisely for the segment that represents an indispensable driving force for the regional economy. Almost two thirds (64.7%) of exporting production units were affected by the suspension of activities, accounting for over 61% of employees and 60% of total turnover. In terms of individual provinces, Treviso and Vicenza confirm that they were the most disadvantaged by the suspension of certain activities: this is due to the structure of their entrepreneurial system, which is more focused on industrial production.

In fact, examining more closely the results of the industrial sector, it is clear that the effects of the lockdown in the first months of 2020 were far from light for the sector.

**In Italy, production in all manufacturing sectors contracted in March.** As we saw in Chapter 1, manufacturing production, turnover and orders were already decelerating in 2019. Istat estimates indicate that in March 2020 production for manufacturing accentuated the long phase of contraction and decreased by 31.2% overall, compared to March of last year. This was the largest decrease in the historical series available (which starts from 1990), exceeding the values recorded during the 2008-2009

<sup>8</sup> The total considered excludes the public sector, financial activities and the agricultural sector; the calculations used sectoral coding that goes as far as the fourth ATECO digit: there may therefore be a slight under-representation of the suspensions in some sectors, where the suspension applies only to companies belonging to identifiable six-digit sub-branches.

<sup>9</sup> Istat, Contribution and positioning within the Italian production system for sectors of economic activity, according to the 5-digit ATECO classification. *Situation with restrictions until 14 April 2020 and Situation with restrictions until 4 May 2020* (<https://www.istat.it/it/archive/241495>).



**Tab. 2.2.1** Number of local businesses, employees, turnover and value added of the local businesses affected by the suspension of activities based on the list of ATECO codes given by Prime Ministerial Decree 22/03/2020 and subsequent addition MISE Ministerial Decree 25/03/2020 by sector and shares of the sector total (%). Veneto - 2016 (\*)

	Values		Businesses affected by suspension as a proportion of sector total (%)		Values (millions of euro)		Businesses affected by suspension as a proportion of sector total (%)	
	Local businesses	Employees	Local businesses	Employees	Turnover	Value added	Turnover	Value added
Manufacturing	32,559	339,577	66.4	66.0	72,331	19,907	60.2	62.6
Supply of electricity, gas, steam, air con.	0	0	0.0	0.0	0	0	0.0	0.0
Water supply; sewerage, waste	0	0	0.0	0.0	0	0	0.0	0.0
Construction	35,177	74,685	69.8	58.8	8,871	2,489	58.0	54.6
Wholesale and retail trade; car rep.	86,733	254,347	85.0	79.7	69,227	11,242	70.3	77.0
Transport and storage	0	0	0.0	0.0	0	0	0.0	0.0
Accommodation and restaurants	27,679	112,322	91.6	82.2	6,091	2,373	72.6	68.3
IT and communication	0	0	0.0	0.0	0	0	0.0	0.0
Real estate	30,528	38,628	100.0	100.0	4,040	1,802	100.0	100.0
Professional, scient. and tech. activities	2,030	4,138	3.2	3.8	458	150	5.3	3.2
Rental, travel agencies, business services	6,239	17,716	50.2	18.0	2,415	727	40.6	25.3
Education	0	0	0.0	0.0	0	0	0.0	0.0
Health and social care	0	0	0.0	0.0	0	0	0.0	0.0
Arts, sports, entertainment	5,279	16,189	100.0	100.0	1,517	671	100.0	100.0

(\*) The total considered excludes the public sector, financial activities and the agricultural sector; the calculations used sectoral coding that goes as far as the fourth ATECO digit: there may therefore be a slight under-representation of the suspensions in some sectors, where the suspension applies only to companies belonging to identifiable six-digit sub-branches.

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

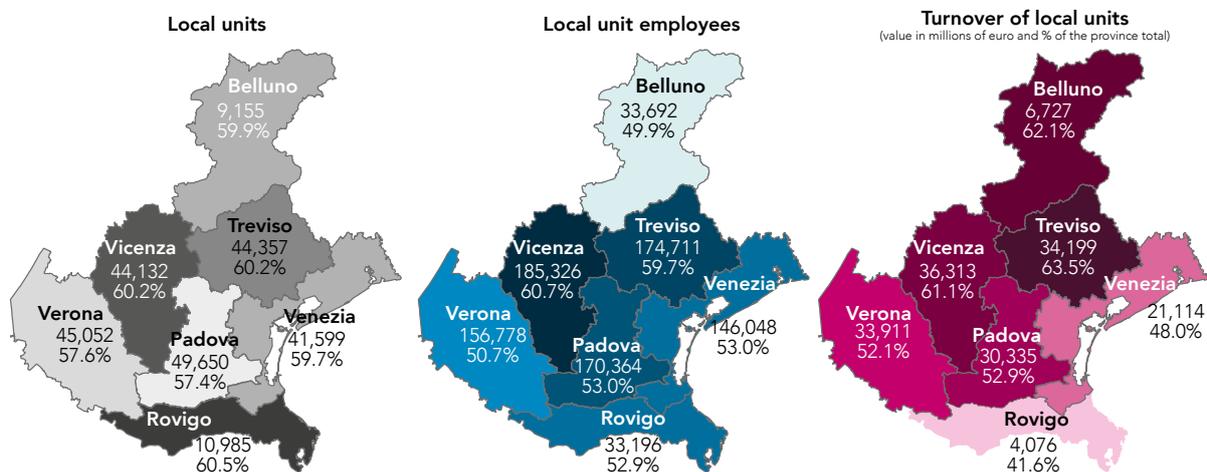
crisis. The trend is explained both by the freezing of activities in manufacturing and the decline in both domestic and foreign demand; since Italy was the first country hit by the epidemic in Europe, the drop in domestic demand was sharper than that in foreign demand. All the main sectors of economic activity recorded negative changes compared to March 2019. The most significant were in the manufacture of means of transport (-52.6%), the textile, clothing, leather and accessories industries (-51.2%), the manufacture of machinery and equipment n.e.c.

(-40.1%) and metallurgy and manufacturing of metal products (-37.0%), while the smallest decline was recorded in the food, beverage and tobacco industries (-6.5%).

In Veneto, the weight of the manufacturing sectors worst hit by the crisis at national level is significant: the four sectors, just mentioned, with the most significant contractions at national level (fashion, mechanics, metal industry and manufacturing of means of transport) in Veneto account for over 47% of the entire manufacturing sector.

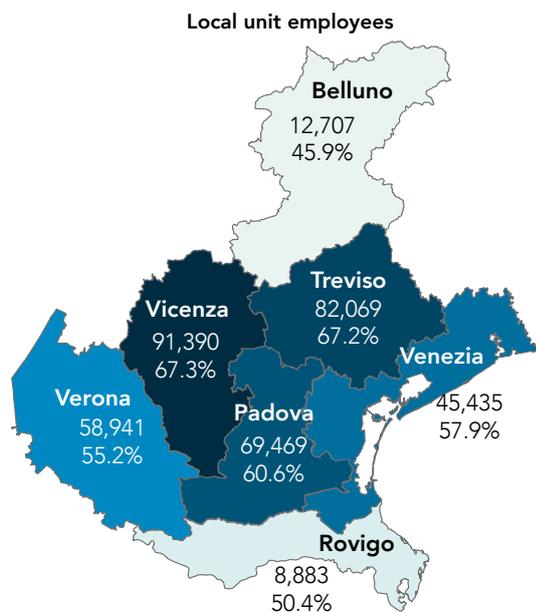


**Fig. 2.2.4** - Number of local businesses, employees and turnover (millions of euro) affected by the suspension of activities based on the list of ATECO codes given by Prime Ministerial Decree 22/03/2020 and subsequent addition MISE Ministerial Decree 25/03/2020 by sector and proportion of the sector total (%). Veneto - 2016



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

**Fig. 2.2.5** - Number of employees of local exporting businesses affected by the suspension of activities based on the list of ATECO codes given by Prime Ministerial Decree 22/03/2020 and subsequent addition MISE Ministerial Decree 25/03/2020 by sector and proportion of the sector total (%). Veneto



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

Turnover and orders in Italian manufacturing follow a similar trend: the order index in March 2020 decreased overall compared to March 2019 by 26.6% (-29.3% on the domestic market and -23.1% on the foreign market), while turnover fell overall by 25.2% (-27.6% on the domestic market and -20.7% on the foreign market).

A Confindustria survey<sup>10</sup> estimates that the fall in turnover attributable to the Covid-19 emergency for Veneto companies is -31.4% compared to March 2019, considered a term of comparison for the normal situation; in the same time interval, the hours worked reportedly decreased by 31.1%.

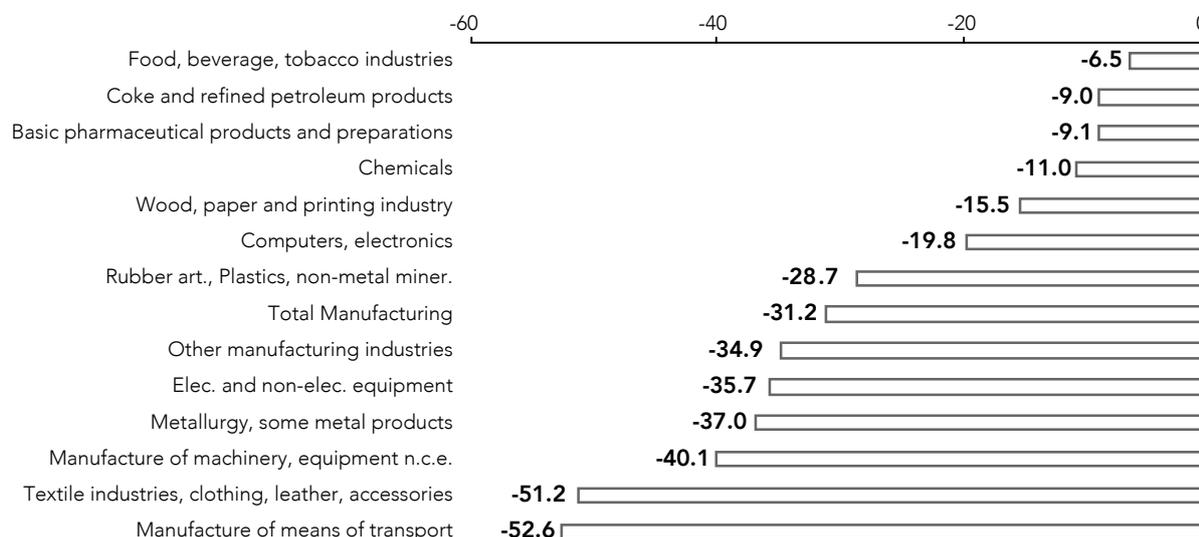
The data clearly show that we are facing a different crisis from those in the experienced previously; in any case, this situation will present us with the opportunity for a massive overhaul of the production system, which promises to take on new boundaries and new organizational forms in the very near future. Insights into the regional productive fabric, the transformations under way and the main levers for entrepreneurial development are discussed in Chapter 5.

### Business strategies for dealing with

<sup>10</sup> Centro Studi Confindustria, *Second edition of the survey on the effects of the Covid-19 pandemic on Italian companies.*



**Fig. 2.2.6** Industrial production: ranking of the manufacturing sectors according to the variations in March 2020 compared to March 2019. Italy



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

## Covid-19<sup>11</sup>

In the autumn, the forecasts for Veneto indicated GDP growth of 0.5% in 2019 and 0.9% in 2020. The figure was in line with that of Lombardy and Emilia-Romagna. A few months later, the Covid-19 emergency completely changed these scenarios. This situation, linked to the uncertainty over the recovery and the real end of the emergency, including at international level, will also have a strong impact on the investment choices of the production system, putting at risk the necessary modernization and development of companies active in the investment goods sectors.

**Most businesses complain of a severe impact.** Interviewed between 6 and 14 April<sup>12</sup>, so after almost a month of lockdown, only 28.9% of companies recorded a non-negative, negligible or manageable impact. Of the remaining 71.1%, 37% complained of a severe impact with the failure to achieve the objectives set for the current year and 28.5% a significant impact with the need for a comprehensive review of the business plan. The most worrying figure, that of the downsizing of the company, which

overall concerns 57% of the sample analysed, is indicated by as many as 14.6% of micro-enterprises. In general, as the size increases, there is a shift in the prevailing share from the most pessimistic scenario to a negative one, but with a manageable impact that does not require changes in the business plan.

**Turnover and hours worked in sharp decline.** In March, due to the legal provisions, 34.4% of the companies in the sample closed, 32.6% stayed partially open and only 33% were active. For half of the companies, both the turnover and the hours worked in March 2020 (compared to the same period in 2019) fell by 30%, for a quarter of the companies the negative variation of these factors was over 50%. In the same period, almost 40% of open or partially open companies complain of a medium-high liquidity problem with consequent problems for company operations.

**Veneto companies look towards recalibrating production, destination of exports and strengthening e-commerce.** Although the shared sentiment (82.4%) is the hope of a return to normality, only 37% of companies in Veneto have no plans to develop new strategies while waiting for this to happen. For 31.9%, one strategy to be implemented, even in the short term, is to recalibrate or rethink their offer of goods or services; for 22.8%, it is essential to revise their target markets; and for 21.4% expand their of-

<sup>11</sup> By Silvia Oliva, senior researcher at the Fondazione Nord Est.

<sup>12</sup> The survey, conducted by the Confindustria Research Centre (CSC), concerned a sample of Veneto companies from all sectors. The processing at regional level was performed by the Fondazione Nord Est.

**Tab. 2.2.2 - Companies by type of impact and company size. Veneto - April 2020**

Type of impact	Micro	Small	Medium	Large	Total
No negative impact	1.2%	2.4%	3.7%	3.4%	2.7%
Negligible (requires no changes to the business plan)	3.7%	3.6%	4.9%	6.9%	4.2%
Manageable (minor revisions to business plan)	22.0%	22.3%	21.3%	24.1%	22.0%
Significant (business plan overhaul)	26.8%	27.5%	30.5%	27.6%	28.5%
Severe (the objectives for the current year are no longer achievable)	31.7%	39.4%	36.0%	37.9%	37.0%
Worst case (downsizing of the company structure)	14.6%	4.8%	3.7%	0.0%	5.7%

Source: Processing by North East Foundation of CSC data (April 2020)

fer on e-commerce channels. A further 22.6% will concentrate in this phase on renewing their warehouse. Therefore, the need prevails to implement strategies capable of expanding their reference market with a new value offer and with new sales channels that today overcome the impossibility of direct contact with the customer and tomorrow offer a complementary channel to the traditional one, supporting a consumer propensity already existing in Italy, especially for certain goods and services. Through digital tools, which companies have been forced to deal with in recent months - starting with the implementation of smartworking, which involved 75.7% of the sample (and 16.5% of employees) in the same way as in e-commerce - companies will be able to find new ways of interacting with the market and with their suppliers, including by creating different models of internationalization.

Alongside the strategies implemented by individual companies, the Veneto Confindustria system relaunched a document that, alongside the guidelines for the safe reopening of production activities, offers medium-long term lines of action useful for strengthening and guaranteeing the competitiveness of the entrepreneurial system and its capacity to ensure adequate resources essential to guaranteeing the necessary liquidity and the creditworthiness of companies for their future investments. In particular, for the recovery of competitiveness, actions are suggested to simplify bureaucratic and tax obligations and to recover and strengthen export quotas, with both system interventions (especially promotion of the Made in Italy label, support activities for research and innovation and capitalization of businesses) and targeted actions in supply chains and businesses to monitor

post-pandemic markets and stimulate the promotion and use of e-commerce. On the resources front, on the other hand, the proposed measures aim at the development of equity, the use of alternative financing funds to the banking system (fintech and basket bonds) and the monitoring of the subsidized resources available, after the unused grants have been used for health care and to support the liquidity of businesses, so as to coordinate their use in terms of development and competitiveness.

## 2.3 The agricultural situation

**Agriculture and the Covid-19 emergency: lack of labour and market instability.** There are various problems reported by the primary sector, among them the instability of the market, an increase in costs (which, for example, is bringing the pig sector to its knees) and the lack of labour in the fields. The closure of the Ho.re.ca. channel created problems for the fish, dairy and wine sectors. Many fishing boats had to resort to the fishing stop permitted by Decree-Law no 18 of 17 March 2020, as a large part of the product remained unsold in the production markets (the local production in Chioggia marked -60% in value in March 2020 compared to the same month of the previous year).

The closure of bars, restaurants and canteens has meant that a significant number of dairy farms and dairies had to revise production, organisation of collection and the production destination of the milk collected, given that the demand for fresh milk and fresh processed products was matched by an increase in the demand for dairy products by the large-scale retail trade (e.g. UHT milk, fresh and ma-





## €6.4 billion gross agricultural production in 2019.

The total value of 2019 gross agricultural production in Veneto is estimated at 6.4 billion, substantially stable compared to the previous year (-3.3%). The crop year was positive for herbaceous crops (+1.6% at current prices) and livestock (+1%), while woody crops (-16.2%) showed a negative variation: the decline was mainly due to a decrease in the quantities produced, in particular of woody crops, while herbaceous crops experienced diversified situations, in which the trend in market prices had a positive impact in some cases, improving the result, mainly for vegetable crops.

In line with the national trend, the number of active agricultural businesses registered with the Veneto Chambers of Commerce fell by 1.5% to 62,251 during 2019. This decrease concerned exclusively sole proprietorships (down by 2.4% to 50,323 units), which still accounted for 79% of the total number of agricultural businesses in Veneto. On the contrary, both partnerships (10,240 units, +2.3%) and joint-stock companies (1,188 companies, +5.6%) grew. The largest numbers of agricultural businesses are located in the provinces of Verona (15,201 units, -1.2%), Treviso (14,164, -0.3%) and Padua (11,740, -2.1%), which together account for 66.1% of agricultural businesses in Veneto.

The number of companies in the Veneto food sector also decreased slightly in 2019 (3,229 units, -2.2%), in line with the trend of the Italian food industries which recorded a decline of -0.7%: the decrease concerns partnerships (1,113 businesses, -3.1%) and sole proprietorships (1,127, -3.2%), while joint-stock companies (902 businesses) were essentially stable. During 2019, according to Istat data on the workforce, there was an increase in agricultural employment at regional level, compared to 2018, which on average accounted 67,436 units (+5.6%). In detail, there was an increase in the number of self-employed (around 49,715 units, +19.4%), while there was a considerable decrease in the number of employees (just over 17,720, -20.2%). The trend in the agricultural sector is in line with observations at national level, where the number of employees is growing (+4.2%), and with the general data on employment, which in the Veneto region have increased slightly.

As regards foreign trade, in 2019 the Veneto trade balance had a positive balance (24 million) for the first time, as a result of a slight decline in imports (approximately 7.08 billion, -1%) against an increase in exports that amounted to 7.1 billion

(+1.6%).

Unfavourable climatic trend for cereals in 2019: the high rainfall in May led to lodging in wheat and physiological imbalances in corn with a consequent decrease in yields per hectare (-13.6% for corn, -3.4% for common wheat and even -23.7% for durum wheat). The increase in land for corn (161,000 hectares, +18%), however, led to a slight increase in production (1.4 million t, +2%), while production decreased in both common wheat (500,000 t, -16%) and durum wheat (63,400 t, -33.6%). Around 17,200 hectares of land was cultivated with barley (+2.3% compared to 2018), but the production yield was estimated on average at 5.8 t/ha (-1%) and the overall production at around 100,000 tons (+1%). Hectares cultivated with rice (3,250 ha) remained stable with a slight decline in production (18,000 t, -2.3%).

For industrial crops, soybean yields increased (3.3 t/ha, +6.6% compared to 2018) despite the damage by the brown marmorated stink bug, especially on the edges of the plots. There was a decrease in investments (134,000 hectares, -19%), production (450,000 tons, -13.6%) and also the price, down by 6%, which was affected by the product availability in the previous season. The adverse seasonal climatic conditions were the main cause of the reduction in sugar beet production yields, down by -3.3% compared to 2018 to 60.8 t/ha, in the same way as the production (600 thousand t, -1.5%) and the yield of sucrose per hectare (7.7 t/ha, -7.9%), while the land area increased slightly (9,900 ha, +2%). The yield of tobacco was also poor (2.8 t/ha, -20%): there was a decrease in cultivated land area (4,170 ha, -2%) and production (11,700 t, -22%). Rapeseed declined (yields -13% and land -17%, down to 2,800 ha) and, consequently, production also fell to 7,400 t (-28%). Sunflower cultivation in 2019 rose to approximately 4,400 hectares (+31.6%), a level never reached before in Veneto, and, despite the fact that yields (3.4 t/ha) were down by 4% due to the unfavourable climate, production totalled 15,000 tons (+26%).

The poor weather conditions favoured phytosanitary problems, rot and asphyxia in all horticultural crops except radicchio and strawberries. Potatoes (-7%, 39.2 t/ha), lettuce (-14%, 27.2 t/ha) and asparagus (-11%, 5.6 t/ha) all recorded negative yields. Land areas increased for all the main crops, while production increased for radicchio (145,300 t, +8%), strawberries (16,000 t, +15%) and potatoes (139,000 t, +9%), down for lettuce (39,700 t, -5%) and asparagus (9,100 t, -6%). Overall, horticultural land increased to approximately 28,800 hectares







and the WTO (World Trade Organization), in its April Press Release<sup>13</sup>, gave two hypothetical scenarios for 2020. In the first, with a more rapid recovery after the emergency and a limited duration of the restrictions on travel and production, the decline in international trade will be about 13 percentage points on an annual basis, then it will experience a recovery of +21.3% in 2021. In the second, worst scenario, a decline of more than 30 percentage points is expected in 2020 and recovery of 24% in 2021.

As for the 2019 trend, growing trade tensions and a slowing global economy reduced the pace of world trade. International trade was already decelerating in the latter part of 2019, due to the general slowdown of the economic cycle in many countries, and, according to estimates by the International Monetary Fund (IMF), it closed the year with growth close to one percentage point<sup>14</sup>, after an increase of +3.7% in the previous year. The issue of tariff barriers dominated the scenario over the last two years, generating great uncertainty in the expectations of companies and therefore influencing the dynamics of international investments.

The slowdown in world demand involves in a generalized manner various geographical areas, affecting both the large producer countries and various developing economies, reflected in a decline in international production. In the more industrialized countries, the most significant deceleration concerns some of the main EU markets and Japan, due to the difficulties faced by the automotive sector, while the trade war does not seem to have had significant effects on the trends in US imports. As for the emerging economies, China recorded a significant slowdown: the demand for investment goods for Chinese industry suffered a significant decline, partly due to trade tensions with the United States.

## National trade exchange

Selling Italian products around the world will still be a key to success, despite the slowdown in international trade expected for 2020.

The widespread lockdown for many industrial activities leads to the paralysis of international trade. The extent of the fall in Italy's foreign trade will depend not only on the effects of the halts in production, but also on the interdependencies that bind the various countries. Indeed, some companies could restart production when some outlet markets are still at a standstill, thus with no way of exporting; in the

same way it is possible that production will not be able to restart because some semi-finished products have to be imported by companies from countries that are still in lockdown. During the lockdown, the fall in exports was of exceptional intensity; towards the end of the year and next year, we will instead see lively recovery, in light of a widespread assumption of acceleration in international demand, linked to the expansionary policies that will be adopted in other economies. In this context, forecasts range from -13.5% for the Prometeia institute to -14.5% reported by the Government in the Economic and Finance Document.

But let's examine things in order.

**In 2019, exports continued to grow but at a lower rate than in 2018.** The historical analysis of the trend of foreign trade stops in 2019, the last year for which the data series is available. Italian exports exceeded 476 billion, an increase of +2.3% compared to the previous year.

As regards the contribution to export growth by the various territorial divisions, the export trends show significant differences among areas of the country compared to the previous year: there were particularly high increases in sales on foreign markets for Central Italy (+12.7%), much lower for the South (+2.7%) and the North-East (+2.3%), a decline for the North-West (-1.2%) and a sharp fall for the Islands (-9.7%). The most dynamic export regions include Tuscany (+15.6%), Lazio (+15.3%), Molise (+11.7%), Puglia (+9.1%) and Campania (+8.4%).

On the other hand, there were significant negative values recorded for Basilicata (-16.0%), Calabria (-15.3%) and Sicily (-14.1%) and smaller declines for Liguria (-6.5%), Valle d'Aosta (-5.4%) and Piedmont (-3.5%).

Geographically, non-EU countries were the driving forces for Italy's exports (+3.7%). The positive result was due to the increase in sales of products labelled Made in Italy in North America (+7.6%), in East Asia and in some European markets outside the EU. There is a strong increase in demand by United States in the Italian chemical-pharmaceutical, mechanical and agri-food sectors. In the Asian markets, especially in Japan and South Korea, there is an increasing demand for machinery, food products and goods of the Italian fashion industry. On the other hand, there was a reduction in foreign turnover of Italian companies in the Middle East (-3.4%), whose foreign demand slows down due to cuts in oil production, and in North Africa (-5.5%). The Chinese market showed a fluctuating

<sup>13</sup> WTO Press Release of 8 April 2020.

<sup>14</sup> World Economic Outlook, April 2020.







land, thanks to the boom in shipbuilding. Germany remained the leading commercial partner for acquisitions (69.6 billion in 2019) despite the slight decline recorded in the last year (-0.8%). China remained the main market for non-EU acquisitions: the value of acquisitions in 2019 was 31.7 billion (+2.5% on an annual basis).

## Veneto's trade

The regional trend in exports in the first quarter of 2020 were conditioned by the economic effects of the Covid-19 emergency. In the first three months of 2020, Veneto exported goods for a value of 15.2 billion, showing a decline of 3.2% compared to the same period in 2019, which corresponds to 497 million less than that exported in the first quarter of 2019. The decline is slightly higher than that seen overall at national level (-1.9%), but almost in line with that recorded in the other main exporting regions.

Not all product sectors gave negative result; in fact, exports increased in chemicals and pharmaceuticals (+15.6%), the agri-food sector (+7.7%), whose production was not affected by the lockdown, and electronic components (+7.4%). On the other hand, all the other sectors were down, with significant reductions in foreign sales of means of transport (-23.4%), medical and optical supplies (-15.3%) and metalwork (-8.7 %).

The trend in Veneto exports by geographic area shows significant increases in sales to certain areas, such as North America, Latin America and European markets outside the EU, while the Asian markets were in sharp decline (Eastern Asia -13.4%, Central Asia -18.9% and Middle East -5.3%).

Given the few current elements of 2020, the following analysis focuses on official 2019 data.

**Slowdown in Veneto exports in 2019.** Despite the slowdown in international trade, Veneto confirmed its considerable degree of openness to world markets and exports, which generate a large share of the regional gross domestic product, were still growing but at a slower pace than the previous year. In 2019, the value of Veneto exports stood at 64.5 billion, an increase of +1.3% compared to 2016. The performance shown by regional exports remains lower than both the +3.3% at the end of 2018 and the +2.3% recorded nationally. These results were achieved in a difficult international context, characterized by political and economic tensions, in which global trade was slowed by the clash between the

United States and China, Brexit and the general decline in confidence among operators.

In terms of individual quarterly performances, the trend variation in regional exports is variable but growing and closed the last quarter of 2019 with +2%.

At territorial level, the greatest contributions to export growth are made by the provinces of Vicenza (+2.7%, equal to + 482 million), Padua (+1.9%), Rovigo (+12.4%) and Belluno (+3.8%), in contrast to the significant negative contribution of Venice (-3.9%, equal to - 199 million), which failed to confirm the excellent performance recorded in 2018. The foreign turnover achieved by companies in the Marca area (-0.4%) and Verona (+0.8%) remained fairly stable.

Also in 2019, Vicenza confirmed its leadership in Veneto in terms of export capacity, with a share of nearly 29% of total regional foreign turnover, equal to 18.4 billion. The leading reference market for Vicenza companies was again Germany, despite the fall of two percentage points on an annual basis, with a turnover of just over 2 billion. Sales to France (+7.6%), the second reference market for Vicenza operators, and Switzerland (+ 327 million compared to 2018) recorded a strong increase, thanks to the exploits of sales in the fashion sector. The second Veneto province in terms of foreign sales is Treviso, which generates 21% of regional foreign turnover. Germany and France, while registering a modest trend in foreign turnover, remained the main export markets of the Treviso area. On the other hand, there was significant growth in exports to Spain (+11.7%, equal to + 77 million), the USA (+4.5%) and India (+ 60 million compared to 2018), which strengthen their position in the ranking of reference markets for companies in the Marca area. The foreign turnover of companies in Verona contributes to regional exports with a share of around 18 percentage points. Whilst exports to Germany, the leading reference market for Verona companies, remained stable (+0.4% on an annual basis), all the other important markets recorded the highest increases: France + 74 million, the United Kingdom + 51 million and the United States + 73 million. Padua companies exported goods worth 10.2 billion. Sales in the US markets (+ 105 million compared to 2018) and Spanish markets (+ 178 million) contribute to the increase in provincial exports. In 2019, exports from the province of Venice fell below the 5 billion threshold. The reduction in Marca exports was in part due to a significant contraction in



**Tab. 2.4.1 - Trade with foreign countries by province. Values expressed in millions of euro and annual % variation - 2018:2019(\*)**

	Exports			Imports		
	2019 mln. EUR	% share	% var. 2019/18	2019 mln. EUR	% share	% var. 2019/18
Belluno	4,040	6.3	3.8	867	1.8	-6.9
Padua	10,211	15.8	1.9	6,831	14.1	3.3
Rovigo	1,649	2.6	12.4	3,179	6.6	6.8
Treviso	13,540	21.0	-0.4	6,998	14.4	-2.4
Venice	4,862	7.5	-3.9	5,386	11.1	-9.0
Verona	11,718	18.2	0.8	16,179	33.4	3.3
Vicenza	18,450	28.6	2.7	9,021	18.6	-4.7
Veneto	64,471	100.0	1.3	48,461	100.0	-0.6

(\*) 2019 provisional data

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

sales in the Swiss markets, mainly goods in the fashion sector, and markets in China and Kazakhstan, in the electrical equipment sector. The negative trend in provincial exports was partially offset by a positive trend in sales in the main outlet market of Veneto companies (France +10.1% on an annual basis). In 2019, the foreign turnover of Belluno companies exceeded the threshold of 4 billion. The opening to foreign markets was mainly determined by the sale of optical equipment, which represented over 70% of provincial foreign turnover. Driving the good performance of provincial exports were the sales achieved in the US market (+8.7%, equal to + 72 million compared to 2018). The companies in the province of Rovigo exported goods for a value of 1.6 billion, increasing their foreign turnover by 182 million on the previous year. Much of this result is due to sales to the USA of chemical-pharmaceutical goods (+ 126 million compared to 2018).

## The markets

**Flourishing exports to the USA.** The consolidation of the difficulties with some European markets necessarily influences the performance of Veneto exports, considering that as much as 60.8% of exported goods are destined for these markets. The flows to countries in the European Union remained positive, growing by one percentage point on an annual basis.

Germany, as always, was the main outlet market for Veneto goods. Despite the slowdown of the German locomotive, the value of exports remained essentially stable. Exports to Germany accounted for 12.8% of the regional total, equal to 8.3 billion, and recorded a slight decline of -0.7% compared to the value recorded in 2018. The Veneto products most exported to Germany remain those of the agri-food sector: in 2019, sales of these goods increased by one percentage point and amounted to 1.4 billion. There was a favourable trend also for medical and optical equipment (+10.1%) and products in the gold and jewellery sector (+9.2%), while there was a decline in exports in fashion (-5.7%) and electrical equipment (-6.4%). After the success of 2018 (+13.7%), the turnover for mechanical products in the German market also recorded a slight decline (-1.3%). Among the markets of the European Union, the most important contribution to the growth of re-



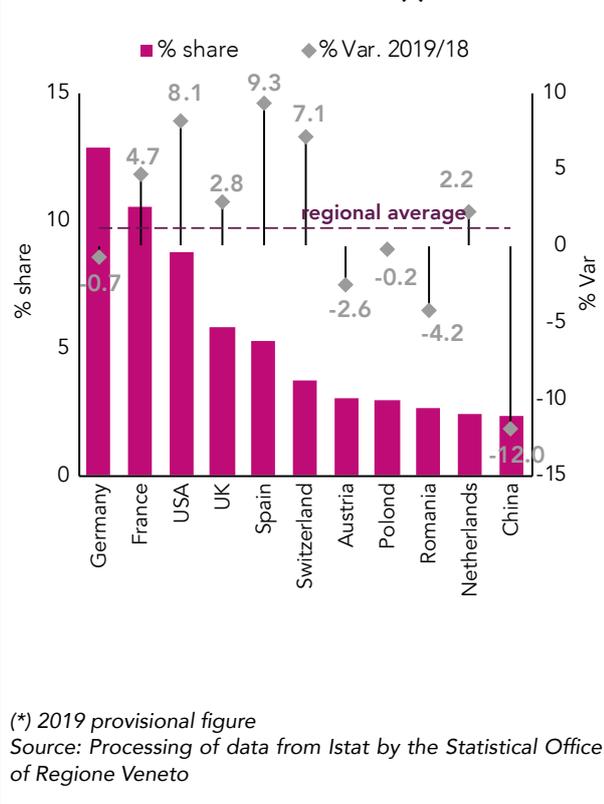


gional exports was once again from France. In fact, Veneto exports to the transalpine market increased by almost five percentage points, equal to + 301 million compared to 2018, with a total market worth almost 7 billion. The best performances in terms of export value were achieved by the fashion sector, machinery and means of transport. The export of goods from the agri-food industry also increased (+2.7%), mainly driven by sales of baked goods and farinaceous products and beverages. As for the other main Community markets, there was a significant increase in sales on the Spanish market (+9.3%), thanks to the substantial acquisitions of means of transport and machinery produced in Veneto, while there was a significant decrease in regional exports to Romania (-4.2%) and Slovenia (-6.8%). The growth rate of Veneto exports was slightly more sustained towards non-EU countries (+1.7%). There were clear differences in trend in exports to the various geographical areas. North America and some non-EU European markets still remained the main drivers of regional exports, while exports to Asia

showed different trends, with flows to Central Asian countries growing (+4.8%), while those towards the Middle East (-2.5%) and East Asia (-4.7%) declined. The trend in regional exports to Africa was negative, with North Africa, the main destination of Veneto goods, down by 4.7% and the other African countries recording a reduction in flows of more than five percentage points. As for the individual markets in the non-EU area, the best news for Veneto exports came from the United States, India, the United Arab Emirates and Japan. The United States was confirmed as the main non-EU destination market for Veneto goods, with an export value of 5.6 billion in 2019. The commercial tensions do not seem to have slowed the pace of Veneto exports, which continued their constantly growing trend (+8.1% on an annual basis). Drugs, eyewear and goods in the agri-food sector are the products that recorded the most consistent increases in turnover, around 300 million more than in 2018. The foreign turnover achieved by Veneto companies in India recorded a significant increase (+17.0%), thanks to the contribution of machinery sales (+29.2% on an annual basis, equal to 59 million). After the slowdown recorded in 2018, exports to the United Arab Emirates were also back on the rise (+15.2%), thanks to the contribution of the gold and jewellery and machinery sectors. The consistent growth in exports to the Japanese market (+13% on an annual basis) was attributable to sales in the paper and pharmaceutical preparations sectors.

The sore point for regional exports concerned Chinese markets: there was a contraction in exports to Hong Kong of nine percentage points, reaching -12% in trade with the People's Republic of China. Veneto companies probably suffered more than others the effects of the trade war between the US and China, which served to reduce the US bilateral deficit towards China but at the cost of a substantial worsening of the deficit of other areas of the world towards Beijing. . The reduction in turnover in one of the key markets of the Asian area affected most of the economic sectors, heavily affecting the sales of machinery (-14.8% on an annual basis, equal to 82 million), which accounts for approximately one third of Veneto exports to China, metalwork (-23.4%) and electrical equipment (-22.9%). The only positive notes concerned exports from the agri-food sector (+15.5%) and furniture manufacturing (+3.8%). Turkey is another important market that recorded a sharp contraction. After the nine percentage points lost in 2018, Veneto exports to Turkey recorded a

**Fig. 2.4.2 - Share of and annual percentage variation in exports to the main reference markets - 2017. Veneto - 2019(\*)**

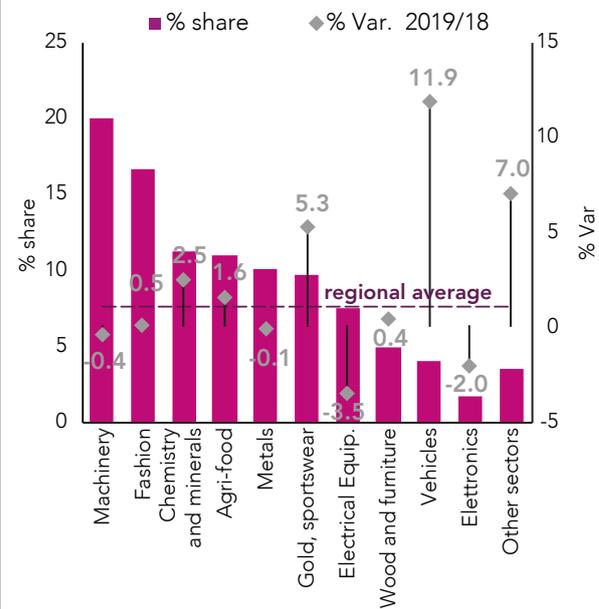


contraction of 10%, caused by the slowdown in the national economy and the depreciation of the currency. The main items of Veneto exports to the Turkish market are mechanics (-18.5% on an annual basis), the chemical-pharmaceutical sector, which unlike the other main sectors recorded +5.4% on an annual basis, the fashion sector (-10.7%) and electrical equipment (-6.0%). Acquisitions of agri-food products return to growth, +40.4% on an annual basis, reaching the values recorded in 2017 ( 17 million).

## The sectors

**Means of transport and eyewear drive regional exports.** Instrumental mechanics felt the effects of the deceleration of world trade but managed to keep the value of foreign sales almost unchanged in 2019. The foreign turnover of mechanical production decreased by -0.4% and in 2019 reached global exports of 12.8 billion, which represents 20% of regional exports. The most important destinations for machinery sales include the EU markets (+ 119 million compared to 2018), which are confirmed as the top geographic area of destination for Veneto mechanics, with a foreign turnover of 6.8 billion, Central Asia (+ 71 million) and North America (+ 47 million). After a positive 2018, the East Asian markets recorded the greatest contraction (-11.2% on an annual basis, equal to 141 million). The production of means of transport, driven by the performance of ship and boat sales, recorded the highest growth in terms of export value (+ 274 million compared to 2018) and once again exceeded the 2.5 billion threshold, equal to 4% of regional exports. The most important increases in the sector's foreign turnover come from the three main European markets: Spain (+ 191 million compared to 2018), United Kingdom and France. The eyewear and medical equipment sectors confirm their strong export vocation: after two years of fairly poor performance in exports, the Veneto eyewear industry closed 2019 positively, with growth of just under six percentage points that took export value to 4 billion. USA (+ 96 million compared to 2018), which was confirmed as the main Veneto eyewear market, Germany (+ 26 million), Sweden and Switzerland were the markets with the most dynamic demand, while the most marked decline was in the British market (- 22 million euros). Foreign sales in the chemical and pharmaceutical sector recorded an annual growth of just under three percentage points. The leading products in the growth of the sector's exports were drugs and pharmaceutical preparations and plas-

**Fig. 2.4.3 - Share of and annual percentage variation in exports of the main economic macro sectors - 2017. Veneto - 2019(\*)**



(\*) 2019 provisional figure

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

tics, confirming the trend already recorded in previous years. The USA, which recorded an increase of 130 million compared to 2018, Brazil, Japan and France are the markets where the most sustained increases were recorded. The foreign turnover from agri-food products continued to grow, supported by the sales of beverages, dairy products and baked goods and farinaceous products. The annual growth, after the good result of 2018, was +1.6%, with good progress in the USA, the third outlet market for Veneto companies in the sector, where Veneto agri-food companies earned 61 million more than that recorded in 2018, in Switzerland, in Germany, which remained firmly the top reference market, with a turnover that in 2019 reached 1.4 billion, and in France. Veneto fashion exports in the world are worth almost 11 billion, including clothing, accessories and footwear, and held up at around the previous year's values (+0.5%). In 2019, exports by the direct sector to some non-European markets picked up the pace and the driving forces are Switzerland (+ 191 million compared to 2018), the USA (+ 42 million), South Korea (+ 39 million) and Serbia (+ 20 million). The growth recorded in



these important markets successfully compensated for the significant reductions recorded in some of the main EU markets: -5.7% in Germany, -11.8% in Romania, -2.3% in Spain, -11.8% in Austria and -10.1% in Belgium. At EU level, the trend remains positive towards France (+4.9%), which remained the top outlet market for Veneto companies in the sector, and towards the United Kingdom which, despite fears about Brexit, increased the export value by 42 million. On the other hand, sales of clothing, accessories and footwear fell in two other important markets in East Asia: -10.3% in Hong Kong and -7.3% in China. The trend in the exports in the gold and jewellery sector confirms the strategic role of the sector for Veneto manufacturing: the foreign turnover of the processed precious stones and gold grew by 5.8% compared to 2018, reaching a value of 1.7 billion. A geographic overview highlights the performance of destination markets that are important for the development of Veneto companies: exports to the Arab Emirates grew by +24%. There were also positive results for markets of the EU (+14.9%), the US (+2.7% in North America and +52.7% in Latin America) and Central Asia (+34.0%). The contraction in sales comes from the lower demand for jewellery from other key markets for the sector: Hong Kong (-12.4% on an annual basis), Jordan (-65.3%) and Thailand (-18.3%).

## Trade balance and imports

**The trade balance of the agri-food sector is back in the black.** The Veneto trade balance, or the difference between exports and imports, continues to grow and in 2019 reached 16 billion (1.1 billion more than in 2018). The trade surplus with EU countries in 2019 totalled 6 billion, down slightly compared to the previous year, while that towards non-EU markets reached a record 10 billion. The trade surplus grew with the North American markets (+707 million compared to 2018) and European markets outside the EU. The trade deficit with East Asia also grew, running rapidly towards 2 billion, while that towards Central Asian markets decreased (193 million less than in 2018). At sector level, the overall trade surplus was supported by the large surplus recorded in the trade of mechanical products (+9.6 billion), products of other manufacturing activities - sports goods, optics and gold and jewellery - (+4,5 billion) and products of the fashion and electrical equipment sectors. For the first time in the last twenty years, the agri-food sector was also

back in surplus (+24 million), while the trade balance of means of transport remained negative and constantly growing, despite the strong increase in exports (-5.8 billion).

### Increasingly strong partnership with Germany.

The trend in regional imports (-0.6%) is the result of a strong variation in sectoral trends: while some sectors showed sharp growth, there were others that showed signs of difficulty and that were affected by the stagnation of internal consumption. The worst performing economic sectors included supplies in the fashion sector (-5.8%), chemical and pharmaceutical products (-4.5%), electrical equipment (-4.3%) and the metallurgical sector (-3.7%). On the other hand, there were increases in purchases of computers and electronic components (+13.8%), means of transport (+8.2%), other manufacturing activities - sporting goods, optics and gold and jewellery - (+3.9%) and mechanical equipment (+1.3%). In 2019, Germany remained by far the most important partner in terms of regional procurement: imports from the German market in the last year well exceeded the threshold of 12 billion (+9.0% compared to 2018), equal to 26% of regional imports. In the last year, imports from other main European partners increased, with significant peaks in acquisitions from the Netherlands (+3.9%), mainly foodstuffs and chemical-pharmaceutical goods, from Greece (+44.0%), Slovenia (+15.0%) and the Czech Republic (+5.9%), largely due to the acquisition of electronic components. However, there were decreases in imports from Slovakia (-18.9% on an annual basis), from Romania (-8.7%), mainly textile and chemical sector productions, from France (-2.0%), which remains the third regional import market, from Portugal (-31.1%) and Poland (-19.4%), due to the sharp reduction in inventories in the sectors of means of transport and electrical equipment. For non-EU markets, there was a significant reduction in value of imports from Qatar (about 168 million less than in 2018), from the United States (-227 million), which mainly concerned products in the agri-food and chemical sectors, and from India (-109 million), in the metalwork and textile sectors. China was confirmed as the main non-EU supplier of Veneto companies, with an import value that for the first time exceeded the 4 billion barrier.

## 2.5 The reshaping of domestic trade







tal e-commerce, and positive but more moderate growth in services (+8% compared to 2018). The top sector is tourism ( 10.9 billion, +9%), but there are also consolidated results in IT and consumer electronics ( 5.3 billion, +19%) and clothing ( 3.3 billion, +16%) are also consolidated ). Also interesting is the growth in food, with an increase of 42%, and furniture and home living items, up by 30%. In 2019, mobile commerce, i.e. total purchases made via smartphones, grew by 33% compared to 2018 and reached a share of 40% of total e-commerce.

**Buying behaviours will change in 2020, with a further shift in favour of e-commerce.** The sustained growth of e-commerce continued at the beginning of 2020, with +20.7% in March compared to the same month in 2019; The expectations are for a real boom in 2020, given the numerous e-commerce initiatives launched due to the health emergency, especially for the online sale of consumer goods. Growth will obviously not involve all sectors: some sales are also at a standstill online; think, for example, of the leading sector for online sales, tourism. But it is not the only sector suffering. It is certain that, in this situation, those who invest in online

sales will be rewarded.

**Big fall in confidence.** The monthly indices of the confidence climate of retail trade show a contraction from 106.9 points in February 2020 to 97.4 points in March; opinions on sales are slightly up, inventories are judged to be reducing and expectations on sales show a sharp decline.

## Food sales

**The health emergency changed food purchasing behaviour in the weeks of the lockdown.** In terms of Italian food consumption<sup>16</sup>, the weeks of February and March proved extremely dynamic: examination of this period identifies some major trends that can be summarized in the tendency to procure non-perishable products, the strong tendency towards online shopping, the below average increase in the beverage segment and finally in an inclination towards large-scale retailers, also using local shops, where possible. Overall, in the period considered, Southern Italy recorded the highest increases on a trend basis: +21% in the 4 weeks 17 February-15 March 2020, with peaks of 39% in the final week; followed by the North East with growth of 20%, Central Italy (+19% with +30% in the last week) and the North West (+16%).

As regards Veneto, the recorded increase in expenditure in the period considered was +20%.

The largest and above-average increases were found for wheat flour, which almost doubles in value of purchases compared to the same period in 2019 (+87%), tinned/bottled tomatoes, rice, semolina pasta, potatoes, ready meals, eggs, long-life milk, packaged ham, mozzarella and frozen vegetables.

There were increased sales also in extra virgin olive oil and fresh milk, albeit with lower than average expenditure; on the other hand, the expenditure on tinned beans remained unchanged.

## Shops, bars and restaurants

**Contraction for commercial establishments with fixed location, substantially in all specializations.**

At the end of 2019, there were 47,649 commercial establishments with fixed location, down compared to the previous year (-2.4% compared to December 2018); the decrease is basically due to the reduction in the number of premises, -3.4%, accompanied by a smaller -0.7% of local units other than registered

**Tab. 2.5.1 - Value of retail trade sales by form of distribution and product sector: % var. 2019/18 and Mar. 20/Mar. 19. Italy**

	% var. 2019/18	% var. Mar. 20/Mar. 19
Large-scale retailers	1.4	-9.3
<i>Food</i>	1.2	7.4
<i>Non-food</i>	1.6	-42.2
Small retailers	-0.7	-28.2
<i>Food</i>	-0.1	-1.0
<i>Non-food</i>	-0.9	-36.6
Non-store sales	-0.5	-37.9
E-commerce	18.4	20.7
<b>Total etail trade</b>	<b>0.7</b>	<b>-18.4</b>
<b><i>Food</i></b>	<b>0.9</b>	<b>3.5</b>
<b><i>Non-food</i></b>	<b>0.7</b>	<b>-36.0</b>

(\*) 2019 provisional data

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

<sup>16</sup> Packaged products sold between 17 February and 15 March of this year were considered



offices.

All the specializations of the retail trade in fixed locations saw a decrease in businesses in 2019, with the exception of the sale of fuel for transport, unchanged over the last year.

The greatest reductions were found in businesses specializing in the sale of cultural and recreational items (-4.7%), clothing (-3.5%) and products for domestic use (-3.1%).

Businesses specializing in food, beverages and tobacco (-2.4%) and those specializing in IT and telecommunications equipment (-2.3%) were in line with the overall reduction in fixed-location trade.

All the Veneto provinces recorded negative figures, but Rovigo, Belluno and Padua are the provinces worst affected by the difficulties of the sector: commercial establishments with fixed locations in these three provinces decreased in number compared to December 2018, respectively, by -4%, -3.3% and -2.9%.

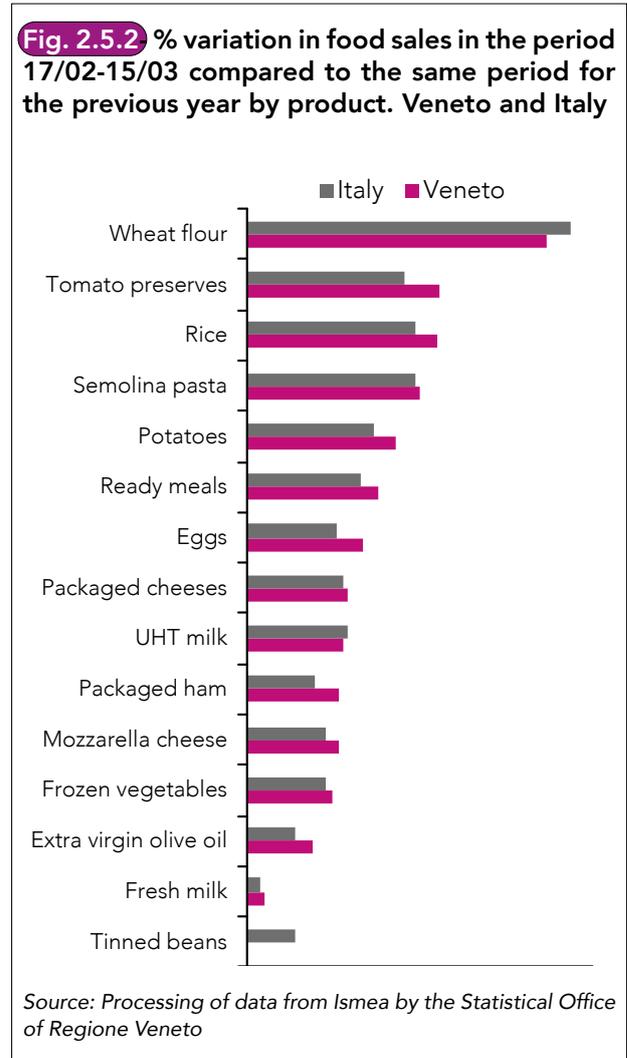
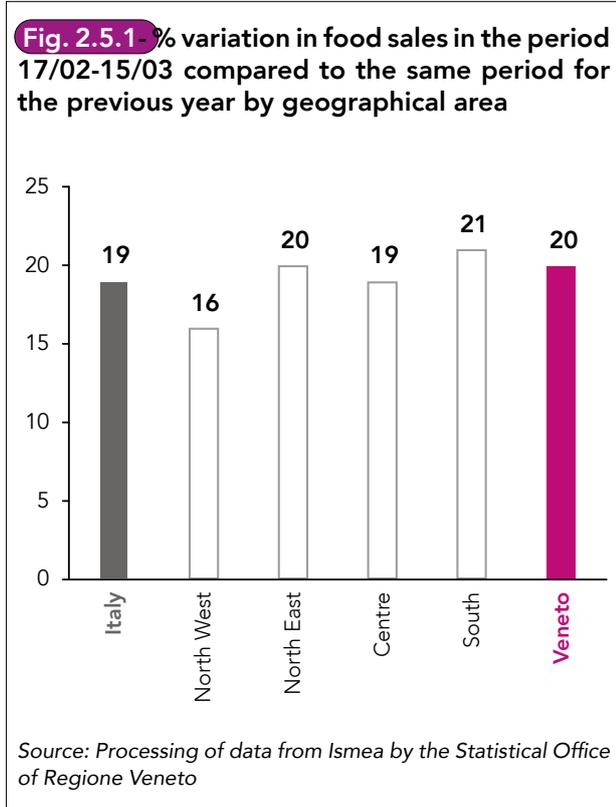
Among the other trade segments, performance was varied: businesses operating in the trade and repair of cars and motorcycles closed 2019 with +0.3%, while there was a decline in intermediaries (-0.6%), wholesale (-1, 7%) and non-store retail trade (-2%).

**Growth in large-scale retailing seems to come to a halt.** In 2018, large-scale retailing (GDO)<sup>17</sup> in Veneto included over 2,000 businesses, with over 41,000 employees and over 2.6 million square metres of retail area.

Retail area in Veneto covered approximately 577 square metres per thousand people, divided into approximately 313 square metres for food and 263 square metres for non-food. The density of the areas with respect to the resident population in Veneto was higher than the national average of 414 square metres per thousand people.

In GDO as a whole, there was a substantial balance in number of stores (-0.1%) and employment (+0.1%) compared to 2017, while there was a reduction in sales area (-4.6%). The individual cate-

<sup>17</sup> Last year of available data on this type of business.



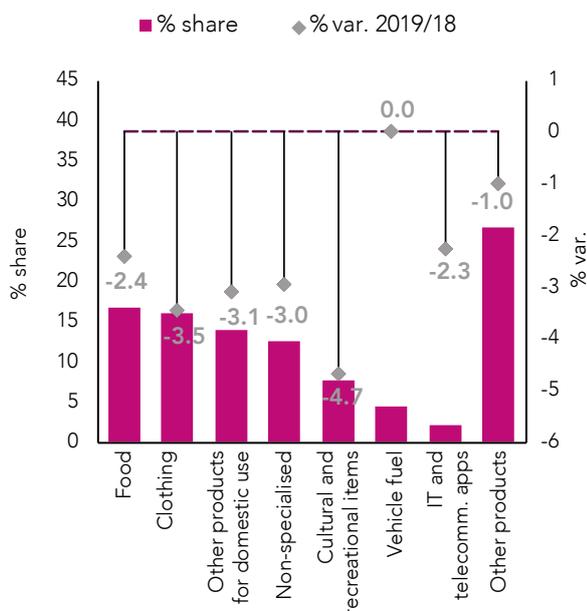


gories revealed heterogeneous trends: supermarkets, which accounted for more than half of the businesses, increased in number (+1.7%) and saw an increase in both employees (+2.4%) and retail area (+2.9%). There was also an increase in number of mini-markets (+1.7%) and the related sales areas (+1.4%) and workforce (+1.6%). The growth of the hypermarket slowed (+1.2%), with the sales areas essentially unchanged (+0.7%), but a fall in number of employees (-3%). Department stores, on the other hand, in clear contrast to the significant growth of 2018, saw a sharp decline in all dimensions: -23% in stores, -19.6% in retail area and -19.5% in employees. The most significant growth concerned the large specialist retail chains, which recorded growth in stores (+7.7%), employees (+4.8%) and retail area (+8.1%).

The prevailing product specialisations in specialist retailers were again textiles/clothing/fur, with over 25% of stores, furniture/furnishings/home textiles and household appliances/electronics/IT, both with around 16% of stores. Again in 2018, as in the previous year, the number of textile/clothing

and household appliance businesses continued to grow (+5.7% and +2.2% respectively), while home furnishings continued its decline (-5.9% of stores). There was also significant growth in the last year in stores specialising in DIY and gardening (+50%) and in footwear (+16.1%).

**Fig. 2.5.3** Share of and annual percentage variation in commercial businesses with fixed location by commercial specialisation. Veneto - 2019



Source: Processing of data from the Italian Ministry of Economic Development by the Statistical Office of Regione Vene-



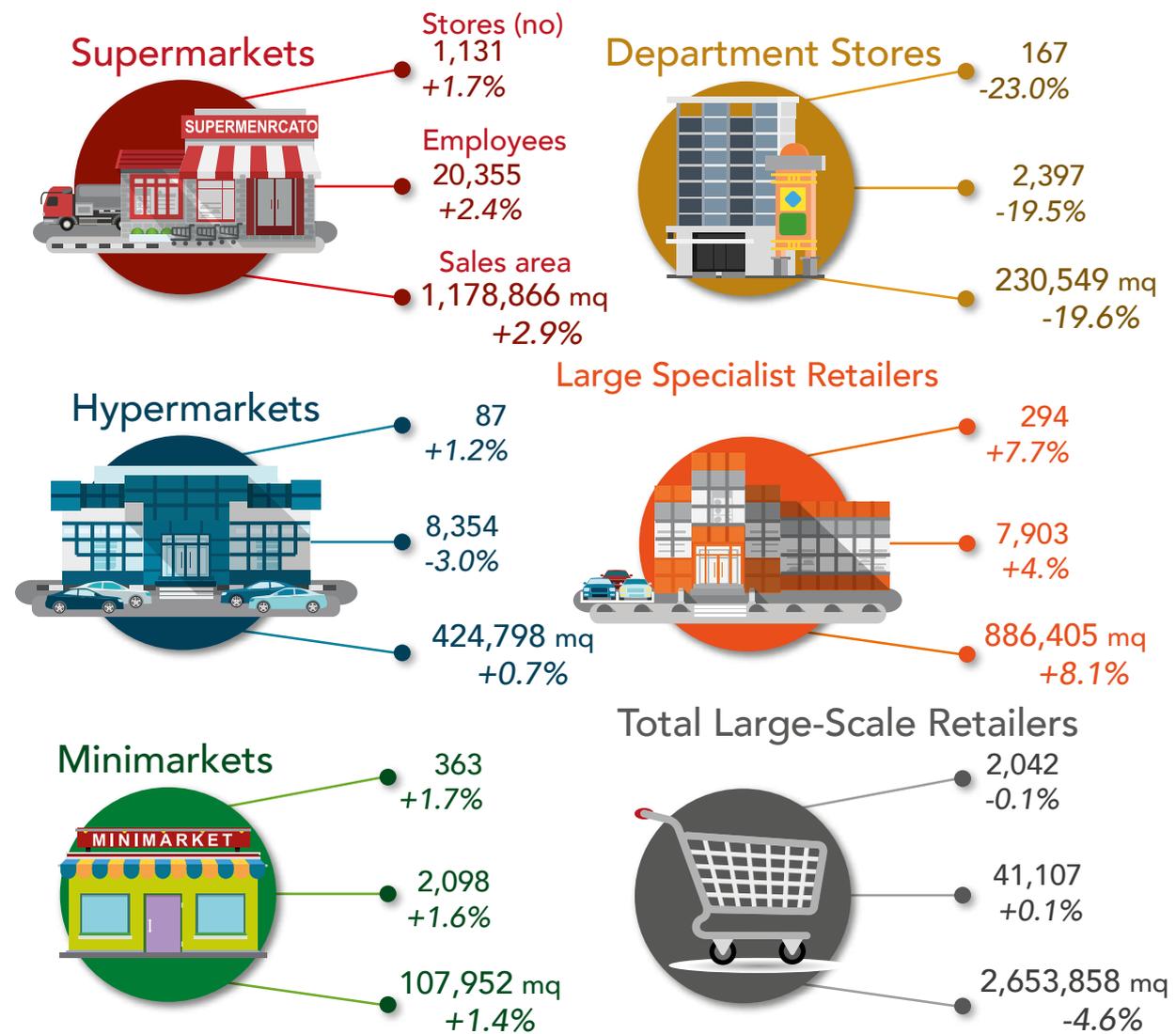
**Supermarkets are the most common large-scale retailers throughout Veneto, but each province shows different concentrations of forms of large-scale retailing.** In all the Veneto provinces, supermarkets were the principal form of large-scale retail distribution, with shares ranging from 49.6% in the province of Verona to 62.3% in Vicenza. Hypermarkets, on the other hand, were the least

common, with 4.3% of the regional total: the greatest number were found in the provinces of Venice, Vicenza and Rovigo, all with a proportion of over 5%.

Mini-markets featured significantly in the provinces of Belluno (23.9%) and Treviso (21%), compared to the regional average of 17.8% of stores.

Department stores are most numerous in the prov-

**Fig. 2.5.4** - Large-scale retail trade: stores, sales area and employees. Veneto - 2018 and % var. 2018/17



Source: Processing of data from the Italian Ministry of Economic Development by the Statistical Office of Regione Veneto



sector for the Veneto economy, both for the wealth produced directly and for the economy developed upstream and downstream of tourist activity, generating approximately 18 billion a year<sup>19</sup>. And over the last few decades, growth has only been held back by exceptional events, such as the 2001 attack on the twin towers. In particular, in the last decade, the period of stagnation that began close to the beginning of the international economic crisis ended around 2010, thanks to strongly growing interest in international markets and, from 2015, in national markets too.

In 2019, we can see that the Veneto destinations, enhanced by the entrepreneurial expertise of the operators and by a structured and synergistic plan of promotion, marked a very positive trend for tourist arrivals and overnight stays. Numerically, in 2019 there were 20,194,655 tourist arrivals, +3.2% compared to the previous year, which corresponds to an equally important increase in overnight stays (+2.9%), which, at over 71 million, beats all past records. There is growing interest from both Italian

tourists (+2.5% arrivals and +3.2% overnight stays) and foreign visitors (+3.6% and +2.7%). Looking at the totals for the whole year, there is substantial stability for the hotel sector (+0.5% arrivals and -0.5% overnight stays), while there are strong increases for the non-hotel sector (+8.4% and +6 %).

Our region has now been at the top of the Italian tourist regions for several years, totalling 15.3% of arrivals and 16.1% of overnight stays of tourists (2018 data, the latest available at national level).

### Who chooses to visit Veneto? Where do they stay?

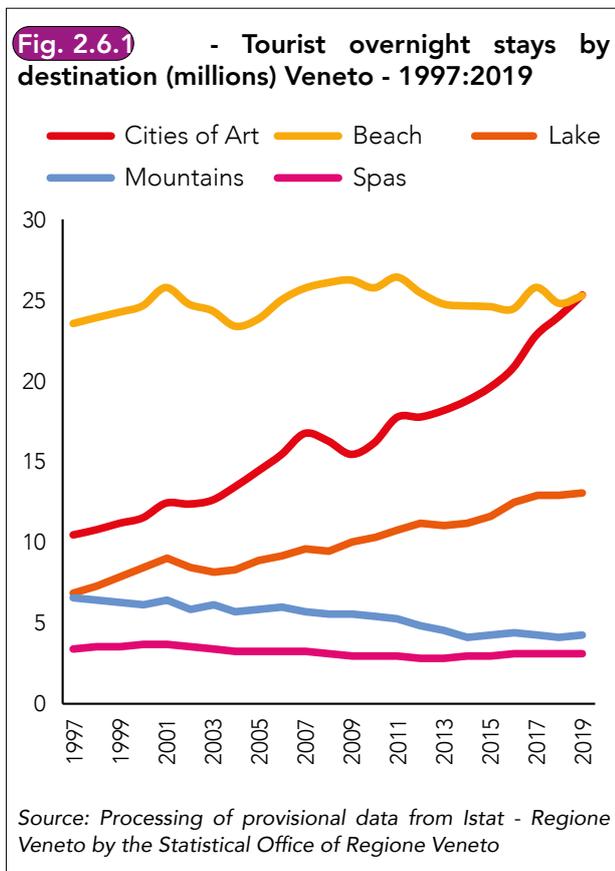
The picture of visitors staying in Veneto shows a prevalence of foreigners, who make up two thirds of tourists staying overnight in Veneto locations. Among the foreign markets, Germany, the most loyal market, marks a +3.2% in overnight stays, Austria +1%, the United States +4.7%. On the other hand, there was a decrease in overnight stays by the Dutch (-11.6%) and the French (-1%). Japan and Russia are markets in strong growth, with double-digit increases in overnight stays (+11.3% and 10.1%). China already showed a slight decline in 2019 (-0.2%), then beginning to recover in January 2020 with +36.4% of overnight stays, then the impact of the sudden block on travel from China was -72.1% in overnight stays already in February 2020.

The interest in exploring the Veneto region, and delighting the five senses with a regenerating holiday, is constant among our fellow Italians (+2.5% arrivals and +3.2% overnight stays in the last year, +15.8% and +9.6% in the five-year period), and it is precisely from domestic tourism that a more rapid recovery is expected in 2020.

Tourists mainly went to hotels, which welcomed 64% of arrivals, but in terms of overnight stays, non-hotel accommodation was the preferred option (53.9% of overnight stays). The most popular hotels were luxury hotels (+0.8% in overnight stays in the last year), while in the non-hotel sector there was a slight decline in camping holidays (-0.9%) and strong increases in overnight stays in private accommodation (+14.9%), agritourism establishments (+5.8%) and hostels.

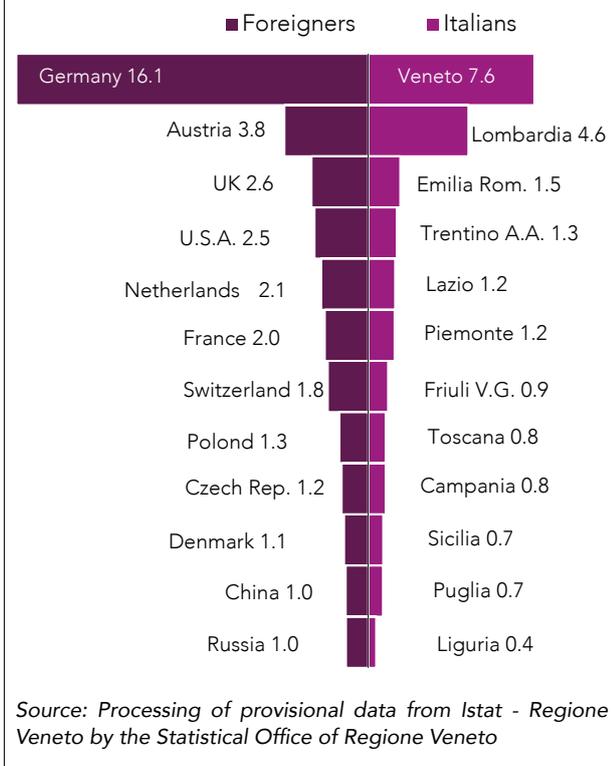
**Record provincial tourism numbers.** 2019 featured growing tourist flows, compared to 2018, in all provinces. And the historical record in each province in terms of arrivals, in light of what is happening in 2020, unfortunately also represents a peak, to be remembered: Venice 9,979,780 arrivals, Verona 5,130,428, Padua 1,884,503, Belluno 1,028,261, Treviso 1,008,260, Vicenza 853,260 and Rovigo

<sup>19</sup> Source: Ciset.





**Fig. 2.6.2 - Tourist overnight stays by home foreign country and Italian region (millions). Veneto - 2019**



310,163.

Any falls in foreign tourist numbers in 2019 were amply offset by increases in numbers of fellow Italian visitors. And it is precisely on domestic tourism that we will initially focus in order to climb out of the crisis. In the province of Padua, where about 60% of tourists come from Italy, the increases recorded by domestic tourism in 2019 (+5.1% arrivals and +3.1% overnight stays) offset the fall in numbers of Chinese, German and Korean tourists. Similarly, in the province of Treviso, Italians, which increased in number by 2.5% and in overnight stays by 6.1%, together with the greater attractiveness to Americans, Turks, Japanese and South Koreans, compensated for the reduction of Chinese, German and Dutch numbers. The +3.6% in arrivals and +6.9% in overnight stays for Italian visitors were fundamental in the Rovigo area, making up about half of all tourists.

In the provinces of Vicenza and Verona and in Venice, both national and international tourism grew during 2019. In the Vicenza area, Italians - who made up over 60% of visitors - increased by 2.3% in number and 7.6% in overnight stays, together with

Indians and Americans, against a reduction in tourists from South Korea and Israel. In the province of Verona, where German tourists spend more nights than Italians, there were increases in numbers of both nationalities, while there was a fall in numbers of Dutch, British and Danish visitors. Analysing the 2019 flows of the metropolitan city of Venice, we note a very positive trend for the Local Tourist System (STL<sup>20</sup>) including the lagoon city (+4.5% arrivals and +6.2% overnight stays), which followed a continuously increasing trend with strong contributions from Italian and American visitors. Chioggia and neighbouring areas saw a growing interest among Italians, who are also the most loyal customers, with reduced popularity among the Germans. The seaside resorts showed increasing popularity in the STL of Bibione, Cavallino-Treporti and Caorle and vice versa negative results for Jesolo-Eraclea, where tourist flows fell for both hotel and non-hotel sectors. The only province in which Italian tourist numbers decreased and the positive results were linked to the strong growth of foreign tourism was Belluno. This is true for the Dolomites STL, where the drop in Italian and German tourists was offset by the increase above all in American tourists, along with Chinese and Koreans. On the other hand, in the Belluno STL, Italy played a decisive role together with Germany, Austria, but also Spain and Poland.

**Highs for all ski resorts.** In 2019, there was a growing number of tourists and overnight stays in all five skiing locations. The results achieved by the cities of art and by the localities of Lake Garda had never been seen before and were due above all to the rapidly growing attraction observed among foreign visitors. Mountain and spa resorts saw new records in terms of the numbers of tourists, but not of overnight stays which, despite being on the rise compared to 2018, failed to beat the records set in the 90s, due to a continuous reduction in the duration of holidays: holidays in the mountains last an average of 3.7 nights, similar to spa stays (3.8 nights), half the length they were twenty years ago. Even on the beach, there is an increase in both tourists (+0.9%) and overnight stays (+1.9%).

**2020 focuses on closer markets.** The limitation of travel due to the pandemic means that, in the subsequent gradual return to normality, there will be particular focus on tourists who can more easily reach Veneto, closer to the regional and national borders,

<sup>20</sup> The STLs are territories corresponding to the former APTs (Tourism Promotion Agencies).



and above all the people of Veneto themselves and Italians, the first who will be able to return to enjoy the vast offering of the Veneto region. It is therefore useful to examine how much our tourist hospitality is based on the national market in 2019. The table shows the role of foreign and domestic tourism in each Veneto location. We also show the most common foreign country and Italian region of origin.

### Majority of Italians in the mountains and at spas.

We can see that the Italian overnight stays exceed those of foreign visitors only in the mountain and spa resorts. The national market share is 66% in the mountains, with significant differences between one location and another (for example 72.2% in Auronzo di Cadore, 55.5% in Cortina d'Ampezzo); while at the spas it is 59.3% (Recoaro Terme just under

80%, Abano and Montegrotto Terme at 60%). In the other tourist locations, the role played by the national market is more limited. In seaside resorts, the Italian overnight stays account for around one third of the total, here again with significant territorial differences (Rosolina 51%, Jesolo 41.8%, Bibione and Caorle just under 30%, Cavallino-Treporti 17.2%). Even in the cities of art, overnight stays by Italian tourists represent on average one third of the total (Treviso and Vicenza just under 50%, however they differ greatly from the 14.8% in Venice). For Lake Garda, the share drops to 15.6%. For the Veneto region, most tourists come precisely from Veneto itself: overnight stays by Veneto tourists equal 10.7% of total overnight stays and this figure summarizes very varied situations. Veneto tourist overnight stays

**Tab. 2.6.1 - Tourist overnight stays for Italian and foreign visitors by destination. 2019 and % variations 2019/18**

Origin	Presences 2019	% var. 2019/18	% share overnight stays	Main home region/country for tourists in Veneto destinations			
				1st Italian home region and 1st foreign country	Overnight stays 2019	% share overnight stays by destination	
<b>Total</b>	<b>25,328,515</b>	<b>1.9</b>	<b>100.0</b>				
<b>Beach</b>	Italians	8,176,490	2.4	32.3	Veneto	4,323,459	17.1
	Foreigners	17,152,025	1.7	67.7	Germany	8,042,330	31.8
<b>Total</b>	<b>25,402,850</b>	<b>5.5</b>	<b>100.0</b>				
<b>Cities of art</b>	Italians	8,175,238	6.3	32.2	Lombardy	1,456,933	5.7
	Foreigners	17,227,612	5.1	67.8	USA	2,233,835	8.8
<b>Total</b>	<b>13,117,982</b>	<b>0.9</b>	<b>100.0</b>				
<b>Lakeside</b>	Italians	2,051,173	0.8	15.6	Lombardy	539,428	4.1
	Foreigners	11,066,809	0.9	84.4	Germany	5,800,260	44.2
<b>Total</b>	<b>4,242,293</b>	<b>1.8</b>	<b>100.0</b>				
<b>Mountains</b>	Italians	2,800,421	-0.4	66.0	Veneto	1,274,236	30.0
	Foreigners	1,441,872	6.2	34.0	Germany	231,299	5.5
<b>Total</b>	<b>3,144,989</b>	<b>0.8</b>	<b>100.0</b>				
<b>Spas</b>	Italians	1,864,677	2.0	59.3	Lombardy	431,224	13.7
	Foreigners	1,280,312	-0.9	40.7	Germany	444,100	14.1

Source: Processing of provisional data from Istat - Regione Veneto by the Statistical Office of Regione Veneto

**Tab. 2.6.2 - Main home region/country of visitors for other Italian tourist regions. 2018**

Region visited	% share of Italian overnight stays	1st Italian home region and 1st foreign country	
			Presences 2018
Trentino Alto Adige	40.8	Lombardy Germany	4,723,602 18,996,728
Tuscany	45.5	Tuscany Germany	5,337,382 4,372,266
Emilia Romagna	73.3	Lombardy Germany	9,077,364 2,317,581
Lombardy	40.0	Lombardy Germany	5,565,852 5,138,183
Lazio	37.7	Lazio USA	3,378,722 3,952,430

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

make up 30% of that recorded for mountain resorts, 17.1% for seaside resorts. In the spas, the cities of art and on the lakeside, most Italian tourists come from Lombardy and so far, visitors from other regions of Italy play a marginal role (10.7%, 5.1% and 2.8% respectively).

### 2020: how will the region react?

In March and April, tourist flows almost "zeroed" due to social distancing measures which imposed, in addition to the closure of entire production sectors, the total block on movement of Italian and foreign tourists throughout the country. Veneto, with its morphology and cultural wealth, has a wide variety of offerings, but there is no doubt that some towns and cities, more than others, are devoted to tourism and the economy and employment in the region are closely tied to it.

The provincial capitals certainly enjoy a large number of tourists: Venice in first place with almost 13 million tourist overnight stays in 2019, but also Verona (2.7 million), Padua (1.6 million), Vicenza (643,000), Treviso (359,000), fewer in Belluno (175,000) and Rovigo (102,000), but these are also cities rich in production businesses not entirely related to holidays.

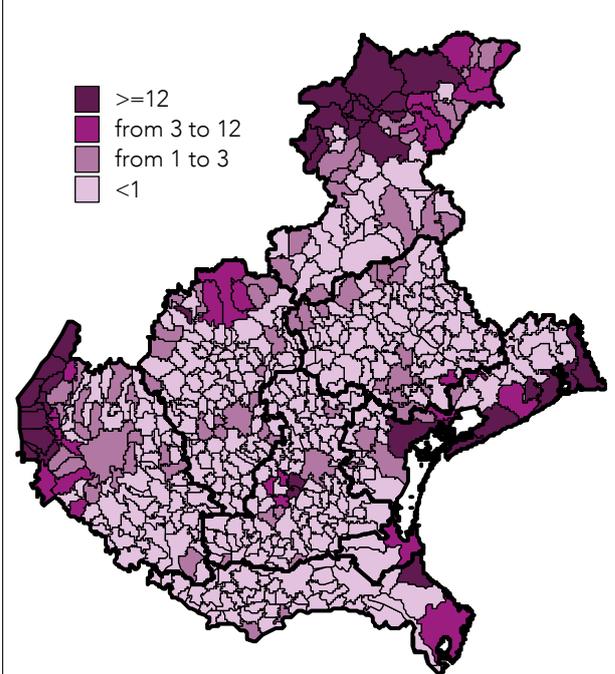
Some municipalities, on the other hand, while not recording a high number of overnight stays, have a high tourism rate, that is a very high ratio between the number of tourists and the local population. La-

zise, for example, a small town on Lake Garda, on average every day of the year has 140 tourists per 100 people, or Livinallongo del Col di Lana (Arabba), in the mountains, has 80 tourists per 100 locals, figures that double in the tourist season; it is therefore assumed that the majority of tertiary activities in these locations are related to tourism.

We adopted this assumption to investigate the 30 Veneto municipalities with the highest tourism rates and among them the largest group of 12 are mountain locations, followed by 10 lakeside locations, 5 by the sea and 2 spa locations; the city of Venice instead represents the cities of art.

Production activities related to tourism fall into various branches of economic activity, such as hotels, public businesses, passenger transport services, travel agencies, recreational and cultural services and retail trade. This means that there is no set definition of "tourism sector" and that, in order to arrive at correct estimates of its economic and employment dimension, we need to establish the scope. Therefore, in this paragraph, we will limit ourselves

**Fig. 2.6.3 - Tourism rate by municipality (\*). 2019**



(\*). Indicates the average daily tourist overnight stays per 100 local people

Source: Processing of provisional data from Istat - Regione Veneto by the Statistical Office of Regione Veneto

to observing the weight of the “services” sector in the past, in general, and then also the weight of “accommodation and restaurants” compared to the whole economy of the municipality.

The graph is fairly self-explanatory: in order of tourism rate, we can see that the weight of the tertiary sector in these municipalities is significant: the value added, that is the wealth produced, reaches values of over 90% for Malcesine, Rocca Pietore, Liviallongo del Col di Lana, Caorle and is for all 30 municipalities higher than 50% of the total municipal economy. The weight of employees in the service sector is always over 60%.

Examining in more detail one area of the tertiary sector that in these municipalities is closely connected to tourism, i.e. “accommodation and restaurants”, we can observe that the wealth produced ranges from 10% to almost 60%.

increase of 1.9% compared to the previous year<sup>21</sup>. Foreign visitors spend on holidays involving relaxation and leisure (80%), business trips (12%) or for other personal reasons (mainly visiting relatives and friends, medical treatments and therapy, honeymoons, study, shopping, pilgrimage, which together represent 8%). Expenditure includes the amount spent by foreigners once they arrive at their destination (so excluding return travel). Veneto appears in 3rd place among the Italian regions with 14.1% of spending by foreign travellers in Italy, after Lazio (17.4%) and Lombardy (16.5%).

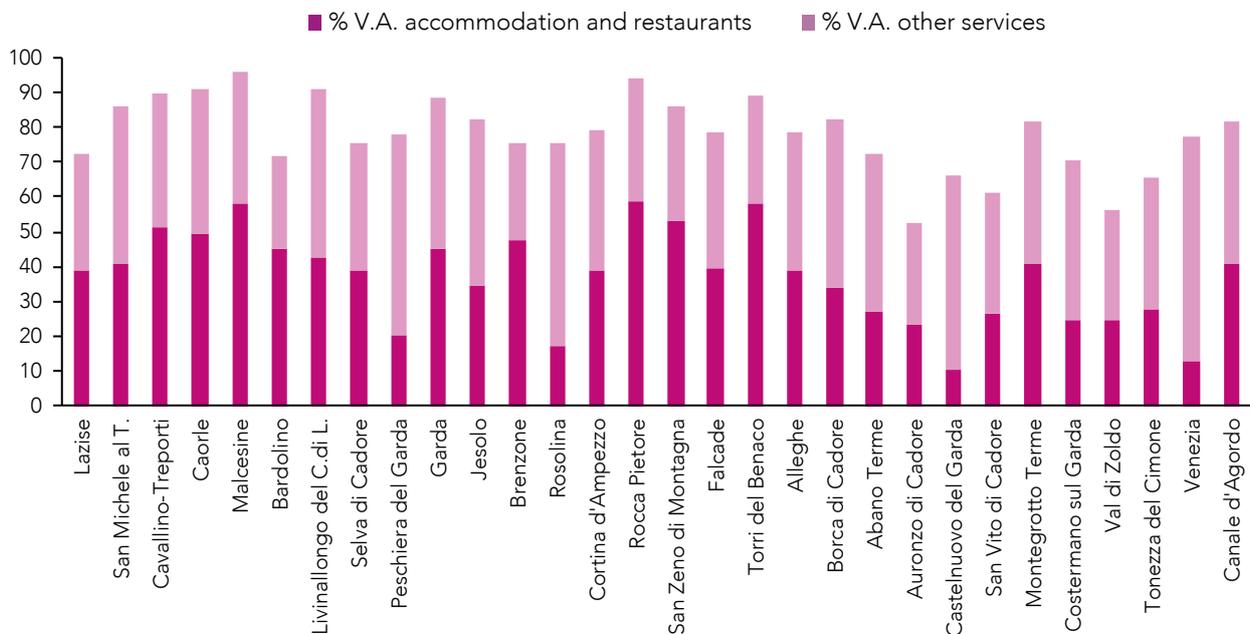
The average per capita expenditure in Veneto was 105 per day, stable compared to the previous year.

## Spending and satisfaction of foreign travellers

In 2019, foreigners spent 6.3 billion in Veneto, an

<sup>21</sup> Source: Bank of Italy border survey.

**Fig. 2.6.4** - The 30 municipalities with the highest tourism rate: value added produced by the accommodation and restaurant sector and other services as a % of total municipal V.A. (\*). 2016



(\* ) The total number of businesses excludes agriculture and the financial sector

Source: Processing of data from Istat and Regione Veneto by the Statistical Office of Regione Veneto

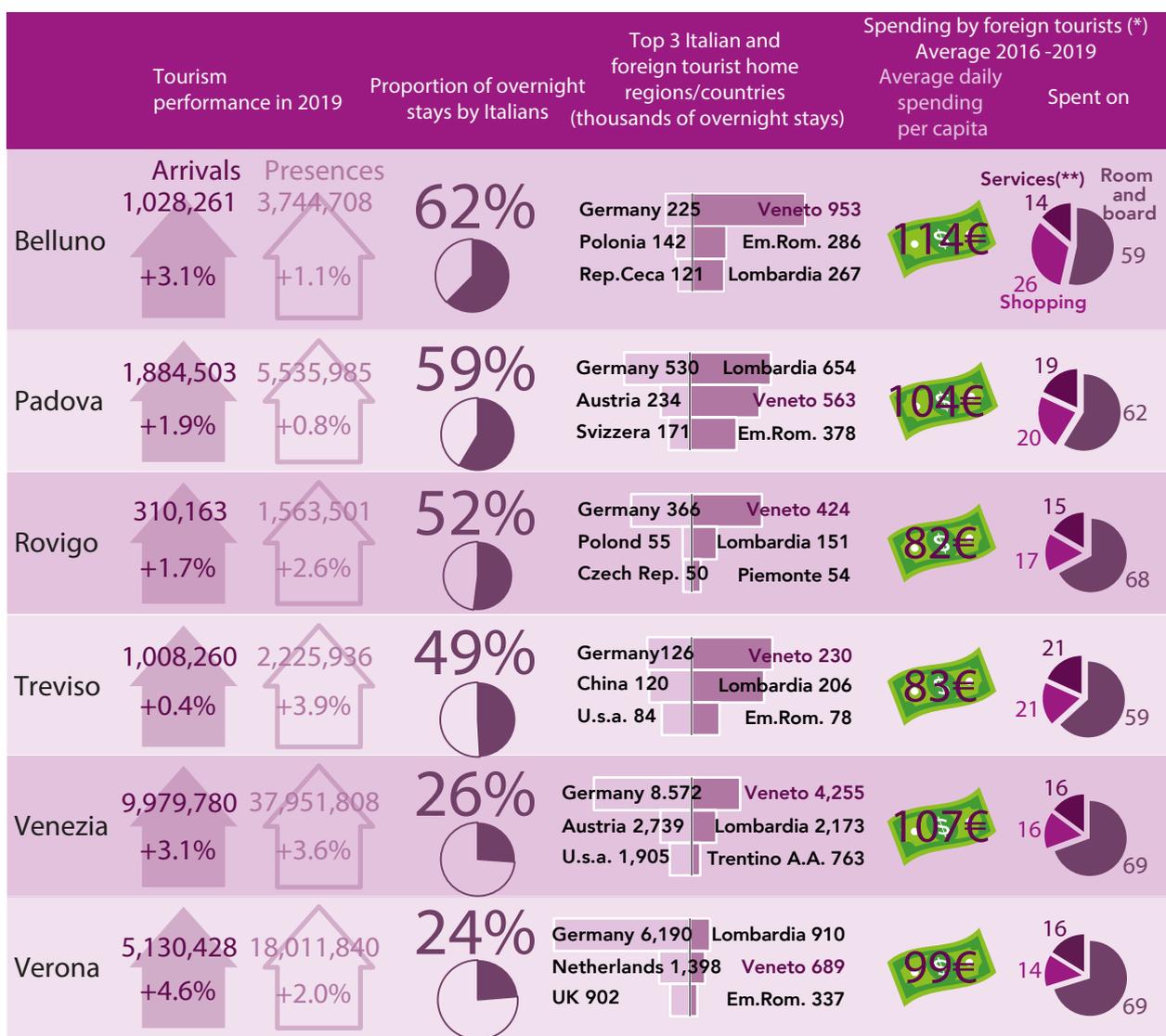


**The losses of March-May 2020.** To get an idea of the economic revenues that were blocked by the outbreak of the pandemic, consider that in 2019 spending in the March-May quarter was around 21.5% of the annual total and was estimated at 1.3 billion. In particular, expenditure in March 2019 was 373 million, in April 413 million and in May 558 million. This data provides a rough indication of the economic losses related to foreign tourism, in the

sector of accommodation, restaurants, museums, and all the services used at destination, assuming foreign spending capacity and attractiveness of the region that are the same as last year. If we assume that Italians spend as much as foreigners, the losses in the March-May quarter reach 1.8 billion.

**Things consistently appreciated by foreigners.** Around 90% of foreign travellers who have stayed in Veneto rate the experience in our region superior to

**Fig. 2.6.5** Provinces compared



(\*) Spending on accommodation, restaurants and bars, shopping, transport in the country visited and other services are included; spending on return travel is excluded

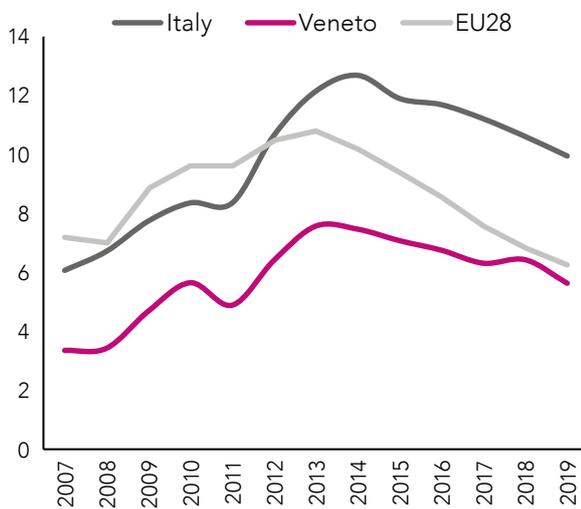
(\*\*) Transport in the country visited, car hire, etc.

Source: Processing of provisional data from Istat - Regione Veneto and Bank of Italy by the Statistical Office of Regione Veneto





**Fig. 2.7.2 - Unemployment rate (\*). Veneto, Italy and EU28 – 2007:2019**



(\*). Unemployment rate = (Jobseekers / Labour Force) X 100  
 Source: Processing of data from Eurostat and ISTAT by the Statistical Office of Regione Veneto

period in 2018. The unemployment rate in Veneto therefore fell from 6.4% in 2018 to 5.6% in 2019; the drop in unemployed is accompanied by a fall in persons available to work but not seeking, once again a sign of the positive trend of the economic situation in our region.

The objectives of the Europe 2020 strategy for inclusive growth include evaluation of the employment rate among 20-64 year-olds: in 2019 in Veneto, it was 72.6%, a value close to the European target of 75% and well beyond the Italian target of 67-69%. At national level, only two regions have reached the European target, Trentino Alto Adige and Emilia Romagna, while another eight have exceeded the 69% set at national level. It should also be emphasized that in our region, as early as 2017, the employment rate in the age range 20-64 exceeded the pre-crisis values: it was 70.5% in 2008, falling to 67.6% in 2013.

Overall, Veneto is confirmed as one of the leading regions in Italy: it recorded the fifth highest employment rate among the Italian regions, fourth in the ranking for lowest unemployment and second for youth unemployment.

**Verona stands out among the Veneto provinces for the highest growth in employment and fall in unemployment.**

Compared to the previous year, in 2019 in the province of Verona there were 5.6% more people in work and 32.5% fewer unemployed. The performance of Venice, Vicenza and Belluno was also good, with significant increases in employment and decreases in people seeking work, while in Padua and Treviso the numbers of both unemployed and employed fell. In Rovigo, on the other hand, there was an increase in the number of people looking for work and a fall in numbers of employed. Overall, the employment rate of the population aged 15-64 was highest in the provinces of Belluno (71.5%) and Verona (69.8%), while it was at 64.7% in the province of Rovigo. In particular, Belluno stood out for the third highest rate among the Italian provinces, preceded only by Bolzano and Bologna, both for the total employment rate and for female employment rate (67.4%). Verona, on the other hand, was the fourth province in Italy for male employment (78.3%). The unemployment rate fluctuated between 3.9% in Belluno and 8.2% in Rovigo. Again in this case, the province of Belluno recorded the third lowest value in Italy, while Verona and Vicenza were in eighth and ninth position respectively.

**The youth situation is also improving.**

Unemployment in the age group 15-24 decreased by almost three percentage points compared to the previous year: in 2019, in Veneto it reached 18.2% (29.2% nationally), a good result if compared with the 27.6% reached in 2014 at the height of the economic crisis. In this context, the province of Vicenza recorded a particularly favourable situation: youth unemployment was 9.4%, percentage lower even than that recorded in the province of Bolzano. There was also a sharp fall in NEETs, that is young people aged 15-29 who are neither employed nor in education or training: in the last year in Veneto, there were around 16,000 fewer NEETs (-15% compared to 2018), thus falling in one year from 14.8% to 12.4% of the total of 15-29 year olds, the second lowest value in Italy (after Trentino Alto Adige).

**Part time is a useful tool to facilitate participation in the labour market.**

In 2019, there were 4.4 million employed part-time in Italy, 19% of the total. This share, which has grown progressively in recent years, is close to that of the EU28 average of 20.1%. That recorded in Veneto is also in line with the national figure: in 2019, 19.1% of employees against the 15% of ten years ago.

However, between Italy and the EU there are strong differences in the use of part time employment. Part time is in fact a useful tool to facilitate participation in the labour market, especially for women spend more time than men taking care of the family, but it should not become involuntary.

In Italy, between 2009 and 2019, the proportion of those employed part time who declared that they have not found a full-time job rose from 45.3% to 64.4%, while in Europe it dropped to 22.2% (it was 28% in 2014 and 24.5% in 2009); Veneto is also in line with the national trend, recording in ten years an increase in the proportion of involuntary part-time contracts from 33.3% to 53%, in any case the third lowest value among the Italian regions.

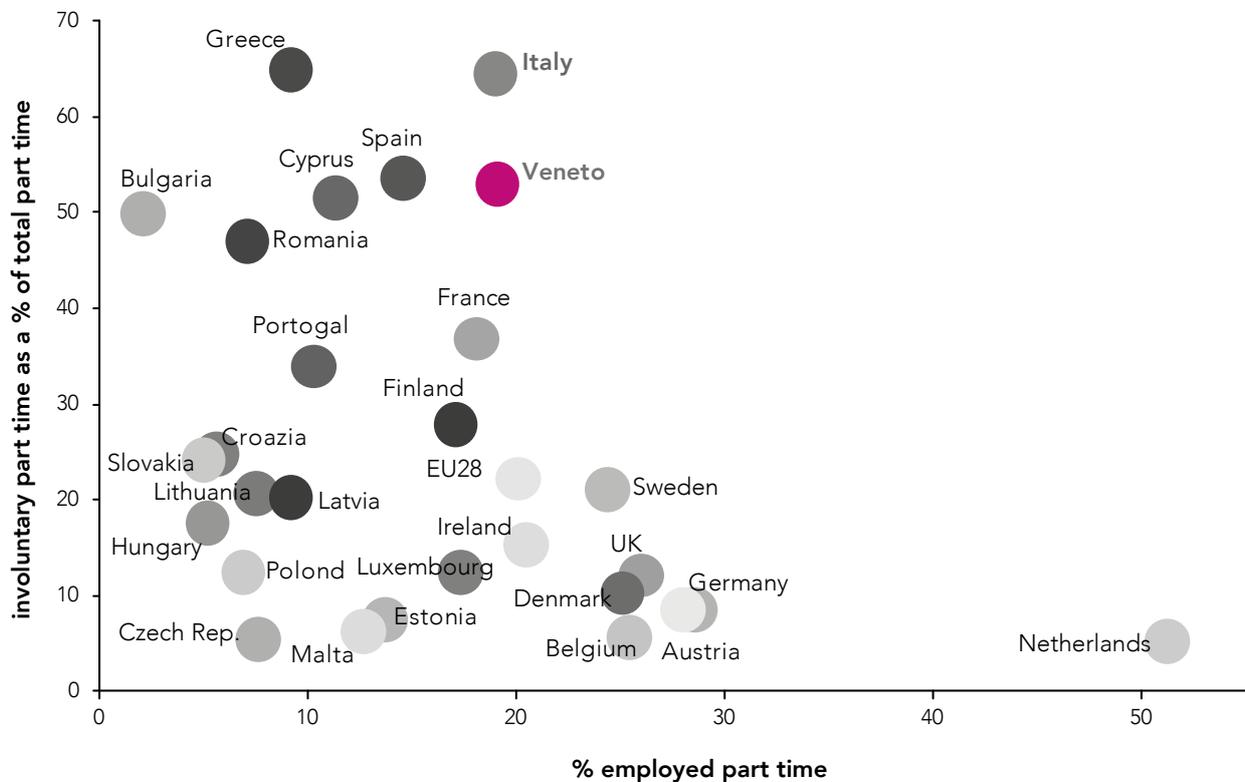
In the southern regions, involuntary part-time work exceeds 73% and in some regions even 80% against a similar spread of part-time in other areas of the country. Involuntary part-time employment is more common among men. Women are more often employed part-time than men, but although proportion

is high, there are fewer involuntary part-time workers than among their male counterparts. In 2019, 36.5% of women employed in Veneto had part-time contracts, against 6% of male workers, but those who declared they were in this situation because they had failed to find a full-time job accounted for 51.9% against 58.2% of men (in Italy the values were, respectively, 60.7% against 74.5%, the latter the highest figure among all 28 EU28 countries)<sup>22</sup>.

In the European comparison, Italy ranks second for the highest share of involuntary part time workers, only beaten by Greece. Conversely, the highest share of those employed part time was recorded in the Netherlands, where half of the workers were on part-time contracts and only 5% of these were forced into this situation; the same trend was also found in Austria, Germany, Belgium, Denmark and the United Kingdom. The figure for the Netherlands was also striking, even divided by gender: in this

<sup>22</sup> Further information on this issue can be found in Chapter 4.

**Fig. 2.7.3** - Percentage of those employed part time and share of involuntary part time workers out of the total employed part-time by EU28 country and for Veneto. 2019



Source: Processing of data from Eurostat and Istat by the Statistical Office of Regione Veneto

country, 75.5% of the employed were part-time, of which only 4.5% were involuntary part-time; for men the values were 29.8% and 7% respectively.

## The health emergency: the impact of Covid-19 on the labour market

2019 was a particularly positive year for participation in the labour market in Italy and in our region, but the health emergency, following the appearance of Covid-19 in January 2020, was a new shock for the economy that also had a severely negative impact on the labour market, as already demonstrated by the first data recorded in these first months; we shall have to wait to see what the real weight of this terrible pandemic will be in the future. An interpretation of the impact on the labour market is provided below using the data available in mid-June.

**The actions necessary to combat the spread of the virus have inevitably had a profound impact on the dynamics of employment.** According to the data published by Veneto Lavoro (Misura/95), which periodically measures the impact on the dynamics of labour in private companies in Veneto, the pandemic, on an annual basis (variation between 14 June 2020 and June 15, 2019) has caused the loss of 45,000 jobs. From the data for the period May

to mid-June, there were encouraging signs of the stemming of the fall in employment after the lifting of the *lockdown* measures; the difference between recruitment in 2020 and 2019 decreased continuously: it was -61% between February 23 and May 3, then fell to -34% in May and even further in the first half of June (-31%).

At the beginning of 2020, in the pre-coronavirus phase, employment continued to grow in Veneto, the balance between recruitment and terminations was largely positive (+40,000). However, starting from the end of February, the situation changed: in the first ten weeks of the health emergency (23 February-3 May), the employment balance was negative, i.e. there were over -27,600 jobs compared to the positive figure recorded, instead, for the same period in 2019 (almost +31,450 units). This result is entirely attributable to the fall in recruitment, while terminations fell by 20%, as a result of the lower number of fixed-term contracts. This concerns all contracts; in particular, fixed-term contracts fell sharply, which also include seasonal workers, with recruitment down by 63%. Subsequently, the balance between recruitment and terminations returned to above zero: +3,355 units in May and over +17,650 units in the first two weeks in June.

**Fig. 2.7.4** Annualized trend variation (\*). Comparison with the same day of the previous year. Veneto



(\*) Permanent, fixed-term and apprenticeship contracts

Source: Veneto Lavoro - Misura/95 "COVID-19 emergency. Impact on employment in Veneto (23 February -14 June 2020)"

The decline in recruitment was more significant for sectors classified by the Government as non-essential and consequently subject to forced closure: in the period 23 February-19 April, for these sectors, recruitment fell by 72% compared to the same period for the previous year. For the essential sectors, 50.5% of recruitments were "lost".

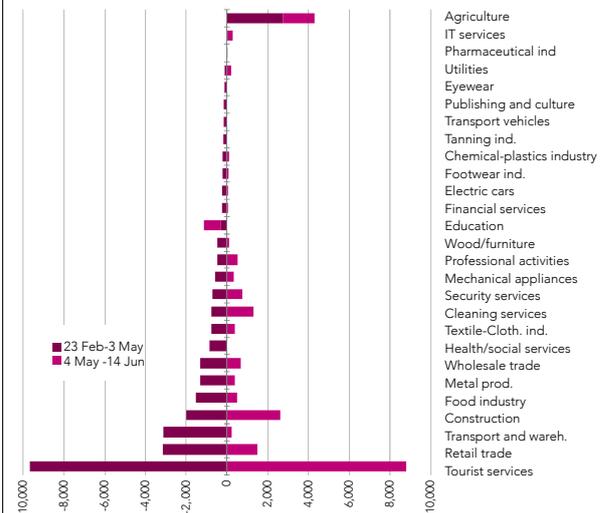
Overall, from 23 February to 14 June 2020, compared to the same period last year, women were more penalized in recruitment, with a decrease of 54% compared to 48% for men; however, for women, there were fewer terminations (24% against 28% for men); considering age, there was a greater fall in recruitment of young people under 29 (more than 55%), while the reduction is lower in people in the middle decades, at 49%.

**At provincial level, the highest cost is paid by Venice and Verona.** The two provinces most heavily invested in seasonal activities (tourism and/or agriculture). Compared to 23 February-14 June 2019, Venice lost 66% of recruitments and Verona 46%. The contractions in the other provinces were much less significant.

**The tourism sector was strongly affected, accounting for almost half of the contraction in employment.** During the period of health emergency, all sectors recorded heavy losses, albeit with different intensities. The percentage change in recruitment from 23 February to 3 May, compared to the same period in the previous year, was -8.2% for agriculture, -54.4% for industry and -71.5% for services. In the following period, from 4 May to 14 June, the reduction improves to -4.3% for agriculture, -21.1% for industry and -40.3% for services. The situation is particularly serious for the tourism sector, which typically features strong demand for fixed-term work, which alone explains 45% contraction in regional employment: in the first ten weeks of the health emergency, recruitment on permanent contracts decreased by 79%, while those on fixed-term contracts by 87%. Overall, in the period 23 February - 14 June, recruitment fell by 72% compared to the same period for the previous year.

**The Government implements various measures to tackle the emergency.** The Cura Italia (Save Italy) Decree and the subsequent Rilancio (Recovery) Decree established various forms of support for families and businesses to help cope with the difficulties caused by the health emergency. For families, there were parental leave, baby sitter benefit and special leave under Italian Law 104/92. For companies that

**Fig. 2.7.5 - Absolute variation between 2020 and 2019 in recruitment recorded between 23 February and 14 June by type of contract and sector**



Source: Veneto Lavoro - Misure/95 "COVID-19 emergency. Impact on employment in Veneto (23 February -14 June 2020)"

suspended or reduced activity due to the Covid-19 restrictions, the ordinary wage guarantee (CIG) scheme was reinforced, which was also granted to those who were already benefiting from the extraordinary CIG scheme and the special CIG scheme. In addition, there is also the ordinary allowance from the Income Support Fund (FIS).

In April 2020, 112,707,324 hours of wage guarantee scheme (CIG) were authorised in Veneto, in addition to 46,383,140 hours in May: to put these figures in context, note that, in the whole of 2010, the year in which the most hours of CIG were authorized during the economic crisis, about 124.5 million hours were granted in total. The percentage variations compared to the previous periods were so high as to be insignificant: in April 2020, there was +2,955% compared to March 2020 and +6,262% compared to April 2019, when 1,771,475 hours were granted. Of the hours granted in the period April-May 2020 in Veneto, 80% are for ordinary CIG and 18% special CIG. Almost all of the hours of ordinary and special CIG were authorised with the official reason 'Covid-19 health emergency'.

74% of the total hours granted in April and May 2020 in Veneto were requested by companies op-

erating in industry, 18% in commerce (classification according to the INPS contribution code) and a further 8% in construction. Going into detail, the sector that experienced the most unfavourable economic situation was hotels, public businesses and similar activities; for workers in these areas, the hardest year of the economic crisis was 2013, when just over one million hours of CIG were granted: in April 2020 alone, the hours granted were triple those for the whole of 2013 (3,133,802 hours, in addition to 2,292,385 in May).

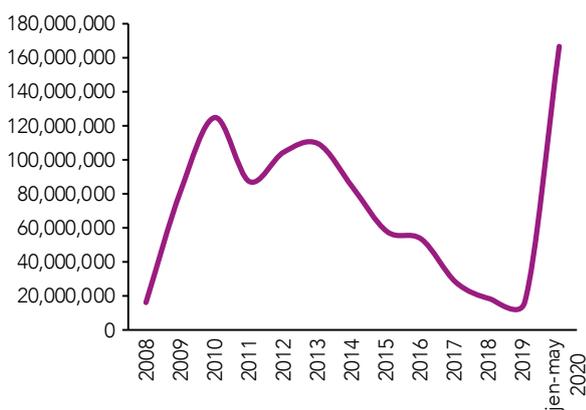
In addition to these hours, in Veneto, there were also hours under the wage guarantee scheme with the reason 'Covid-19 health emergency', paid through solidarity funds to employees of companies belonging to sectors not covered by income support legislation: 10,361,724 hours in April and 47,781,860 in May.

Further aid was provided with the Cura Italia Decree for self-employed workers: they were entitled to 600 in support, also confirmed for May and increased to 1,000 for some workers, to cope with costs and lost earnings from forced closure.

**Smart working is another fundamental tool for coping with the emergency.** Finally, we must add a few words on smart working, which has been adopted in this extraordinary time. In recent months, schools and universities have redesigned new

teaching methods and relationships between students and teachers; local government, institutions and businesses have launched agile working methods to guarantee operational continuity, ensuring the safety of workers and helping to reduce the risk of infection<sup>23</sup>. The hope is that this forced experiment will remain a useful asset for experimenting with new forms of organisation that, again, leveraging the potential of digital, can make our companies more flexible, closer to the needs of workers, with less impact on the environment; in other words, more sustainable. To date, in fact, the proportion of employees working from home in Italy is among the lowest in Europe: compared to 37-38% recorded in 2019, respectively, by the Netherlands and Sweden, and the 16.3% average of the EU28, in Italy there are just 4.8% of people who work from home and in Veneto 5.1%, values that in these ten years have grown only slightly (in 2009 the share was equal to 4.6% in Italy and 3.9% in Veneto).

**Fig. 2.7.6** - Hours authorized under wage guarantee scheme. Veneto - 2008:2020



Source: Processing of data from INPS by the Statistical Office of Regione Veneto

<sup>23</sup> Further information on this subject can be found in Chapter 4 of this Report.







experiencing at least one of these three situations of hardship: being in a situation of income poverty, that is, with income below the national relative poverty line; suffering serious material deprivation, because forced to deprive yourself of goods or services affordable to most people; living in a household with very low work intensity, where the adults work to one fifth of their potential.

In Italy, monetary poverty is the most significant type of exclusion: in 2018, in Italy, one in five people was in income poverty (20.3% vs 17.1% in the EU28), low work intensity affects 11.3% of the population (8.8% in EU28) and severe material deprivation 8.5% (EU28 5.9%).

At territorial level, there is a clear North-South gradient, with more serious situations in the southern regions, where, for example in Campania and Sicily, over half of the population is at risk of poverty or social exclusion.

**In Veneto, hardship is less widespread and decreasing, highlighting one of the best situations at regional level.** The most critical value for Veneto was recorded in 2016, when poverty affected 17.9% of the population, dropping to 15.4% in 2017 and again to 14.7% in 2018, around 156,000 fewer poor people in two years. Specifically, 3.6% of the population in Veneto is in a condition of severe material deprivation, 11% has an income below the national poverty line and 4.8% of people live in low work intensity households.

Women, minors, people with a low level of education, those who live alone, especially if elderly, and households with three or more children, as well as single parents, are more at risk. Poverty and social exclusion are generally associated with the absence of employment, although often having a job is itself not enough to protect against marginalization and too low wages can push some workers below the poverty line.

The health emergency calls everything into question: difficult years are expected, but the most vulnerable will be affected the most, fragilities will increase or worsen as a result of the prolonged economic and employment lockdown. It is clear that the social map of needs is changing, with an unprecedented intensification of primary needs. The data emerging from the first national survey carried out by the Caritas Italiana on poverty in Italy are alarming<sup>2</sup>: the number of poor people who sought help

<sup>2</sup> First survey conducted at national level on 70 diocesan Caritas organisations throughout Italy, about one third of the total.

**Fig. 3.1.1** Percentage of people in poverty or social exclusion by region, Italy and EU28 - 2018



Source: Processing of data from Eurostat and Istat by the Statistical Office of Regione Veneto

from support centres and services of the diocesan Caritas organisations increased on average by 114% compared to the period before the Coronavirus. The demand has grown for basic necessities, food, supplies and home meals, solidarity emporiums, soup kitchens, clothing; but the demand has also grown for financial help for paying bills, rent and general household expenses.

With the various legislative measures approved so far, the Government has made available significant funds to protect jobs and income, support the liquidity of businesses and households, measures to protect household income, such as shopping





for men and 85.8 for women<sup>3</sup>). There are at least 1,122,000 people aged 65 and over, equal to 22.9% of the population (22.8% in Italy). Specifically, 5.8% of residents in Veneto are aged between 65 and 69, 10% between 70 and 79, while 7.1% (347,165 people) are over 80.

Considering the oldest age bracket, aged 80 and over, the percentage in Italy (7.2%) is the highest in Europe; in Germany, a country characterized by a sustained ageing process, the figure stops at 6.5%, while in Spain and France it is 6.1%; on the contrary, in Ireland and Slovakia, where the age structure of the population is younger, it drops to 3.3%.

A longer life does not always correspond to an effective improvement in quality of life. Indeed, not all the years of a person's life are lived in perfect health; especially among the elderly, chronic diseases, frailty and disability tend to become more frequent, reducing independence and leading to a greater need for care and support. The countries where you live the longest are not always able to maintain the top positions for healthy years of life; this is the case for Italy, which falls in the ranking of "healthy life years", ranking fourth for men and seventh for women.

**In Veneto in 2018, healthy life years at birth was 59 years, in line with the Italian figure of 58.5 years.** The World Health Organization (WHO) has developed a strategy for Active and Healthy Ageing, which invests in the elderly's ability to be a resource and to participate in social life, to remain healthy, to benefit from care and protection with an adequate income. The aim is to replace the old policies that consider older people as passive subjects with policies that recognize everyone's right and responsibility to play an active role and participate in the life of the community at every stage of life, including in old age.

Today's elderly are certainly not the old people we once knew: they remain active for much longer, as well as taking care of grandchildren and family members, they cultivate interests outside the home. Some of the elderly are still very active: 25.7% (23% in Italy) participate in social, cultural or recreational activities or attend training courses; thus they reduce the risk of being isolated and keep mentally active. Furthermore, 35.4% of the over 64s (28.6% in Italy) provide support within their families, in terms of care and help to relatives, both cohabiting and non,

<sup>3</sup> A further extension of the average life expectancy is estimated for 2019: 81.7 years for men and 86 years for women.

but also to the wider community through volunteer work, proving to be a true asset to society. This is in part thanks to the fact that they still feel in good health and are satisfied and happy with their lives, as stated by about half of those between 65 and 74 years old and over a third of those over 74 years old. Nevertheless, there is no doubt that there is a certain association between old age and multiple chronic illnesses and incapacity and it is undeniable that the elderly constitute a social category particularly at risk.

**The elderly are at greater risk in the Covid-19 epidemic.** This is confirmed by the data on the health emergency: the virus has affected the entire population, but it has been the elderly, especially the over 80s, who have paid the highest price.

There were 19,154 cases recorded up to 31 May 2020 in Veneto: 41% were people over 64 years of age and the average age of those hospitalized was 79. Among those who died, the average age rose to 81 years: in particular, almost all those who died were over 64 years old, specifically 37% aged between 75 and 84 and 42% over 85<sup>4</sup>. Pre-existing diseases in patients is certainly an important risk factor.

**Health of the elderly living with their family.** In Veneto, most of the elderly live in their own home, often alone, at least as long as their health and autonomy allow. In 2018, around 267,000 elderly people lived alone and, among them, 193,000 were 75 or older, one third of the population of the same age, mostly women (81%).

Considering the elderly living with their family, who generally enjoy better health and autonomy than those living in care homes, in Veneto 28% suffer from at least 3 chronic diseases and, among those over 74, the percentage rises to 34% (compared to 3.7% among people under 65). Furthermore, 16% of the elderly are in a fragile state<sup>5</sup> and needs some

<sup>4</sup> Data from Regione Veneto - Azienda Zero: <https://www.azero.veneto.it/-/emergenza-coronavirus>  
Update as at 31 May 2020

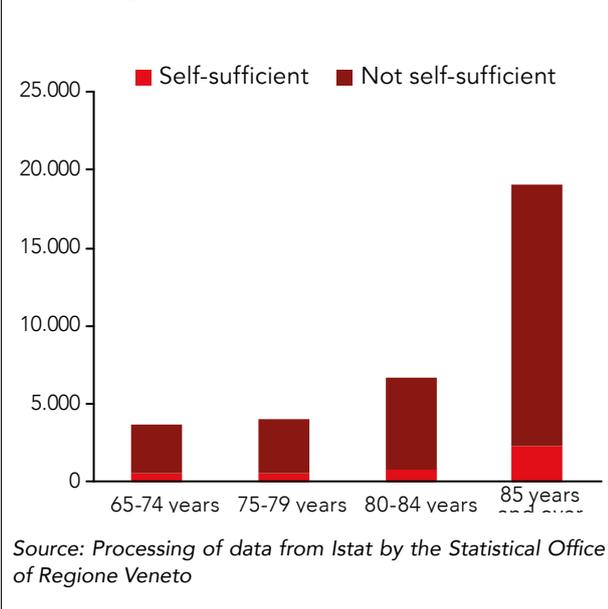
<sup>5</sup> Source: Istituto Superiore di Sanità, "Passi di Argento" population over 64 surveillance scheme.

Although to date, internationally, there is no unequivocal definition of frailty in the elderly, some factors are recognized as associated with greater vulnerability, which can be a precursor or in any case a risk factor for fragility. In Passi d'Argento, a frail elderly person is defined as a non-disabled person, i.e. autonomous in all the essential functions of daily life (eating, dressing, washing, moving from one room to another, being continent, using the bathroom), but not autonomous in carrying out two or more complex functions (such as preparing meals, doing the housework, taking medication, going out and about, managing themselves economically, using a telephone).





**Fig. 3.1.3 - Elderly guests in social and health care homes by age group and level of autonomy. Veneto - 2016**



guests and for carers. Furthermore, considering that hospitalized people are generally of an advanced age and have multiple pathologies, and are therefore more fragile and vulnerable, in conditions of cohabitation, the disease has unfortunately often had a more serious outcome.

At the end of the first screening<sup>7</sup> carried out on all the guests and operators of the 330 care homes in Veneto, it emerged that there were 2,154 cases of Covid-19 among the elderly, equal to 6.4% of the total, while 3.2% of operators were infected, totalling around 1,000 people.

If in the majority of Veneto care homes (74%), there were no cases, in some the virus spread, infecting even over half the guests in care.

### The importance of where you live

Older people typically spend a lot of time indoors; for them, the home often represents a refuge and a comfort, the reassuring safety from the fast and difficult to grasp changes of the outside world. However, the home is essential in everyone's life. It is not just a shelter from the elements: the home is a pre-condition to the full and effective enjoyment of other fundamental rights, such as the right to psychophysical health, personal development, privacy, and in general it is an essential element to ensure

<sup>7</sup> Data as at 20 April 2020.

**Tab. 3.1.2 - Residential care homes for the elderly by cases of Covid-19 found among residents at the 1st screening(\*) - Veneto**

Residents with Covid-19	Care homes	
	No	%
0	244	73.9
< 5%	37	11.2
5% - 10%	9	2.7
10% - 20%	8	2.4
20% - 50%	15	4.5
> 50%	17	5.2
<b>Total</b>	<b>330</b>	<b>100.0</b>

(\*) Data as at 20 April 2020

Source: Processing of Regione Veneto data by the Statistical Office of Regione Veneto

social inclusion.

In Italy, as in all of Europe, difficulties in accessing housing are a source of concern, with the dramatic resurfacing in the current situation of a problem that was considered to have been overcome. This phenomenon goes hand in hand with some concurrent socio-economic factors, including: an increase in the number of households, accompanied by a reduction in the average size of household; urbanization due to the outsourcing of work which leads to situations of flexibility and mobility; the economic changes that in the last ten years have accentuated the imbalances in the distribution of income and made it more difficult for the middle classes to stay in an increasingly expensive housing market. Income inequalities are thus intertwined with housing inequalities, the latter being partly an effect and partly a cause of the former.

The problems related to inequalities in housing burst open with the emergence of the Covid-19 epidemic and the consequent restrictions on mobility. The tag #IoRestoACasa (I'm staying at home) became the name for a Prime Ministerial decree<sup>8</sup>, which led to a sudden and drastic change in the experience of home, more or less bearable according to the shape and characteristics of the house in relation to those of the family unit.

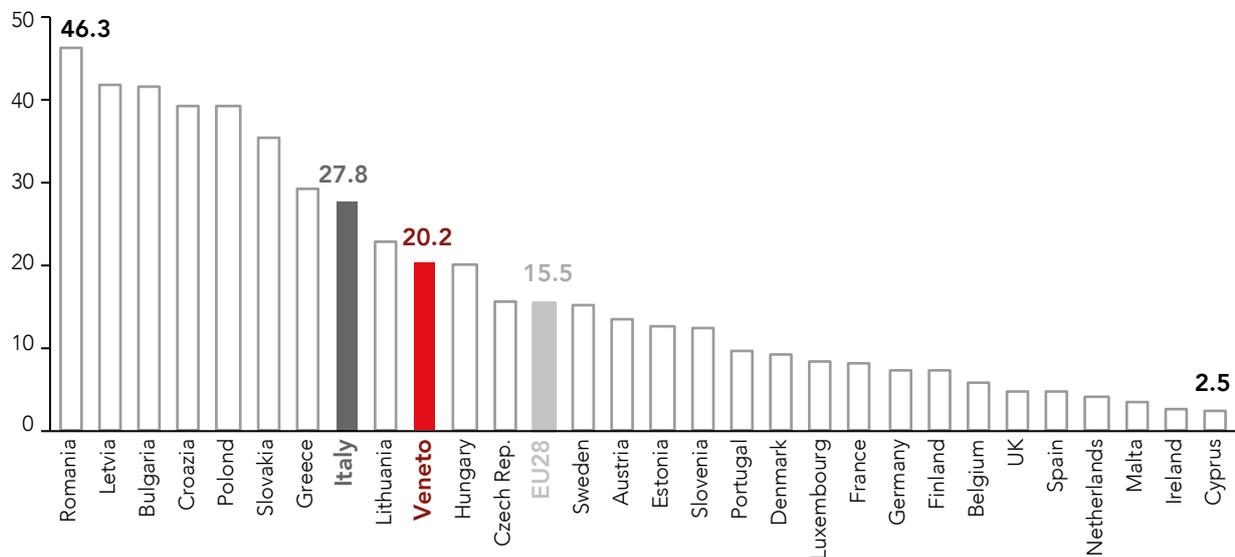
**The quality of housing is generally good.** It is

<sup>8</sup> PM Decree 9 March 2020.





**Fig. 3.1.4** - Housing overcrowding index(\*). Veneto, Italy and EU28 - 2018



(\* In accordance with the methodology currently used by Eurostat, housing is considered overcrowded when it does not have a minimum number of rooms, as follows: one family room; one room for each couple; one room for each member aged 18 and over; one room for every two members of the same sex between 12 and 17 years of age; one room for every two members up to 11 years of age, regardless of gender.

Source: Processing of data from Eurostat and Istat by the Statistical Office of Regione Veneto

a person has no privacy or control of their space, but those who have no alternatives sacrifice these aspects in order to have somewhere to live. Indeed, overcrowding is more frequent among people on low-incomes: in Italy, in 2018, as many as 38% of people with an income below 60% of the median income lived in such conditions, along with 42.1% of people living in rented accommodation.

Whilst the Covid-19 crisis forced everyone to stay at home as a precaution, with the consequent inconvenience, the situations of overcrowding made it more complicated and harder to cope with. There are also particularly disadvantaged families who, in addition to overcrowding, also have to deal with poor structural conditions of their homes. One indicator that takes both aspects into account is severe housing deprivation<sup>11</sup>. In 2018, Veneto was the second region, after Molise, in terms of best regional picture given by this indicator: only 2.8% of people lived in these conditions, against the Italian average 5% and the European Union 4%. In fact,

as we observed at the beginning of this chapter, in Veneto, despite the fact that overcrowding is quite widespread, the structural conditions of houses are generally good.

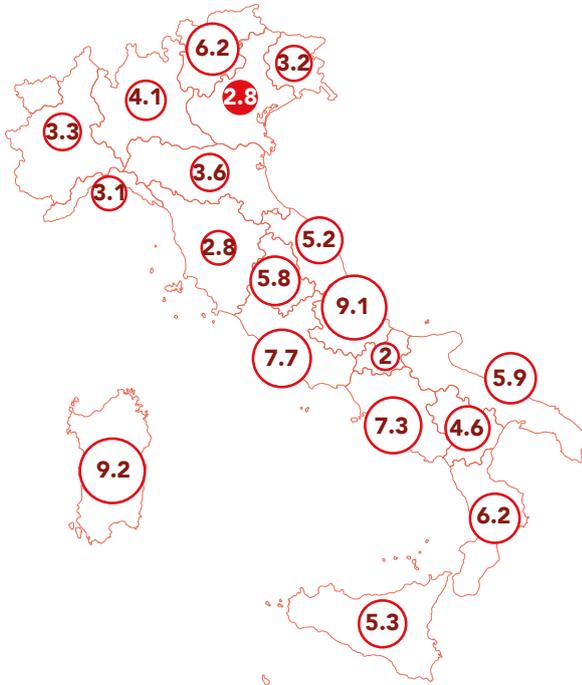
**Home ownership is declining, renting is on the rise.** Whilst, in Italy, more than elsewhere, we have a known prevailing culture of home ownership, something has changed in recent years: since 2012 we have observed a decreasing trend in the number of households owning their own homes and a simultaneous increase in those renting.

In 2008, 15.7% of households in Veneto were renting, in 2018 they figure was 18.1% (from 18.8% to 20.8% nationally); in Europe, the proportion of people renting rose from 26.8% to 30.7%. While home ownership remains by far the prevailing trend, in ten years, households in rented housing have grown by 21%, homeowners by 2% (in Italy, 17% and 3% respectively). The contributing factors include, on the one hand, the mechanisms of the financial market which, after the subprime crisis, made the criteria for granting loans more stringent and, on the other, the increase in income insecurity. The weaker segments of the population - the young, the elderly, single-income families, immigrants, workers in insecure jobs

<sup>11</sup> Severe housing deprivation refers to people who live in housing that is overcrowded and also exhibits at least one of the following issues: a) structural problems (ceilings, fixtures, etc.), b) no bath/shower with running water; c) not enough light.



**Fig. 3.1.5 - Percentage of people in severe housing deprivation(\*) by region. Italy - 2018**



(\*) People who live in housing that is overcrowded and also exhibits at least one of the three following problems: a) structural problems (ceilings, fixtures, etc.), b) no bath/shower with running water; c) not enough light. Data for Valle d'Aosta is not available.

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

and in general households with lower financial capability - turned to the rental market, sometimes adapting, as we have seen, to situations of crowding. They often find themselves paying rent that is too high in relation to their financial resources, given that the majority are not on low enough income to access council housing. On the other hand, Veneto remains in second place among Italian regions for the proportion of households that pay a mortgage, a situation that concerns about 20% of homeowner households; as a whole, therefore, 33% of families in Veneto are burdened by unavoidable housing expenditure.

**An unsustainable burden?** Housing costs are one of the main items of the family budget: in Veneto, households spend an average of 308 per month on utilities, ordinary maintenance, rent or mortgage,

or 10.4% of their income. In general, 56.8% of families consider that the costs for their home are too high (58.4% in Italy). In 2017, 2.9% of people were in arrears with the payment of bills, rent or mortgage and 7.6% could not afford to heat their home adequately (6.1% and 15.2% respectively in Italy). Of course, the costs are different for those who are renting, who have to pay a mortgage or not. For example, in Italy in general, households spend 301 on the home, equal to 11.5% of income, but if they are renting, they pay an average of 560, which accounts for 28.5% of income. In the north-east, 47.9% of renting households consider the rent too expensive, and so do 41.1% of households on a mortgage. In relation to this contingency, the Covid-19 emergency, by depriving many people of an income or a full income, has put households in situations of great difficulty in terms of housing security: a decree-law<sup>12</sup> suspended mortgage payments for a few months, giving indebted households some breathing space; for those renting, the situation is likely to be critical.

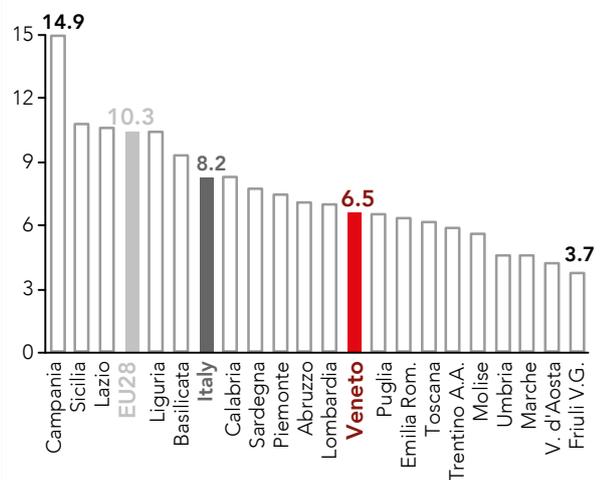
One measure of the unsustainability of housing costs is the overburden rate, which is the proportion of households who spend more than 40% of their income on the house in which they live. For Veneto, this indicator was lower than the rest of Italy: 6.5% against an average of 8.2%, but it is also true that in the last year it has gone up a bit, given that it was 5.2% in 2017.

However, if we look at income, there are wide disparities: for example, if, nationally, we consider only the poorest households, whose income is below 60% of the median, 32.9% of them are overburdened against 1.9% of the others.

**Wellbeing at home also presupposes wellbeing in the family or with the people you live with: the problem of domestic violence.** Poor quality of relationships adds to and amplifies housing deprivation but it is also a source of malaise in itself, which is exacerbated by staying at home, regardless of the quality of the housing. The WHO highlights the fact that one in three women in the world suffers physical or sexual abuse in their lifetime and, when there is a crisis situation, such as natural disasters, wars or epidemics, the risk of violence tends to increase. Evidence of this can be seen in the records of calls to the toll-free number 1522, which recorded a significant increase in calls during the lockdown period (5,031 between 1 March and 16 April, 73% more

<sup>12</sup> Prime Min. Decree no 18 of 17 March 2020, "Cura Italia".

**Fig. 3.1.6 - Housing cost overburden rate(\*) by region. Italy and EU28 - 2018**



(\*)Percentage of people living in households where the cost of housing exceeds 40% of disposable income.  
Source: Processing of data from Istat by the Statistical Office of Regione Veneto

than in 2019<sup>13</sup> and 59% more requests for help) and the D.i.Re. network. of victim support centres that, between 2 March and 3 May, received 5,939 requests for help (against the bimonthly average in 2019 of 3,286), but only 30% were from women who had never referred to an victim support centre (normally they account for around 78%)<sup>14</sup>.

**In Veneto, the D.i.Re. network received 651 calls, of which just 126 were "new".** The victim support centres, with the campaign "#iorestoacasa ma #laviolenzanonsiferma" (I'm staying at home but the violence doesn't stop) managed to continue their activities, by reorganising their methods of providing support: telephone and online availability and support, meetings in person staggered in shifts, sanitising the centres and managing emergencies. The Regione Veneto took two forms of action in the emergency: an information campaign, to give women more immediate access to victim support services, and by improving the sanitation and strengthening the equipment of 48 facilities that make up the victim support network of the region. The coro-

<sup>13</sup> Telefono Rosa, press release of 20 April 2020  
<https://www.1522.eu/aprile-picco-delle-telefonate-al-1522/>

<sup>14</sup> D.i.Re., press release of 11 May 2020  
<https://www.direcontrolaviolenza.it/2-956-donne-si-sono-rivolte-ai-centri-d-i-re-tra-il-6-aprile-e-il-3-maggio-il-33-per-cento-per-la-prima-volta/>

navirus has not changed violence against women in intimate relationships, forced cohabitation can only accelerate and trigger more frequent or violent attacks, as occurs, for example, during holidays or weekends. The latest Istat survey of 2014 revealed that, in Veneto, 31.7% of women have suffered some form of physical or sexual violence in the course of their lives, 13.1% at the hands of their partners. In 2017, 10 women in Veneto were victims of murder, of which 5 were killed by their partner or ex, and 3 by another relative.

**#I'mNotStayingAtHome, or when there is no home.** The difficulty of staying at home is far from evenly distributed among the population; in addition, there are those who do not have a home. Not having a house to live in is an existential condition that is already precarious and insecure in itself, which requires daily support: finding a place to have a shower, where to find clean clothes, where to sleep or eat. The epidemic aggravates this condition due to the greater difficulty in providing services through the organisations that normally provide them: soup kitchens and shelters are not always able to guarantee social distancing or time is needed to reorganise them.

The latest Istat survey of 2014 estimates that 50,724 homeless people in Italy use a soup kitchen or shelter service, 9,149 of whom are in the North-East, of which almost 3,400 in Veneto. These are mostly men (87.5%), with an average age of 44, who in 65.4% of cases previously lived in a house and who in 28.6% of cases have a job<sup>15</sup>.

**In addition to the homeless, there are those who for various reasons live in structured living facilities** If the virus spreads faster among individuals who are in close contact, living in shared facilities with other people and with operators who come and go represents an element of additional vulnerability. These are public or private structures that provide assisted living with a place to sleep and social and/or health care services. Over 40,000 people who are in need for various reasons live in these facilities in Veneto: elderly people alone or with health problems, people with disabilities, children with no parent or guardian, young women in difficulty, foreigners or Italian citizens with financial problems and in situations of social hardship, people who are victims of gender-based violence. To the underlying fragility of the guests, to which residential services try to find solutions, the coronavirus epidemic adds

<sup>15</sup> Occasional work included.





one to use fast internet, including people who live in less built-up areas.

**Never before has digital exclusion so clearly translated into social exclusion to the detriment of the poorest households and the most fragile individuals.** Without a PC or a tablet and without the internet, children and young people cannot access distance learning, thus they are deprived of a fundamental right: education. Without forgetting that, in addition to those who are without the digital tools, there are also households who don't have the cultural tools to follow their children in tandem with the teachers.

Pupils with disabilities are even more heavily penalized: for them, distance learning is more problematic and the lack of real contact with teachers and classmates is a great loss of opportunities, not only in terms of cognitive learning, but also because school it is a place for social inclusion, for the acquisition of relationship and social skills.

With the closure of schools and with distance learning, educational poverty, linked to economic and social poverty, has taken on a further dimension, a digital dimension: not only in terms of exclusion from the internet or the lack of IT equipment, but also in terms of cultural problems of digital literacy. Schools have taken steps to reduce the digital divide, even loaning out equipment, with the aim of preventing school dropout and worsening situations of educational poverty that already exist. However, there are young people and children, especially in lower levels of education, who in this period have no longer had contact with their school. All this is seriously undermining the constitutional right to education and children are losing citizenship rights.

In fact, the internet is even recognized as having a crucial role in democracies and, at this time, there emerges more urgently the need to include the right to access to info-telematic networks in the Constitution, recognizing it as a universal right. The concept of substantial freedom, expressed by article 3 of the Constitution, requires that the Republic remove the economic and social obstacles that prevent the full development of people and effective participation in the political, economic and social organisation of the country. And today, the most concrete and effective participation tool is internet access!

**In the international context, Italy suffers from a certain delay in digital development.** In Europe, Italy is one of the countries with the lowest digital performance, as revealed by the Digital Economy

and Society Index (DESI), adopted by the European Commission to measure digital competitiveness. The indicator summarizes the performance of each country with respect to five digital dimensions: connectivity, in terms of diffusion and quality of digital infrastructure; human capital in terms of digital skills of the population; activities undertaken on the internet by citizens (use of internet services) and businesses (integration of digital technology); and the dissemination and use of "digital public services" (e-government, open data, digital health, etc...). In 2019, Italy in was given a DESI of 43.9 points on a scale from 0 to 100, where increasing values express better digital performance, ranking below the European average (52.5), in 24th place, ahead only of Poland, Greece, Romania and Bulgaria. Northern European countries stand out for digital progress, once again at the top of the list, with Finland, Sweden, the Netherlands and Denmark boasting a DESI 25 points higher than that of Italy.

Compared to the previous year, Italy showed some progress in infrastructure (from 26th to 19th place in the ranking), thanks to the extension of the ultra-broadband offer, and the digitisation of local government. Online public services and open data are generally available and the spread of digital medical services is well established, especially in some regions. Among other things, during the period of the health emergency, there was an extension of the use of dematerialized prescriptions and electronic health records, as well as the use of telemedicine for examinations and check-ups. Furthermore, the Recovery Decree<sup>19</sup> recognizes the digitisation of local government as a fundamental lever for economic development, allocating 50 million for 2020 for the digital innovation of public administration, in order to simplify bureaucracy, speed up response times, reduce costs and improve the relationship between local government and citizens.

However, there are still too many people who do not use the internet (25th place) and businesses, especially small and medium-sized enterprises, which fail to exploit the opportunities offered by the net (23rd place in integration of digital technology). These shortcomings largely depend on the widespread digital illiteracy of citizens and businesses, a real obstacle for the innovation and progress in Italy.

<sup>19</sup> Decree Law no 34 of 19 May 2020, "Urgent measures on health, support for work and the economy, as well as social policies, in relation to the Covid-19 emergency"



**Tab. 3.1.4 - DESI: score(\*) and position of the synthetic indicator and its component dimensions. Italy and EU28 - 2018:2019**

	Italy				EU28	
	2018		2019		score	
	score	position	score	position	2018	2019
<b>DESI</b>	<b>38.9</b>	<b>24°</b>	<b>43.9</b>	<b>24°</b>	<b>49.8</b>	<b>52.5</b>
Connectivity	46.5	26°	57.6	19°	54.8	59.3
Human capital	32.2	25°	32.6	26°	47.6	48.0
Use of internet services	36.6	25°	40.4	25°	50.7	53.4
Integration of digital technology	31.2	23°	32.3	23°	39.6	41.1
Digital public services	49.9	19°	58.7	18°	57.9	62.9

(\*) The DESI synthetic indicator and the component dimensions have scores ranging between 0 and 100: the higher the score, the better the digital performance of the country.

Source: Processing of data from European Commission by the Statistical Office of Regione Veneto

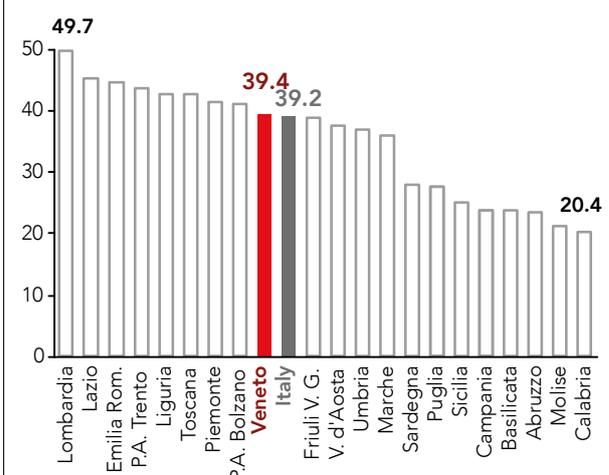
At regional level<sup>20</sup>, the best digital performances, even if below the European average, were achieved by Lombardy and Lazio (49.7 and 45.2 points out of 100). Veneto is in a medium-high position, like almost all the northern regions, while the South shows significant critical issues and a delay that penalizes the entire country.

**The Covid-19 emergency has demonstrated even further the importance of high-performance and extensive network coverage.** The Digital Agenda for Europe proposes infrastructure goals, including fast broadband, at least 30 megabits per second (Mbps), for everyone and ultra-fast for 50% of internet users by 2020. With its 2015 national plan for the development of Banda Ultra Larga BUL (Ultra Wideband, UWB), Italy set itself the goal of bridging the gaps that separate it from many European countries and developing an ultra-wideband network infrastructure throughout national territory. In addition to public investments intended to develop "white areas", in which telecommunications operators have no interest, there are resources and industrial development plans put in place by private operators for the extension of fast broadband in the most attractive areas, where the potential demand, and therefore the economic return, is greater. Consistent with the UWB, the Veneto Region aims

to equip its territory with new generation fiber optic networks and "cover, by 2020, 85% of the population with infrastructures capable of delivering services at speeds of at least 100Mbps, while guaranteeing for 100% of citizens access to the internet at at least 30Mbps."

From the last public consultation in 2019 conducted by Infratel to identify the connectivity offered by telecommunications operators and their investment

**Fig. 3.1.7 - Regional DESI. Italy - 2019**



Source: Processing of data from the Digital Agenda Observatory of the Politecnico di Milano by the Statistical Office of Regione Veneto

<sup>20</sup> The Digital Agenda Observatory of the Politecnico di Milano calculates a regional DESI, replicating the approach used at European level. The regional DESI, however, is not comparable with that calculated by the European Commission.

intentions, it appears that at the end of 2018, 48.6% of Veneto was reached by ultra-wideband at at least 30 Mbps, less than the national average (58%) and the figure for most of the southern regions, which are further ahead in part because they benefit from greater and specific European contributions destined for underdeveloped areas.

Specifically, in 2018, 36% of Veneto municipalities still have no coverage and for another 26% it is very limited, reaching less than 20% of building units. However, there is coverage of between 40% and 80% of the building units in 26% of Veneto municipalities.

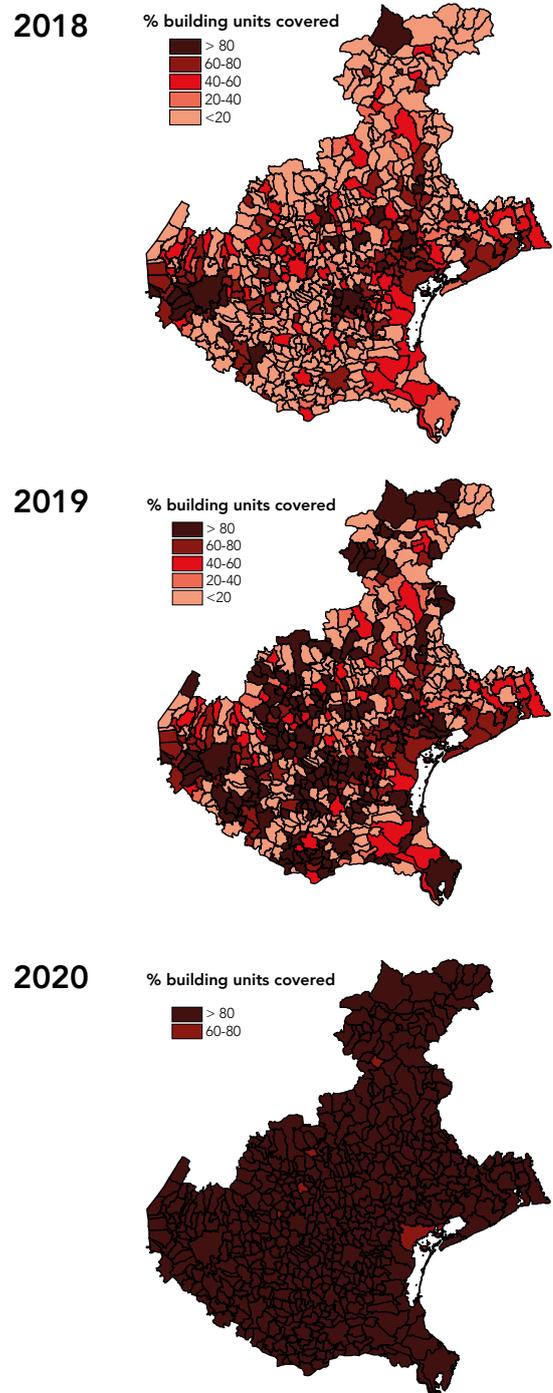
Relying on the acceleration of works to compensate for the delays seen in starting and progress of works, the aim is to achieve almost total coverage of regional territory starting from the two-year period 2020-2021.

The situation is less positive if we consider very high-speed networks (greater than 100 Mbps), for which coverage in Veneto in 2018 reached just 11.1% of building units, compared to a national average of 12.1%. By 2020, our region is expected to cover more than 50% of building units and almost 85% in 2021.

Given the offer of digital infrastructures, the actual use of ultra-wideband by the population is still limited. In support of providing fast internet and the necessary devices, a total of 1.146 billion in aid will be provided from September to be allocated to households and companies that need to surf the internet faster. Households and businesses will be able to benefit from a connectivity voucher differentiated by income brackets, for the purchase of connectivity services that can immediately support the distance learning needs of students and teachers and agile work for employees and companies<sup>21</sup>. The scheme encourages new connections but also the transfer to a higher performing connection. At the moment the resources allocated for Veneto are 28.7 million, which provide connectivity vouchers for 54,538 households (6% of total households) and 10,764 businesses (8% of the total). Furthermore, the School Plan reaffirms the central importance of schools in the digital training process and allocates an additional 400 million to provide high speed connections to 84.1% of schools throughout the country. Consider that, today in Italy, only 1 in 10 schools uses a connection at a speed higher than 30 Mbps.

<sup>21</sup> Voucher plan - COBUL (Committee for Ultra Wideband).

**Fig. 3.1.8** - NGA coverage: percentage of building units covered by systems with a download connection speed of at least 30 Mbps by municipality. Veneto - 2018: 2020



Source: Processing of data from Infratel Italia by the Statistical Office of Regione Veneto





and sustainable.

*Smart working*, alongside already regulated tools such as teleworking, is a more agile, flexible and mobile way of working, without the constraints of place and time, giving people more autonomy but also greater responsibility in terms of results. It is not just remote work, but complete planning, which spans from the rethinking of spaces and from a new way of working based on human trust and collaboration, transforming people from workers guided and evaluated on the basis of the work time to “responsible professionals” focused and evaluated based on the results achieved.

There are recognized advantages: by not going to the office every day, workers save stress and time, which they can devote to their families, and gain motivation and satisfaction, while companies have fewer expenses and reduce absenteeism. What is more, the environment is also positively affected: smog decreases, traffic is reduced and cities improve, becoming more liveable. In addition, especially in phase 2 of the Coronavirus emergency, remote work reduces the flow of people on public transport and in offices, while ensuring regular business activity.

Before the emergency, in Italy, not even 5% of those in employment were teleworkers, one of the lowest percentages in Europe and far from the performance of Nordic countries, where a third of the employed usually work from home (Netherlands 38.4%, Sweden 33.8%, Finland 30.2%). And in Veneto the percentage does not differ much from the national average (5.3%).

Considering, instead, *smart working*, i.e. the evolution and extension of the concept of teleworking, the data from the Smart Working Observatory of the School of Management of the Politecnico di Milano recorded an acceleration in diffusion from 2019, when there were around 570,000 smartworkers in Italy, 20% more than the previous year. Specifically, even before the health emergency, *smart working* was already a reality in 58% of large companies (56% in 2018) and in 12% of SMEs (8% in 2018), which prefer an informal approach. Agile work projects also doubled in local government (from 8% in 2018 to 16% in 2019), albeit still limited in terms of people involved, as they concerned on average 12% of employees.









## 4.1 Work: restarting with no one left behind



An inclusive labour market is the main way forward to fight poverty, social exclusion and guarantee a dignified life for all people. The economic crisis was a major obstacle to economic development and active participation in the labour market, but in recent years there had been positive signs: in our region, employment had returned to pre-crisis levels and unemployment was gradually falling. Unfortunately, other obstacles have appeared on the horizon: the health crisis due to the coronavirus emergency, which started at the beginning of the year, has involved all sectors of our economy. Some workers were affected more than others: seasonal, those in insecure jobs, self-employed, employed in sectors subject to closure. Furthermore, those categories that are historically most fragile risk being further penalized. The path of inclusion, which had led to good results in recent years, will certainly be subjected to great pressure; we will need to roll up our sleeves once again and develop strategies that can guarantee decent work and the same opportunities for the entire population.

12.4%

Young NEETs aged 15-29



37-41%

Employees involved in the closure of companies due to Covid-19



19%

Women employed in involuntary part time work



### Positioning

The economic crisis, which characterized the last decade, has profoundly affected living conditions and strengthened evidence of the growing phenomenon of inequality and of social cohesion. Youth, women and foreigners are the worst affected categories. The positive signs in recent years risk being overshadowed by the effects of the health emergency that started at the beginning of the year; It is difficult today to assess the impact on the labour market: new difficulties will be added to the old difficulties, new categories of workers will be at risk of social exclusion. Only when the emergency is over, or at least when the emergency is "under control", will it be possible to get a more precise picture.

**Youth in Veneto in less difficulty.** Basing the analysis for now on the data available in 2019, therefore before the onset of the coronavirus, as regards social inclusion, Veneto presents a more favourable

situation compared to other Italian regions.

One group in particular difficulty is the youth *NEETs*: these are young people aged 15 to 29 who are not in education, employment or training; youth excluded from the labour market and excluded from the education and training system. In Veneto 12.4% of this age bracket are NEETs, the second lowest value in Italy, with better results observed only in Trentino Alto Adige. Comparison with the European Union of 28 states is also good: in 2019, the EU28 recorded 12.5%. But who are these young people? Why don't they study or work? In 2018, 41% of *NEETs* aged 15-29 are not looking for work and, in any case, are not willing to work. This proportion rises to 48% for women and drops to 30% for men. The remaining 59% are youth who would like a job but cannot find one. Many are unemployed with no experience, so they are looking for their first job, oth-

ers have already worked in the past. We must also take note of the share of discouraged youth: 18% of NEETs would be willing to accept a job, but they are not actually seeking work. They are called discouraged youth precisely because they have given up on getting out of this limbo of inactivity. We point out here that one of the goals of the 2030 Agenda for Sustainable Development concerns precisely youth NEETs: The aim is to reduce substantially the proportion of unemployed youth who are in neither education or training.

The position of youth in Veneto is therefore better than that of young people living in other Italian

regions. However, even in our region, there is no shortage of difficulties: there is a significant proportion of youth in insecure jobs (in 2018, more than a third of 20-34 year-olds were in temporary employment) and many have had to adapt and accept jobs that do not correspond to their skills (in 2017, 17.6% of 25-34 year-olds were overeducated), with repercussions also on remuneration and on the opportunities of young people to build their own future.

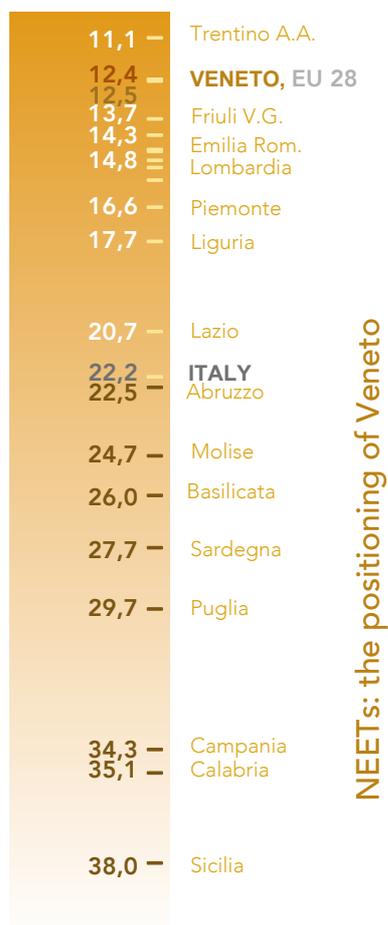
**The employment position of foreigners is also fragile.** In Veneto, in 2018, the employment rate for Italian citizens was 67.3%, the fifth highest value, while for foreigners the rate dropped to 62.2%, losing three positions in the regional ranking (eighth position). Foreigners are also penalized in terms of contractual conditions and salaries. Workers in insecure jobs represent 22.4% of foreign employees (among Italians the proportion is 16.2%) and of 100 non-Italian employees working full time, more than 14 earn less than 1,000, compared to 5 Italian employees.

### Path

As already mentioned, the economic crisis has slowed the growth of the labour market, although the effects recorded in our region have been less dramatic than in other areas of the country. Starting from the second half of 2020, we will begin to understand more precisely the effects of the health crisis brought about by COVID-19: the economy and the labour market have suffered a shock that is, in some respects, not even comparable to the Lehman Brothers crack. The path of inclusion will certainly be subjected to great pressure; we will need to roll up our sleeves once again and develop strategies that can guarantee decent work and the same opportunities for the entire population.

**The continuing path of gender inclusion.** In recent decades, women have improved their position in the market as a consequence of a rise in educational qualifications: in the last few years alone, the percentage of female graduates has grown by over six percentage points (from 9.9% in 2008 to 16.0% in 2019), while for men it rose by three points (from 9.7% to 12.9%). The female employment rate has risen from 46.9% in 1998 to 55.7% in 2008 and 58.8% in 2019. The crisis has therefore slowed down the growing trend, but it has not halted the emancipation process: in 2008, the female employment rate was 72.3% of male employment, which grew in 2019, following a fluctuating path up

**Fig. 4.1.1 - Proportion of NEETs among youth aged 15-29 (\*). 2019**



NEETs: the positioning of Veneto

(\* NEETs = young people Not engaged in Education, Employment or Training.

Source: Processing of data from Istat by the Statistical Office of Regione Veneto



ment rate of people aged 15 to 64 with severe limitations is 31.3% against 57.8% of people without limitations, in the same age group.

**According to Veneto Lavoro, there are more disabled men in employment, aged over 50 and with minor disabilities.**

Estimating the number of disabled people employed in our region is not a simple and straightforward exercise. Veneto Lavoro carried out an accurate analysis starting based on the information prospectuses that employers subject to the mandatory hiring regulations must submit electronically, adjusting the data with the information taken from the SILV (Veneto Lavoro Information System). From this study, as at 31 December 2018, there were around 11,000 employers required to hire disabled people, with an average company size of 73 workers. Overall, around 37,000 disabled people were employed. Of these, 59% were men, 63% were over 50 and most had a disability rate of less than 66%. As regards the type of work, almost all of them were hired full time (68%) on permanent contracts (93%), the services sector was most (53%) and the private sector more generally (76%). It should be emphasized that, once again, youth are the most disadvantaged among the disadvantaged: only 3% of the

total number of disabled workers are under 29 years of age, while those over sixty account for 25%.

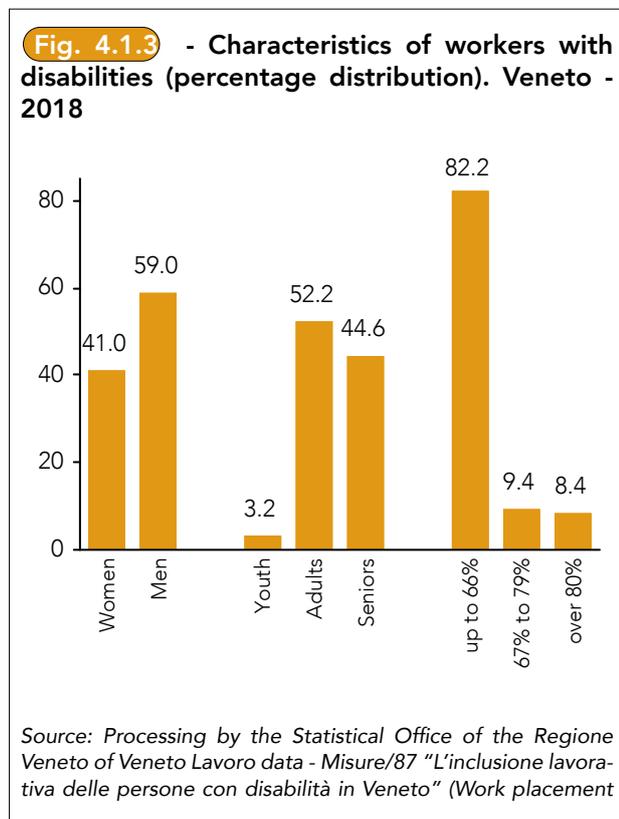
The Veneto Region has for some time been focusing strongly on the employability of the disabled: in the previous 2014-2020 programming cycle, it implemented guidance and training activities aiming towards *empowerment* and improving the employability of beneficiaries. More than 7,000 people took part: 12 months after the conclusion of the guidance/training activities, 23% of the participants had signed an employment contract. The project appears to have been more effective for disabled people with education beyond lower secondary school and for those with a disability rate of between 46% and 50%.

**Conciliatory jobs to cope with the crisis**

The issue of job inclusion cannot be addressed without examining in more detail the issue of gender equality and work-family reconciliation. The labour market can be said to be inclusive if it enables people to manage work commitments and family commitments without restrictions. Too many times, in fact, it has been the family that has adapted to occupational needs: the lack of money coming in leads young people to postpone leaving the family unit; the lack of childcare services and tools leads to the postponement of the decision to have children, as well as putting many parents off having two or more children. The difficulties for mothers lead them to give up their jobs, or force them to make decisions that halt their careers, thus losing salary and ground compared to men. Caring for the disabled and the elderly is also too often on the shoulders of family welfare, further exacerbating the pressures on families.

**The lack of work is holding back youth independence.**

In Italy, young people stay at home with their parents for up to 30 years; this is vastly different from the situation in other European countries: in Denmark and Sweden, young people fly the nest at 21. In Veneto, 61.2% of youth aged 18-34 live at home with at least one parent, only 8% live alone while 13% are in a couple and have children and 12% are in couples but do not have children. The disparity with Europe is certainly a cultural factor, but the economic crisis has affected the pathways to independence. Youth unemployment has reached alarming levels: in 2008, the unemployment rate of 25-34 year olds was 3.9%, during the crisis it increased to 10.7% (2016), then fell by a few points in





ganisation of private life. These time flexibility tools include:

- a time bank in which overtime hours are accumulated, rather than remunerated, and can be set aside to be used by the worker as needed (subject to company approval);
- teleworking, still scarcely used in Italy, often because employers do not have adequate tools for measuring work performance as an alternative to employee presence in the office, but also due to problems related to workplace safety regulations;
- flexible working hours, which are an increasingly widespread initiative;
- smartworking.

**Smartworking at the time of Covid-19.** Smartworking is the distinctive feature of this extraordinary moment that Italy, along with many other countries, is experiencing. In a very short time, schools, universities, businesses and local government have had to initiate the revolution in working arrangements that had been the subject of repeated discussions, but that, until now, had always remained a marginal experience - albeit evoked as a useful tool to improve family-work reconciliation or to reduce travel and consequently pollution and to respond to the different approach that the younger generations have with respect to working times.

The hope is that this large-scale forced experiment will remain a useful asset for experimenting with new forms of organisation that, again, leveraging the potential of digital, can make our companies more flexible, closer to the needs of workers, with less impact on the environment; in other words, more sustainable<sup>2</sup>.

At the time of the coronavirus, the reconciliation of family and work is also made more difficult by the closure of schools: parents who go to work have the problem of finding childcare solutions, since not even grandparents can help out; for parents in smartworking, there is still the problem of finding the space and time to work whilst taking care of children, especially those with small children. To tackle these problems, the Decreto "Cura Italia" (Save Italy Decree) provided for support in the form of babysitting vouchers or, alternatively, a new special parental leave on 50% salary. Subsequently, due to the protraction of the emergency situation and the closure of schools until further notice, this support was

<sup>2</sup> For more information on this subject, please see Chapter 2 of this Report.

doubled: in the Decreto Rilancio (Relaunch Decree) in mid-May, the babysitting voucher was increased to 1,200 and parental leave to 30 days.

## The workers most affected by the health crisis

At the time of writing this paragraph (mid-June 2020), there is not yet any complete data available on the economic impact of the health crisis. However, some information can be estimated by analysing the structure of the Veneto labour market and the data on recruitment in the first part of the year.

According to the data published by Veneto Lavoro (Misure/95), the effect of the pandemic has been, on an annual basis (variation between 14 June 2020 and 15 June 2019), a fall of approximately -45,000 in employment (permanent and fixed-term contracts and apprenticeships): therefore, the upward trend still seen in February, at the beginning of the pandemic, of around +20,000 jobs, went up in smoke. Data for May to mid-June show encouraging signs of a stem in the fall in employment after the easing of the *lockdown* measures<sup>3</sup>. The tourism sector was particularly hard hit, recording a negative balance due above all to the non-recruitment of seasonal workers<sup>4</sup>.

## About 40% of workers involved in the company closures envisaged by the Prime Ministerial Decree

In full health emergency, a first relapse for the labour market was caused by the closures imposed to contain the virus. The Prime Ministerial Decree of 11 March 2020 and the subsequent Prime Ministerial Decree of 22 March 2020 (and amendments) established the sectors of economic activity that could remain open and continue production. Based on these decrees, and not considering any exceptions requested and granted to individual companies, it can be estimated that 37-41% of all the workers affected by the coronavirus measures in our region were unable to work. This data does not include smartworkers who are found to have worked as usual.

On the basis of the data collected in Veneto in 2019, in terms of number of employees, the worst affected sectors are restaurants and mobile catering (about 74,500 employees), bars and other similar businesses without kitchens (33,000), the construction

<sup>3</sup> Veneto Lavoro - Misure/95 "COVID-19 emergency. Impact on employment in Veneto (23 February-14 June 2020)".

<sup>4</sup> For more information on this subject, please see Chapter 2 of this Report.

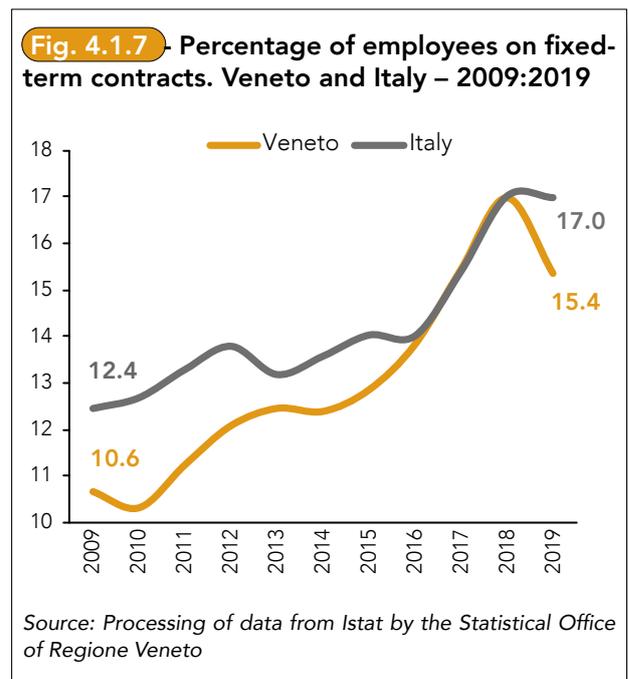
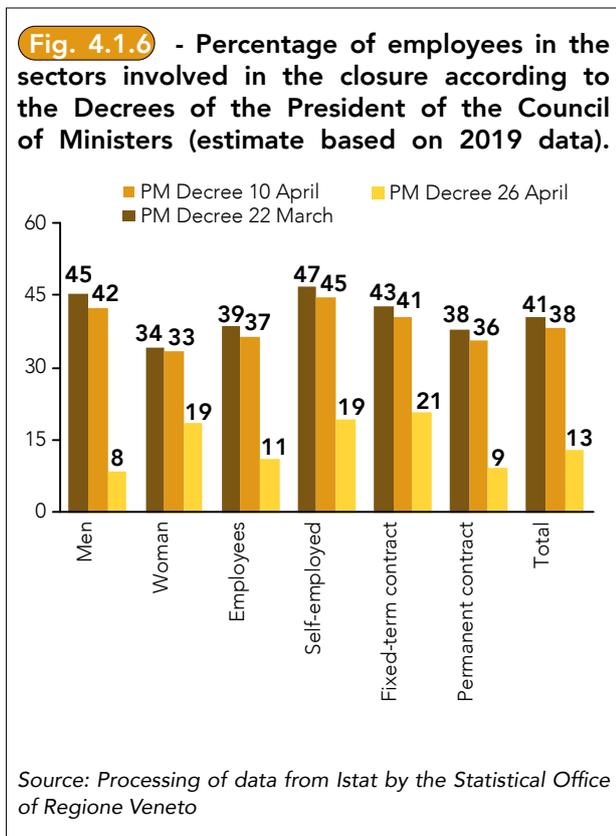


of residential and non-residential buildings (31,300 employees), the retail clothing trade (24,000), hair-dressing and other beauty treatments (20,300). Subsequently, the Prime Ministerial Decree of 10 April 2020 allowed the reopening of some sectors, including the wood industry. With these new openings, 34-39% of the total employees are involved in the forced closure, while with the Decree of 26 April and the reopening of many activities starting from 4 May, the percentage of workers involved drops to 10-12%.

**Employees in the tourism sector particularly affected by the health crisis.** As also highlighted by the data published by Veneto Lavoro, the entire tourism sector has suffered a major shock and, to date, it is not known how the summer season will play out. According to a study by the Statistical Office of the Regione Veneto, in 2019, in Veneto there were about 112,700 people working in the "core" tourism sectors. This category includes workers in hotels, other accommodation facilities and restaurants, travel agencies and tour operators and the air and sea passenger transport. To these we can add another 89,000 workers closely linked to tourism:

rental management, museums and other entertainment facilities, transport and bars. Therefore, we arrive at an estimate of 202,000 employees who gravitate around the tourism system, of which about 33% are on fixed-term contracts, a percentage that rises to 37% in the core sectors only (percentage calculated only on employees): for these workers the health crisis has had a major impact and the future is very uncertain.

**Workers on temporary contracts and self-employed at risk.** In general, the position of workers on temporary contracts is very delicate, with renewal of the contract linked to the market and the financial capability of the company. In 2019, there were about 259,000 temporary employees, 15.4% of total employees. This value had steadily increased following the 2008 economic crisis: in 2009, it was 10.6% and in 2018 it had reached a peak of 17%. Self-employed workers also risk serious short and long term repercussions. Many find it difficult to bear the costs and lost earnings resulting from forced closure, for some it may even be difficult to reopen. The Cura Italia Decree initially provided for a voucher of 600, as COVID-19 compensation, awarded to: the self-employed and workers with a continuous collaboration contract, self-employed workers registered with the compulsory general insurance (AGO), seasonal employees in tourism and spas, fixed-term agricultural workers, entertainment workers registered with the entertainment workers'





pension fund. This voucher was also confirmed for May and was increased to 1,000 for some workers. According to Istat labour force data, in Veneto, in 2019, there were around 481,000 self-employed workers, which account for 22% of the total employed.





on average in education in 2018. Other countries reach investment in education of over 6% of GDP; first of all Sweden, with almost 7% and Denmark with 6.4%. Expenditure is not homogeneous across all levels of education: Italy dedicates 37% of education expenditure to nursery and primary school, 47% to secondary school and 8% to tertiary education. Furthermore, while the share of GDP allocated to early childhood education and primary and secondary education is broadly in line with EU standards, spending on tertiary education is the lowest in the EU, just 0.3% of GDP in 2018, well below the European average of 0.7% (in Denmark it is 1.6%).

**We need to invest much more in school and children.** If, to ensure growth and economic development, it is essential to start with quality education and therefore with children and young people, then we need to invest in schools, nurseries, spaces for children and in parental support policies.

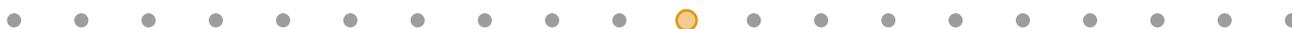
The time lost in school and educational policies can be translated into years of wasted study, lagging behind in schooling and training, interrupted paths, the drain of human capital. In terms of early school leaving - measured with the indirect European indicator of Early School Leavers (ESL), which estimates how many young people between 18 and 24 years old are not involved in a school or vocational training course - Italy, although it has recovered a lot in ten years, going from 19.6% of early school leavers in 2008 to 13.5% in 2019, records the fifth highest rate of school dropout among the EU28 countries. A figure far from the European average of 10.3% and still far from the European target of 10% to be achieved by 2020, although below the target set by Italy of 16%<sup>5</sup>.

**As always, the regional differences weigh on the Italian average.** There is a strong link between school failure, in its broadest sense - low levels of learning, early school leaving, etc... - and unemployment, low household income and social hardship in the region where young people live. Young people who leave education early are often disadvantaged, both socially and economically, compared to those who complete their education and obtain the qualifications useful for success in life. The highest per-

centages of 18-24 year-olds who leave school early are found in most southern regions, where there are the most difficult conditions in terms of unemployment, low income and poverty. Conversely, the situation in Veneto is much better: in 2019 the proportion stood at 8.4% against 16.5% ten years earlier, reaching both the Italian and European targets. In the last year, the rate decreased by almost three percentage points, after two years of significant growth: in 2019, our region recorded the lowest figure in all of Italy (it had fallen from second place in 2016 to eighth in 2018). It should be noted that the increase recorded in 2017-2018 mainly concerned foreign youth; for Italians, the school dropout rate rose from 4.7% in 2016 to 8.5% in 2017 and then dropped to 8% in 2018 (6% in 2019). For foreigners, this same figure increased by 12 percentage points in two years (from 23.2% in 2016 to 35.5% in 2018, and then dropped to 28.1% in 2019). The increase in early school leaving in Veneto is associated with an increase in employment: during the economic crisis, young people had more incentive to continue their studies because it was harder to find work; but, in the last two years, opportunities have emerged even for those who have not completed their education. In fact, the youth employment rate for 18-24 year-olds with only lower secondary education and who are not in further education rose from 30.8% in 2016 to 39.7% in 2018. In summary, we can say that the growth of this indicator is mainly due to a greater chance of finding work in these recent years of recovery and participation in the labour market, especially for foreign youth.

Among the regions, Friuli Venezia Giulia, Marche, Trentino Alto Adige, Umbria and Abruzzo also recorded values below the 10% target, while in Sicily young Early School Leavers exceeded 20% (22.4%).

<sup>5</sup> The Europe 2020 Strategy is a ten-year strategy proposed by the European Commission in 2010. Considering the initial situation of the early school leaver indicator, i.e. the proportion of the population aged 18-24 with at most lower secondary education and are not in further education or training for more than 2 years, the Italian government set for Italy a more realistic target of 16% (to be achieved by 2020).





**Fig. 4.2.2** - Proportion of graduates among 30-34 year olds. Veneto - 2008:2019



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

ty. In a vicious circle, the economic and educational poverty of parents is passed on to their children, who in turn will be, as adults, at risk of poverty or social exclusion. Educational poverty is referred to as the process that limits the right of children to an education and deprives them of the opportunity to "learn, experiment, develop and flourish skills, talents and aspirations freely". There is a lack of "universal" opportunities that are crucial for full individual development and that should be guaranteed to all children and young people, regardless of the context in which they live and the social and cultural origin of their families. Educational poverty is manifested in the deprivation of cognitive skills, but is translated into a wider deprivation of even non-cognitive skills that can be developed through, for example, leisure, cultural activities and participation in sports, which are important as the cognitive skills, insofar as a weakness in learning, reading or arithmetic calculation often hides a situation of loneliness and lack of stimuli, motivation and self-confidence.

**In a country of disinvestment in social policies and childhood, educational poverty grows even further.** According to Istat data published in the latest "Atlas of Childhood at Risk 2019" by Save the Children Italia, in 2018, almost one in 2 children de-

clared they didn't read any books other than school books during the year, a figure more than two and a half percentage points greater than ten years ago. This value is the result of the average of very varied regional data: in line with the regional dynamics of poverty and school failure, there is again a clear gap between North and South in Italy. In fact, we move from Sicily, where more than two thirds of 6-17 year-olds do not even read one book other than school books (followed by Calabria 65.9% and Campania 64.1%) to Liguria where fewer than 31% are non-readers. Veneto also shows a better performance, with 37.4% non-readers, the third lowest value among the Italian regions, but unfortunately a strong increase compared to ten years ago (+5.1 percentage points). In 2018, just one in four children in Italy was an average or good reader, i.e. those who have read more than 4 books a year, with this figure rising to one in three in Veneto. It is clear that school is not enough: the habit of reading is acquired at home. Among 11-14 year olds, 80% of those with parents who read read themselves, but the same can be said for just 40% of those with both parents who don't read. Finally, there are few young people who read newspapers: 30% of 14-19 year-olds in Veneto and 22.4% in Italy.

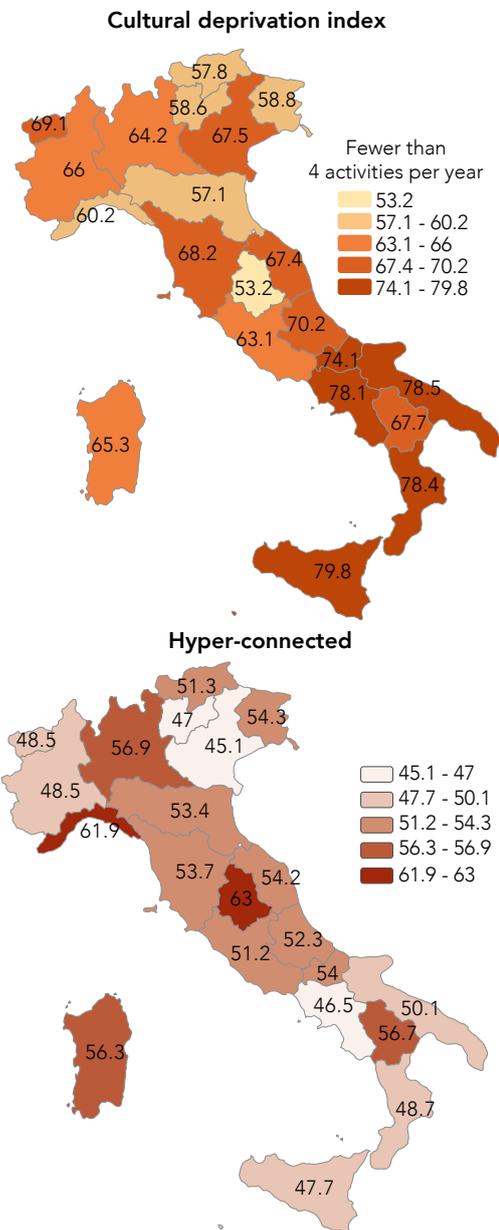
**Hyper-connected, although "culturally disconnected".** Istat has prepared for Save the Children, based on the Eurostat model, an index called "cultural deprivation" for children between the ages of 6 and 17, analysing access to 7 main cultural activities: theatre, cinema, museums/exhibitions, classical music concerts and other types of concerts, visits to archaeological sites and monuments and sports events. Based on this analysis, those who did not do at least four of these activities during the year are considered "disconnected". Over the last decade the share of "culturally disconnected" people in Italy has decreased by 4 points, but there are still 7 out of 10 children who are not involved in sufficient cultural activities, with the usual disparities among regions. And while minors are "culturally disconnected", on the other hand they are increasingly "hyper-connected", i.e. they use the internet every day.

In the last decade, there has been an exponential increase in the number of children and young people using the Internet every day. Everywhere in Italy, the proportion of the "hyper-connected" has jumped by 35-40 points, partly reducing the digital divide with the south and the islands: in thirteen regions out of twenty, more than half of children connect to the internet every day. Children and young people start using the internet, such as access to mobile phones, at an increasingly young age and devote more and more time to these tools.

In Veneto, in 2018, the proportion of 6-17 year olds who declared that they do fewer than 4 cultural activities in their free time was 67.5%, but 45% used the Internet every day, the lowest rate in Italy. However, 96% of 14-17 year-olds in Veneto had access to the internet (95% nationally).

**For many, even sport remains a privilege.** Although down compared to ten years ago, mainly thanks to the improvements recorded in central and southern Italy, in 2018, 18% of children aged 6-17 did not practise sports and 15% only did occasional physical activity. However, again in this case, there is a clear and wide gap among the regions: in Sicily and Campania, no more than 4 in 10 children and youth practised sports; while in Trentino Alto Adige, fewer than 1 in 10 did nothing; in Veneto, 14% did no physical activity, the third lowest value among the regions.

**Fig. 4.2.3 - Proportion of hyper-connected 6-17 year olds and their index of cultural deprivation (\*) by region - 2018**



(\*) Hyper-connected indicates children who have used the Internet every day. Cultural deprivation index indicates children who in their free time do fewer than 4 cultural activities per year among the 7 considered (theatre, cinema, museums/exhibitions, classical music concerts, other types of music concerts, visits to archaeological sites/monuments, sports events). Source: Save the Children-"Il Tempo dei bambini. Atlante dell'infanzia a rischio 2019" - processing of Istat data

## There is a link between educational poverty and the climate crisis.

If we want to preserve the environment for future generations, it is essential that students increase awareness and knowledge about environmental problems and use this knowledge towards making their lifestyle more sustainable, reducing the costs of environmental action and finding innovative solutions to these problems.

From the PISA<sup>7</sup> survey, which measures the performance in Reading, Mathematics and Science of 15-year-old students, i.e. the knowledge and skills considered essential for full participation in economic and social life, with the aim of verifying whether they know how to use their knowledge and apply it even in unusual contexts, both outside and inside school, our Italian students reveal lacklustre results in science tests.

Whilst, from 2009 to date, the trend in results of Italian youth in mathematics has remained constant, the same cannot be said of those in science: in line with the international trend, in 2018, the Italian performance in tests in the field of science was significantly lower than that observed in the period 2009-2015, returning to the level observed in 2006. Furthermore, in 2018, Italian students achieved an average score in the PISA science tests that was below the average for OECD countries (Italy 468 vs OECD 489). And the situation is no better for reading: Italy, with 476 points, is below the OECD average of 487 points. The scores are only in line with the average of the OECD countries in mathematics (Italy 487 vs OECD 489).

Weighing down our country, once again, there are very wide regional gaps: students from the North achieve the best results, well above even the OECD average scores in all subjects, while their peers from the South are struggling. The extreme variability of the results reveals the pattern of educational poverty of youth and at different levels: geographical, family, social, inherent to the school system.

Once again, it is clear that the place where we are born and grow up is decisive in children's real opportunities of access to the future. And whilst it is true that a situation of social and economic disadvantage and the other barriers that restrict access to knowledge of natural and scientific phenomena favour the possible exposure of children and young people to the risks produced by environmental crises, broadening the social bases of access to knowl-

edge, making school and scientific education more inclusive, combating cultural poverty by creating areas of educational priority where the greatest needs are identified, are also important strategies for relaunching environmental awareness and the resilience of young people.

## Pupils from Veneto obtain among the best scores in Italy.

According to Invalsi<sup>8</sup> data on the level of learning of those enrolled in the fifth grade of high school, in 2019, Veneto youth recorded an average score of 217 in mathematics and 212 in Italian, or respectively, third place (tie with Lombardy) and fifth place for higher levels of education. In both cases, the province of Trento tops the scoreboard.

In addition, in 2018, 48% of Veneto pupils enrolled in the second grade achieved the highest proficiency levels in Italian (levels 4 and 5) compared to 35% nationally and in mathematics the results were even better, with over 52% of Veneto students achieving levels 4 and 5, compared to the average national figure of 36%.

## Lives upturned by the virus: difficult times for children

### 21 February 2020 was the last day of school for almost 700,000 students in Veneto.

At the end of the carnival holiday, the schools and universities in our region kept their doors shut to safeguard the health of the population and prevent the spread of the Covid-19 virus. A few weeks later, the Prime Min. Decree of 4 March 2020 ordered the same for schools throughout Italy: pupils and students at home until 15 March. Evidently, this deadline was then extended, postponing it to 3 April and subsequently to a later date.

Not only teaching, but also sports, cultural and social activities were suspended: children and young people had to give up a life full of lessons, sports and friends and found themselves shut indoors at home from one day to the next.

In Veneto, the closure involved 2,905 state schools, from nursery to high school, and 1,378 private schools. Overall, this involves around 117,000 children in nursery, aged 3 to 5, just over 219,000 primary school children, aged 6 to 10, 142,000 lower secondary school children, aged 11 to 13, and

<sup>7</sup> PISA, acronym for Programme for International Student Assessment, is an international survey promoted by the OECD, every three years.

<sup>8</sup> National Institute for the Evaluation of the Education and Training System.



**Tab. 4.2.1 - Schools and students at the start of the 2019/2020 school year. Veneto**

	Schools			Students		
	State	State-recog- nized private (*)	Total	State	State-recog- nized private (*)	Total
Nursery	608	1,114	1,722	41,229	75,799	117,028
Primary	1,364	94	1,458	206,837	12,359	219,196
Lower secondary	577	64	641	135,356	7,041	142,397
Upper secondary	356	106	462	203,516	8,674	212,190
Total	2,905	1,378	4,283	586,938	103,873	690,811

(\*) Data referring to the 2018/2019 school year

Source: Processing of data from MIUR by the Statistical Office of Regione Veneto

212,000 high school children, aged 14 to 18<sup>9</sup>. According to the Minister of Education, Lucia Azzolina, there were approximately 8.3 million students in Italy for whom the educational institutions were closed.

Furthermore, according to the latest available data (2017), the closure also involved just under 800 services for early childhood approved by the Regione Veneto pursuant to Reg. Law 32/1990, including state and private early nurseries (3 mths-3 yrs), private nurseries (3 mths-6 yrs), company crèches and integrated crèches, for a total of over 22,000 children registered and attending.

**For many of these young people, a delicate phase of the experimentation of distance learning has begun.** Unfortunately, there is still not much official information regarding the schools that have activated this new teaching method in our region. The Ministry of Education has launched an investigation into the methods of implementing and carrying out distance learning to obtain a general and realistic picture of how schools equipped themselves to cope with the emergency. On 26 March, in a briefing in the Senate Chamber, the Minister of Education Lucia Azzolina presented the first results of this monitoring “Currently more than 6.7 million pupils use various means to take part in distance learning. 89% of schools have prepared specific activities and materials for pupils with disabilities; 84% have prepared specific activities and materials for pupils with SLD; 68% have prepared specific activities and

materials for pupils with special educational needs (non-certified SEN); 48% of schools have held board meetings remotely.”

**The school year was particularly uncertain for the students who had exams coming up in June.**

According to the latest data published by the Ministry of Education and updated on 5 May 2020, in Veneto, there are 47,262 eighth grade pupils who have to take the final exam for lower secondary education. There are also 38,245 high school students who have their diploma exams. The examination procedure was very uncertain and the subject of long discussion. Decree-Law no 22 of 8 April 2020 established the deadline of 18 May within which to decide on the possibility of a return to school and sitting traditional exams. Clearly, this did not happen, and schools had to opt for alternative exam methods. According to Ministerial Ordinance no 9 of 16 May, for the final exams of the lower secondary education, students are to be assessed by “scrutinio finale” (final scrutiny) that will take into account a paper to be handed in before the end of term and discussed remotely. Final high school exams, on the other hand, are to start on 17 June (see Ministerial Ordinance no 10 of 16 May) and, unlike the traditional exams, students will only have to sit the oral exam, which will last about an hour. The exam will begin with the discussion of a paper on the main subject areas, which will cover a topic agreed and assigned by the teachers to individual students by 1 June, in order to make up for the second written test that will not be taken. This will be followed by the discussion of a short text studied during the last year in Italian language and literature. The board will then assign other materials to be analysed, consist-

<sup>9</sup> This is an estimate obtained by adding together the data on public school pupils referring to the Organico di Fatto for the 2019/2020 school year extracted on 10 September and the data on private school pupils for the 2018/2019 school year.

ent with the course taken. In closing, students will present what they have learned in terms of transferable skills and orientation and will be tested on “Citizenship and Constitution” according to what was actually taught in class.

**Distance learning also for students with special needs.** For pupils with physical disabilities and learning disabilities, the characteristics and quality of schools are of great importance in the success of the inclusion process: accessibility, the existence and usability of adequate technologies and the support of properly trained experts play a fundamental role in encouraging the participation of pupils in inclusive education. Distance learning must also manage to support these students in order to prevent the interruption of the inclusion process. In Veneto, at the start of the 2019/2020 school year, there were approximately 17,600 disabled students in state schools (3% of the total number of students). Most of these, over 7,000, attend primary school, while more than 5,100 were enrolled in lower secondary education. There were about 4,200 disabled students in high school. From the perspective of type of disability, pupils are categorised according to certified visual impairment, deafness, physical disability, intellectual disability and other types of disability (early psychiatric problems, specific learning disorders - if certified alongside other disorders - and attention and hyperactivity deficit). At national level, 96.4% of the total pupils with disabilities have psychophysical disabilities: specifically, 68.4% have intellectual disabilities, 3.2% have physical disabilities and 24.8% have another type of disability. 1.4% are visually impaired and 2.3% suffer from deafness. As regards only students with specific learning disabilities (SLD), awareness of this type of disorder has gradually grown over the years, both among families and in schools, and there has been an increase in the number of certifications issued for the various types of disorder (dyslexia, dysgraphia, dysorthography and dyscalculia). In Veneto in the 2017/18 school year, there were 2.7% of total students certified with SLD, compared to 3.2% in Italy.

**Distance learning implies a strong collaboration between school and families.** It is essential for students to have all the necessary technological tools, such as a PC and internet connection. This is not always the case: according to an estimate by Istat, at national level, in the two-year period 2018/2019, 33.8% of households did not have computers or tablets at home and the proportion dropped to

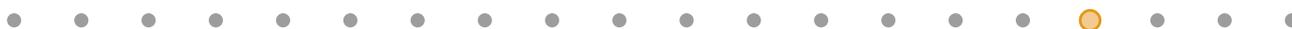
14.3% among households with at least one child. Of 100 youth between the ages of 6 and 17, 12 did not have a computer or tablet at home. Furthermore, only 6 out of 100 youth live in households where there is at least one computer per family member: 57% have to share it with their family and this sometimes makes it difficult to manage distance learning. Some households are more fragile than others: again at national level, 42% of youth live in a situation of housing overcrowding, 5.3% of households are made up of more than five members (5.8% in Veneto).

Foreign households also risk not being able to guarantee distance learning for children, especially when it comes to poorly integrated families. At the beginning of the 2019/2020 school year, 85,500 foreign students were enrolled in the Veneto state school system, equal to 14.6% of Venetian students and 10.8% of foreign students in Italy. The proportion of foreign students of the total enrolled is 23.7% in nursery and 17.6% in primary school; it then drops to 15.3% in lower secondary school and further to 9.2% in high school.

**New funding for schools, Italy must close the gap with the European Union.** To deal with the health emergency, the Decree-Law of 17 March 2020 (Cura Italia) allocated 43.5 million to special cleaning of buildings and the purchase of PPE and sanitation products, both for both staff and students. It also established a fund of 85 million for schools to equip themselves with digital platforms and tools useful for distance learning (10 million), to provide less wealthy student with digital devices and the necessary network connectivity (70 million) and to train school staff on the procedures and techniques for distance teaching (5 million).

Beyond these exceptional measures, Italy is unable to keep pace with the European Union. In our country, as already mentioned at the beginning of this sub-chapter, public expenditure on education in 2018 was just 4% of GDP and 8.2% of total public expenditure: these are among the lowest figures in the European Union, where investments in education stand at 4.6% of GDP and 9.9% of total public spending. For these critical issues, the Council of the European Union, with the recommendation of 9 July 2019, invited Italy to “improve educational outcomes, also through adequate and targeted investment, and foster upskilling, including by strengthening digital skills.”

**Youth malaise is not limited to education.** Due to



the restrictions introduced to stem the spread of the epidemic, children and young people also have to give up all extra-curricular activities.

In Veneto, in 2018, over 2 million people practised sport continuously or occasionally, that is 43% of the population over the age of three (41% in 2017). The percentage in Italy is lower and stops at 35%. For the data for 2017, for our region we can break down this data according to the age group. Doing so reveals that children between the ages of 6 and 10 and children between 11 and 17 suffer more from the effects of restrictions, because the proportion who practise sports is the highest, at about 76%.

Another rather delicate aspect concerns social life: in Veneto, in 2018, of every 100 people over six years of age, 13 met friends every day (16 in Italy), 24 met friends more than once a week (27 in Italy). Breaking down the 2017 regional data by age, youth malaise emerges very clearly: in their routine before the coronavirus, 64% of youth between 6 and 17 years old met friends every day or more than once a week.

But there are many other activities that young people have had to put on hold: in Italy in 2018, 11% of youth aged 14-17 worked as volunteers, 9% participated in meetings in cultural and recreational associations or other associations (11% in Veneto in 2017), 21% attended a place of worship at least once a week (rising to 45% among 6-13 year-olds). Not to mention cinema, museums, sports events, activities particularly popular among all young people and children.

## Training for health personnel

**Since the beginning of the health emergency, there have been around 25,000<sup>10</sup> cases of Covid-19 among health workers; 163 doctors have and 40 nurses have died.**

This is certainly the category that more than any other is at the forefront in dealing with the spread of the virus and that is paying a very high price to guarantee for everyone the right to health. This focus area is therefore dedicated to healthcare professionals and, in particular, we want to look more closely at the numbers in training.

**The first step to access the health professions is to pass the admission test to a degree course.**

The number of places available is fixed annually by the government on the basis of the national need for health professionals and the proposal of the Universities, which consider sustainability in terms of human and instrumental resources. For the academic year 2019/2020, around 11,600 places were assigned nationally for a Master's degree in Medicine and Surgery, of which 177 for the University of Verona and 388 for the University of Padua. Places were also fixed for three-year degrees in medicine and healthcare: for degrees in the SNT/1 class of the health, nursing and obstetric health professions, just over 16 thousand places were assigned (1,461 for universities in Veneto), while for degrees in the SNT/2 class of rehabilitation health professions, about 4,800 places, of which 388 in Veneto. For degrees in the SNT/3 class of technical health professions, which include, for example, degree courses in Biomedical Laboratory Techniques, Medical Radiology Techniques, Nutrition, Dental Hygiene, there are 3,400 admissions and for prevention health professions (SNT/4), there are around 1,000 places (for universities in our region, respectively, 321 and 100 places). Finally, around 2,700 places were reserved for Master's degrees in the four classes of the health professions: in particular, the University of Verona can award 65 places for a degree in Nursing and Obstetrics and 23 for degrees in Rehabilitation Health Professions, while for the University of Padua, there are 25 places for degrees in Technical and Diagnostic Health Professions and 20 places each for Prevention Health Professions, Nursing and Obstetrics, Rehabilitation Health Professions.

**Enrolments in medicine are on the rise, while those in the health professions are falling.** In the academic year 2018/2019 in Veneto, there were a

<sup>10</sup> Data updated to 11 May 2020.

total of 4,121 students enrolled to study for a degree in medicine and surgery, of which 54% were women. For the three-year degrees in the health professions, the proportion of women is much higher: it reaches 80% for nursing and obstetrics (of a total of 2,852 enrolled), falling to 67% for rehabilitation (591 enrolled) and 60- 63% for technical and rehabilitation professions (512 and 134 enrolled respectively).

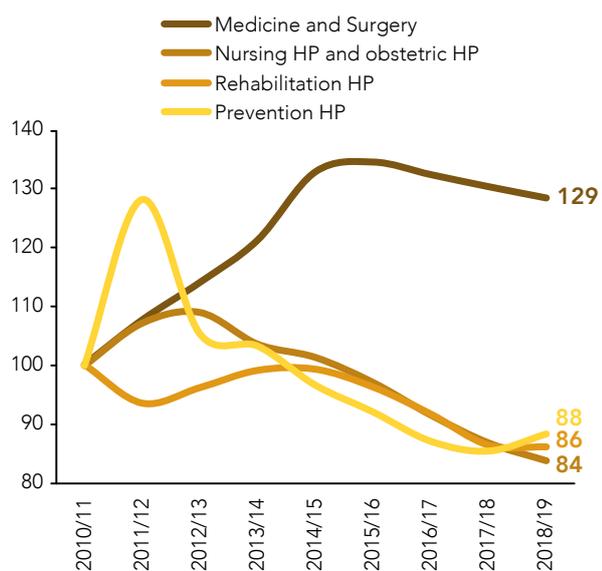
In recent years, enrolments in medicine have greatly increased: in the 2010/2011 academic year, there were 3,207 enrolments; in eight years, there was an increase of 29%, although in 2018/2019, there was a slight fall compared to the previous year (-1.5%). On the other hand, enrolments in degree courses in the health professions are declining: in the last eight academic years, all classes have seen a decrease of between 12 and 16%.

Examining the end of the university course, which includes exams and training, in the three-year period 2016-2018, Veneto universities produced almost 1,600 graduates in medicine and surgery, over 3,400 graduates in 3-year degrees in health, nursing and obstetrics professions, and about 780 graduates in 3-year degrees in technical health professions. To these are added the rehabilitation health profes-

sions (914 graduates) and the prevention health professions (192 three-year graduates). In addition, there were also 395 Master's degree graduates in these health disciplines (nursing, obstetrics, technical health, prevention and rehabilitation).

**Medical students continue their studies with specialisation.** After passing the state examination for qualification to practise the profession of surgeon, graduates in medicine and surgery continue their course of study with a school of specialisation: the specialisation qualification, mandatory in order to practise the profession within the National Health System, is obtained by attending a course lasting up to 6 years, after graduating with a Master's degree, and awards the qualification of specialist. The objective of these courses is to provide knowledge and skills required to practise highly qualified professional activities, in the field of medical, clinical and surgical specialisations. In the three-year period 2015-2017, around 1,450 doctors graduated from specialisation schools in the Veneto region. The medical health area includes 620 graduates: pediatrics, diseases of the cardiovascular system, internal medicine, psychiatry and emergency medicine are the courses with the most graduates. On the other hand, just under 450 doctors completed a specialisation course in the area of clinical services: the

**Fig. 4.2.4 - Students enrolled on medical degree courses (base index numbers 2010/2011=100). Veneto - Academic years 2010/11:2018/19**



Source: Processing of data from MIUR by the Statistical Office of Regione Veneto

**Fig. 4.2.5 - Graduates from specialisation schools in Veneto Three-year period 2015-2017**



Source: Processing of data from MIUR by the Statistical Office of Regione Veneto









es in Veneto<sup>2</sup>, defined here as active businesses with up to 250 employees and with a turnover of less than 50 million, employ 77.2% of employees in this sector and represent 99.8% of active businesses in industry and services. These are numbers that make SMEs a salient feature of the Veneto economy and reflect region wide traditions and entrepreneurship. Most of these businesses belong to the category of micro-enterprises, those hardest hit by closure due to the Covid-19 emergency: in 2017, they numbered around 365,000 and employed over 40% of regional employees. Considering therefore the particular structure of business ownership in Veneto, characterized by a high number of SMEs, several studies, including that presented in one of the latest publications of the Statistical Office of the Regione Veneto<sup>3</sup>, have confirmed that production collaboration is one of the solutions to improve the degree of competitiveness and open up new opportunities for businesses, facilitating opening to the international market and ensuring a margin of efficiency and competitiveness, through the sharing of resources and strategies.

Even in a context that has been profoundly altered by the pandemic and the partial halt in production, some interesting ideas for analysing the details of the structure, organisation and relationships between companies have come from the first results of the new Permanent Business Census 2019. The direct survey was carried out by Istat between May and October 2019<sup>4</sup>; the data acquired from the companies refers to 2018 and some partial information is currently available at regional level, which in any case provide an overview of the trends in progress.

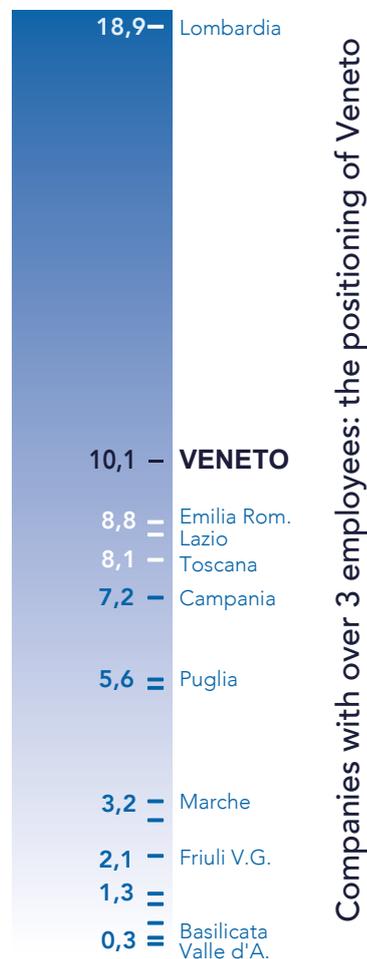
In Veneto, there were just over 104,000 business-

<sup>2</sup> The last year available for this type of analysis is 2017, but historically the Veneto production industry is fairly stable, so the analysis should still be reliable to date. "Recommendation 2003/361/EC of the European Commission of 6 May 2003" gives the following definition of micro, small and medium-sized enterprises: micro enterprises employ fewer than 10 people and have an annual turnover that does not exceed €2 million; small enterprises employ fewer than 50 people and have an annual turnover that does not exceed €10 million, with the exception of enterprises classified as micro enterprises; medium-sized enterprises employ fewer than 250 people and have an annual turnover that does not exceed €50 million, with the exception of enterprises classified as micro or small enterprises; large companies employ 250 or more people or have an annual turnover exceeding €50 million.

<sup>3</sup> Chapter 3 2017 Statistical Report of the Regione del Veneto.

<sup>4</sup> The survey involved a sample of about 280,000 companies in Italy with 3 or more employees, representing 24% of Italian enterprises, which however produce 84.4% of the national value added and employ 76.7% of company employees; therefore it has the value of a census.

**Fig. 5.1.1** - % share of companies with more than 3 employees by region. Italy - 2018



Companies with over 3 employees: the positioning of Veneto

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

es with three or more employees and this showed a 3.5% decrease in number compared to the data recorded in the previous 2011 Census; a slightly greater decline than at national level (-1.3%). Almost 77% of these businesses fell into the category of micro enterprises (with 3-9 employees), a fall of four percentage points compared to the 2011 Census, 14.6% were small enterprises (10-49 employees) and the remaining 8.7% belonged to the category of medium-large enterprises, of which 357 are large companies, employing more than 249 employees. The sectoral dynamics of companies confirms, as is the case at national level, a growing trend towards outsourcing of production: in 2018, Veneto compa-



**Tab. 5.1.1 - Number of companies with 3 or more employees, % share and % variation compared to the 2011 Census. Veneto - 2018**

	Industry in the strict sense	Construction	Services	Total
Number	24,856	10,909	68,331	104,096
% share	23.9	10.5	65.6	100.0
% var. compared to	-10.1	-18.6	2.3	-3.5

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

panies with 3 and more employees belonging to the services sector made up 65.6% of the total and recorded an increase in number of +2.3% compared to 2011. The number of companies belonging to industry in the strict sense touched 25,000, recording however a decrease of ten percentage points compared to 2011. In construction, the decline was even greater (-18.6%) and the companies in this sector represented 10.5% of the businesses surveyed.

## Path

The 2019 Census introduced new features in the study of structural characteristics and also the behaviours and strategic path of businesses in industry and services, with the aim of understanding the evolutionary context of major structural and organisational transformations, a consequence of the high competitive pressure of globalization and, today, even more accentuated by the effects of the Covid-19 pandemic.

**Veneto enterprises competitive for product quality.** Veneto enterprises believe they are competitive and focus on quality and competence, their market is still predominantly national, especially in the services sector. Regional companies primarily leveraged the quality of the product or service offered, reported as the main competitive factor by almost 78% of companies with at least 10 employees, which in Veneto numbered just over 24,000. The second factor of competitiveness was the "professionalism and competence of staff", with more than 50% of regional companies, followed by the sale price (32.5%), "the diversified offer of products and services" and the "ability to adapt production volumes quickly to changes in demand", both declared by 21% of the companies observed. The pursuit by enterprises of greater competitiveness was hindered by obstacles of various kinds. As in the national context, the factors most widely reported by Veneto companies

include, above all, the high costs of administration and bureaucracy (33.9% of the companies) and the lack of financial resources (28.3%), the latter felt in greater measure by micro-enterprises and certainly aggravated by the possible extension of collection and payment times due to the economic repercussions of the Coronavirus emergency. This was followed by scarcity or lack of demand (18.8%) and the difficulty in finding qualified staff. Conversely, Veneto companies perceive as relatively less serious the lack of infrastructure (3.9%), the lack of qualified staff and the difficulty in finding suppliers (2.5%) or information on the reference market (4%).

As for the extension of the reference market, the Veneto companies that operated regionally made up around 37% of those surveyed, while those of national scope made up just over 25%. Production units that operate on international markets made up just under 40% of those observed in the region; a value also found in other northern regions, in particular Friuli-Venezia Giulia, Lombardy, and Trentino Alto Adige. The roots in some of the main extra-EU markets are also important: the proportion of Veneto companies present in the markets of the BRIC countries (Brazil, Russia, India and China) was close to ten percentage points, rising to 17% if considering only businesses in the manufacturing sector.

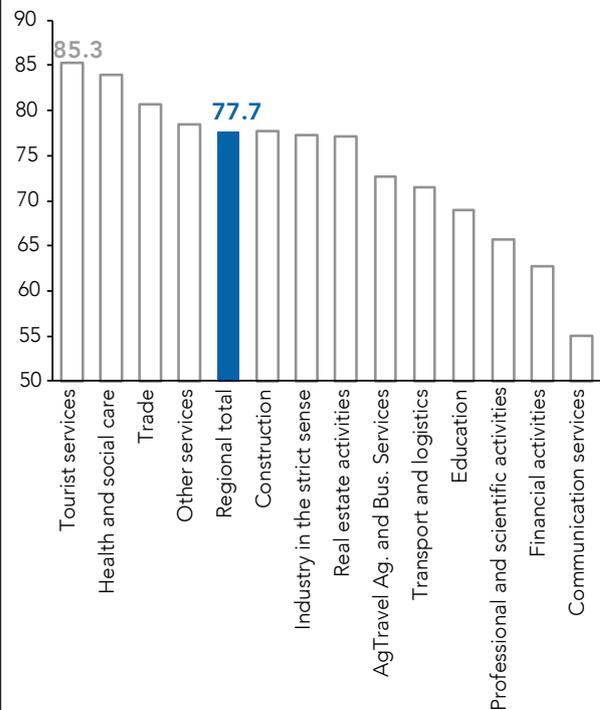


## Collaboration between companies as a strategic choice to promote competitiveness.

The data confirm that collaborative relationships between companies are now considered among the resources of greatest strategic importance for the creation and sustainability of competitive advantage, as well as for the definition of innovative development paths. In 2018, 56.2% of Veneto businesses with at least 3 employees (52.6% in Italy) declared that they had stable productive relationships, whether contractual or informal, with other companies or institutions. This phenomenon is directly connected to company size: the propensity to enter into agreements tends to grow as the size of the company increases. The Veneto micro-enterprises (3-9 employees) that declared they had relationships with other enterprises or institutions made up almost 53% of the enterprises observed; this figure rose to 67.5% for regional companies with at least 10 employees. The relationships of businesses with other entities takes various forms. The predominant relationship is defined as "supply chain", i.e. contract and subcontracting agreements, used by 61.7% and 50.5% of regional companies respectively, more or less in line with national figures. This way of organising production, especially for the value chains that are developing within the Community, will probably become increasingly strategic to safeguard industrial capacity in the event of prolonged halts in production caused by the pandemic. On the other hand, the activation of formal relationships (consortia, joint ventures, franchising, ATI - temporary business associations, etc.) was less frequent, reaching just 13.2%. Cost reduction, access to new markets and the development of new products and/or processes were the reasons that most frequently drove Veneto companies beyond the threshold of three employees to collaborate with other companies. For companies with a relationship as a subcontractor, the prevailing motivation was that of seeking new outlet markets (over 35%), while for companies that had contract agreements, cost reduction was more important (almost 33%). In companies that declared they had formal relationships, the two reasons were of equal weight, at 33%.

**Businesses are mainly family-run.** Companies controlled by "natural person or family" constitute the backbone of the regional economy: with reference to 2018, they represented 77.7% of Veneto production units with at least 3 employees (75.2% at national level) and 67.4% of those with 10 employees or more. Therefore, small businesses especially are

**Fig. 5.1.2** - % share of companies controlled by natural persons or families by economic sector. Veneto - 2018



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

family-run; indeed, as the size of businesses increases, there is a decrease in the amount of family control. Families or individuals ran 80.9% of micro-enterprises, while for large enterprises, the proportion fell to 47% of the cases observed. At sectoral level, forms of family control were found in almost all production sectors, with peaks even exceeding 80% of the companies surveyed in manufacturing, construction, trade and "accommodation and restaurants". Of the businesses surveyed, 9.1% of said they had undergone a generational transition between 2013 and 2018, for 1% it happened in 2019 and almost 12% said they could transition generationally by 2023. Overall, this phenomenon concerns about 22% of Veneto businesses in the period between 2013 and 2023.



**Search for better quality of workforce to employ.** Occupation is perhaps the primary victim of the virus. It goes without saying that halting a large part of production and services and the fall in consumption generated by the lockdown will cause a significant reduction in the wealth produced and a consequent decrease in jobs. The survey on taking on new employees performed in the last Census did not take this scenario into account but it remains important to understand which skills are most in demand by the labour market. Almost 60% of Veneto companies with 3 or more employees took on new staff<sup>5</sup> in the period 2016-2018, which rose to 83.3% for companies with at least 10 employees. Among the economic categories, the demand for work was particularly high in “transport and storage”, “accommodation and restaurants”, “manufacturing” and “rental, travel agencies, business support services”, with over 60% of companies who had hired, while the sectors that recorded fewer hires were those related to real estate. The majority of new hires were employed with permanent contracts, for 69.5% of the regional companies involved. The economic sectors that made greater use of this type of contract, with values exceeding 80%, were the manufacturing industry, transport and logistics and “information and communication” services. Fixed-term contracts were adopted by over 50% of Veneto companies with 3 or more employees, while only 13.8% of the companies in the region used “temporary workers”, with a higher proportion than the national average (9.1%) and more frequent use in the industrial sector. Finally, external collaborations were used by 20.9% of companies.

The qualities most sought by companies hiring new staff were skills in team working and solving problems and critical situations and the ability to communicate and interact effectively, while less consideration was given to skills related to the creative sphere, such as “developing innovative and original ideas and solutions” (13.7% of companies) or “anticipating future scenarios and providing adequate responses” (7.3%). As for the main obstacles to hiring new staff, one in two companies complained that labour costs were too high and two out of five companies reported having difficulties in finding personnel with the required technical skills, while the uncertainty about the future sustainability of costs was an obstacle to hiring new staff for about

<sup>5</sup> This includes the hiring of external collaborators but excludes workers who, remaining in the same company, only changed the type of contract (for example from a fixed term to permanent).

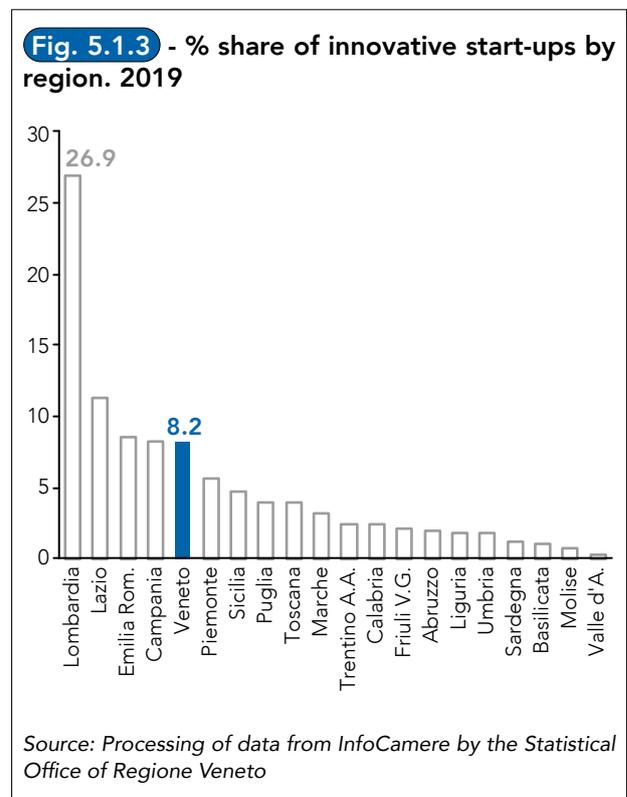
30% of Veneto companies.

## Innovative start-ups

**Innovative start-ups for an agile and creative recovery.** Any relaunch plan to be adopted once the emergency is over cannot overlook innovation and must not ignore the innovative companies that often in their genetic code contain the qualities of agility and creativity necessary to get out of an emergency situation quickly. Innovative start-ups are particular SMEs, established no more than 60 months ago and with specific requirements, whose primary purpose is to develop, produce and sell products and services considered to all effects innovative and of high technological value. In Veneto, at the end of 2019, there were 889 innovative start-ups, 3.3% of the region’s new corporations<sup>6</sup>; ours is thus confirmed as the fifth Italian region for number of innovative start-ups (8.2% of the national total).

Over 65% of innovative Veneto start-ups operate in the services sector, the majority in software production and IT consultancy and research and development. A little over 30%, on the other hand, work in

<sup>6</sup> New corporations are considered to be those established no more than 5 years ago, with the latest declared turnover of less than €5 million and with active status.





the industrial and construction sectors. Three Veneto provinces appear within the top fifteen positions Italian provinces by number of innovative start-ups: Padua, Verona and Treviso had respectively 248, 192 and 156 innovative start-ups at the end of 2019. The development of these enterprises is, in fact, fundamental to promote regional economic growth, technological development and employment, primarily youth employment. And not only that, supporting innovative entrepreneurship encourages greater mobility and social equity, strengthens the link between universities and businesses, promotes a greater propensity to take entrepreneurial risk and improves the attraction of talent, innovative companies and capital from abroad.

## Towards sustainable production

**Sustainability of production and use of certification.** In order to achieve and maintain harmony between the social well-being of workers and economic prosperity, it is essential that the production system focuses on the region: production choices must be responsible, not only in terms of environmental protection, but also and above all they must respect and support the equilibrium and development of the local community, integrating as part of corporate strategies the creation of shared value, as well as pursuing profit logic.

This approach is part of the broader concept of corporate social responsibility, which concerns the commitment of business owners to the effective management of the issues related to the ethical, environmental and social impact within the company and in society. Therefore, all forms of reporting on the sustainability of production is both desirable and valuable, in line with the 12.6 target of the 2030 Agenda: "Encourage businesses, especially large and transnational companies, to adopt sustainable practices and integrate sustainability information into their reporting cycle."

Currently, there are around one hundred organisations/enterprises in Veneto whose social responsibility system is certified to the SA8000 standard, guaranteeing the ethical nature of their production chain and production cycle. In 2017, 48 Veneto entities/companies were registered as part of the EU Eco-Management and Audit Scheme (EMAS), 5% of the national total, slightly down on previous years. This certification is one of the instruments of transparency on performance in relation to production and the impact it has on ecosystems and the conse-

quent commitment by companies to adopt environmentally responsible policies and practices. Another tool that dictates the principles for the responsible environmental management of corporate production processes is the ISO 14001 environmental certification: in Veneto, there were 1,386 companies and 2,381 production sites certified ISO 14001 in January 2020, about 10% of the national total.







iture, the proportion of innovative SMEs collaborating with others and the share of the population with tertiary education.

The most significant progress achieved by Italy in recent years relates to broadband penetration, firm investments, especially for those offering training on information and communication technologies, and improvement in human resources, in particular the increase in employment of doctorate graduates.

**Veneto is a “Moderate +” Innovator.** A comparative assessment of the innovation performance of European regions is provided by the European Commission's Regional Innovation Index<sup>8</sup>, based on 18 indicators, which classifies Veneto as a “Moderate + Innovator”, with better innovation performances than the national index for the same year and clearly improving in recent years. The strengths of Veneto compared to Italy mainly concern planning and intellectual property, while compared to the EU, Veneto is proceeding at a brisk pace, in addition to the two previous dimensions, including in relation to innovation activities within SMEs, product and process innovation, but also organisational and marketing innovation. The weaknesses include few innovative SME collaborations and public-private co-publications, as well as low public investment in R&D.

An advanced system of public financial support for innovation, continuous training, a positive attitude towards new forms of entrepreneurial relations are all elements that, if strengthened, can act as a driving force for regional innovation.

**Spending on innovation in Veneto is growing.** In 2016, it is estimated that 52.5% of manufacturing and services companies in Veneto with at least 10 employees introduced innovations, demonstrating a greater propensity for innovation than the national performance. Among these, the companies that introduced product or process innovations invested a total of 3.4 billion in innovation. The average expenditure per employee in Veneto rose sharply compared to 2014, going from 5,400 to 7,400 per employee.

Conversely, there was a decline in propensity for cooperation in innovation processes: in 2016 in Veneto, 10.2% of companies with product/process innovations signed innovation cooperation agreements, compared to 14.2% in 2014.

In the most competitive production companies, the propensity for innovation can only be combined with the orientation towards investment in R&D; research and development is in fact the main item of

<sup>8</sup> European Commission, Regional Innovation Scoreboard, 2019.

**Fig. 5.2.1** - % share of innovative companies with at least 10 employees by region. Italy - 2018



Innovation of the production system: the positioning of Veneto

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

investment in innovation.

## Path

In terms of research and innovation, in the last ten years, the overall intensity of research in Italy and Veneto has shown clear progress, albeit starting from a weak situation.

### Progressive movement towards the national target for R&D expenditure as a percentage of GDP.

Italy spent 1.4% of Gross Domestic Product on R&D in 2017, slowly but steadily approaching the national target of 1.5% set by the Europe 2020 Strategy.



In the last ten years, the overall intensity of national research and development recorded significant growth but remains well below the EU average and far from the 2020 targets set by the European Commission; on average in the EU area, R&D spending should reach 3% of GDP by 2020. One of the determining factors is the gap with the European average, according to the Commission<sup>9</sup>, is the production structure of Italy, characterized by a strong prevalence of micro and small enterprises operating in sectors with limited intensity of research and development, which differs from that of other important European economies. The concentration of national entrepreneurship in traditional “Made in Italy” production is generally associated with low and medium technology activities.

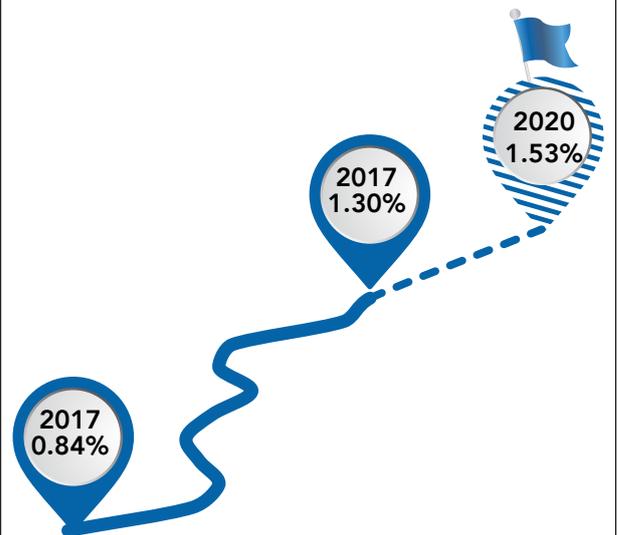
**Strongly increasing trend in spending on research and researchers in Veneto.** R&D expenditure as a percentage of GDP in Veneto, although starting from a weak situation compared to other northern regions, is making good progress: expenditure was 1% of GDP in 2008, 1.1% in 2014 and 1.3% in 2017, still slightly lower than the national figure. The same can be said for the number of researchers: in Veneto there were 22.8 per 10,000 inhabitants, less than the national average (23.2), but a sharp increase compared to the past.

**Investments in R&D by Veneto companies grew by over ten percentage points in one year.** In Veneto, in 2017, the total R&D expenditure made by all institutional sectors exceeded 2 billion, equal to 8.9% of national expenditure. Investments in R&D in Veneto reached just over 1.5 billion in 2008 and around 1.6 billion in 2014, practically growing by 39.1% in the last decade. Expenditure on research and development in the private sector<sup>10</sup> in Veneto was around 1.0005 billion, representing more than 2/3 of total regional expenditure; business investments grew by more than ten percentage points compared to the previous year and even more in the medium term.

<sup>9</sup> Country report for Italy by the Research and Innovation Observatory (RIO-Country Report 2016).

<sup>10</sup> Expenditure by businesses and the non-profit sector.

**Fig. 5.2.2 - Research intensity: expenditure for in-house R&D activities by local government, the University and public and private enterprises as a proportion of GDP (%). Veneto 2007: 2017 and national target for 2020**



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

**The biggest investments are made by the largest and most structured companies.** In Veneto, the businesses that invest in research and development are mainly small and medium-sized enterprises (SMEs) (85%), being also the greatest in number. However, we note that the biggest investments are made by the largest and most structured companies: large companies, in fact, while accounting for just 15% of the companies that perform R&D, contribute more than 56% in terms of expenditure. Most R&D expenditure by businesses in Veneto occurs in the manufacturing sector, which covers approximately 74% of the total. With regard to service activities, the greatest contribution comes from the “professional, scientific and technical activities”, which includes Research and Development, and which covers almost 10% of expenditure, followed by telecommunications and IT activities, which account for over 7% of regional expenditure.

**Research in Veneto is primarily devoted to mechanical engineering products.** As for the products for which research is performed by companies in Veneto, 15% of the expenditure is destined for the production of machinery, followed by the production of electrical and electronic equipment (14.4%),



chemical and pharmaceutical products (12.2%), the fashion industry - textiles, clothing and leather processing - (10.9%) and metallurgical products (8.2%). On the sidelines, the main services involved in research and development are research and development in natural sciences and engineering (8.7%) and information and communication services (7.5%).

**High-tech sectors grew by nearly 10 percentage points over 5 years.** One indicator that provides a useful measurement of the importance of research and innovation in the development of the productive fabric of a region is the proportion of companies and their employees operating in high-tech sectors<sup>11</sup>. In 2017, there were 83,121 high-tech companies in Veneto, 8.6% of the national total, employing almost 258,000 employees<sup>12</sup>. In the last five years, these companies, contrary to the general trend, recorded significant growth (almost 10 percentage points), with new businesses established at a rate of around 8%. The high-tech sectors are strongly male-dominated: in Veneto the proportion of women working in these sectors is 2% of the total employed, while for men the same share is 3.2%. The three-year survival capacity of new companies in high-tech sectors also continued to grow: among those established in 2015, 63.8% were still in business at the end of 2017, almost six percentage points more than the national average (58.1%).

**Propensity for patenting.** Patent intensity is a key indicator of innovation output. It monitors inventive performance, the degree of dissemination of knowledge in technological fields and a competitive potential in the face of increasingly strong global competition in both in the production of goods and the supply of services.

Veneto shows a lively propensity for patenting, with 120.8 patent applications per million population submitted to the European Patent Office (EPO) in 2016<sup>13</sup>, down from the high of 2008 (142.6), but in clear recovery compared to 2014 (109.4), compared to a national average of 75.8 patents per million people in 2016.

<sup>11</sup> The "high-technology sectors", according to the Eurostat definition based on the NACE Rev. 2 classification, are the following: for manufacturing, "High-technology manufacturing industries": codes 21, 26, 30.3; for services, "High-tech knowledge-intensive services": codes 53 to 58, 60 to 63 and code 72.

<sup>12</sup> Data referred to 2016.

<sup>13</sup> Latest available data provided by Istat, 2019 BES (Fair and Sustainable Wellbeing) Report.

## Towards a digital renaissance

To tackle the Covid-19 emergency, we need strong acceleration in the infrastructural interventions required to enable business digitisation, to support businesses during lockdown, as well as to ensure a simpler restart in the subsequent phases.

The importance of digital at times like this is now glaringly obvious: from smart working to e-learning, from video on demand to home fitness, it is clear that while the economy is in trouble, digital is racing ahead. Indeed, some studies<sup>14</sup> have shown that, up to now, the digital market followed a pro-cyclical trend, i.e. in the same direction as the trend in GDP, whereas today we are witnessing a decoupling of the two dynamics. The misaligned and anti-cyclical direction with respect to the general economic trend is explained by the intensification of investments in technology, obviously with some differences among the different segments of the ICT market, thanks to the extraordinary possibilities that digital offers. Adopting a strategic vision at this stage will allow Italy to catch up with the infrastructural and technological lag that our country has been suffering for many years.

## The use of digital technology in Italy is continuing to grow, while failing to close the significant gap with other European countries.

The data provided by the European Commission through the Digital Economy and Society Index (DESI)<sup>15</sup> highlights the fact that, in 2019 Italy displayed substantially the same gap in relation to most of the European states. In terms of company integration of digital technology, Italy continues to suffer a distance in performance between large companies and SMEs; there was some progress in the use of cloud and e-commerce services, but in Italy, there are still just 10% of SMEs that sell online (the EU average is 17%) and just 8% of their revenues come from online sales. Italian companies, on the other hand, rank above the European average as regards the use of solutions for the exchange of electronic information within the company (37% of Italian companies against the European average of 34%).

The indications provided by the Digital Maturity Index (DMI) calculated by the Digital Agenda Obser-

<sup>14</sup> The Innovation group, Press release *Il digitale può realmente aiutare il Paese a risollevarsi dalla crisi post-pandemica*, Milan, April 2020.

<sup>15</sup> European Commission, *Digital Economic and Society Index (DESI) - National Report for 2019 - Italy*, 2019.





**Tab. 5.2.1** - Indicators of digitisation for companies with at least 10 employees. Veneto and Italy - 2019

	Veneto	Italy
<i>Percentage of companies:</i>		
with internet connection	99.2	98.3
with fixed or mobile broadband connection	97.5	94.5
with a website	78.0	72.1
that use social media	44.9	47.2
that sell online	11.5	14.0

Source: Processing of data from Istat by the Statistical Office of Regione Veneto

vatory of the Politecnico di Milano<sup>16</sup> show, for businesses, Italy slightly below the European average both in enabling factors and the results obtained. This essential alignment is quite recent, probably the result of the attention focused in recent years on digital transformation by the Industry 4.0 and Enterprise 4.0 plans. In relation to the enabling factors, there are some weak points, for example the share of companies that employ specialists in digital technologies (16% Italy, 19% the European average) or companies that offer digital training and development to their staff (13 % Italy, 21% the European average). In relation to the results obtained, we remain below the European average for the proportion of companies that undertake structured supply chain collaborations exclusively through digital channels (11% in Italy, 18% in Europe).

**Digitisation in Veneto businesses.** In Veneto, in 2019, almost all companies with at least 10 employees had internet connection (99.2%). Progress had been made since 2012, when the proportion was 96%. Fixed broadband connection is the most popular system, often accompanied by a mobile connection for some devices. Digital penetration is lower in smaller companies with fewer than 10 employees, of which 79% connected to the net, a value in any case higher than the national average (77%)<sup>17</sup>. Certainly, in recent years there has been an evolution also in this type of company, in part due to the obligation to adopt certain telematic procedures.

However, the gap with larger companies is still wide. It is undeniable that smaller companies face greater difficulties in integrating ICT technologies into their production processes, but it is also true that involving smaller companies in the innovation process is a strategic necessity, given the fundamental role that this type of company plays in the Italian and Veneto production system.

There are many opportunities provided by the web that have now become key factors for the success of a business. However, these opportunities are still only partially exploited, given that, in 2019, 78% of Veneto companies with at least 10 employees had a website or at least one page on the internet, 44.9% had profiles on one or more social networks and only 11.5% sold online.

**Electronic invoicing active in Italy: Veneto among the top 5 regions for e-invoices issued.** From 1 January 2019, electronic invoicing was introduced for Italian companies; this option is a new opportunity in terms of company management and promises important advantages in terms of computerization and automation of certain processes, as well as reducing costs. The data of the Italian Revenue Agency<sup>18</sup> reveal that, in Italy, in the first 6 months from the launch of the e-invoice, over 1 billion invoices were sent and over 3 million companies engaged in electronic invoicing. The territorial estimates provided by the Digital B2B Observatory of the Politecnico di Milano<sup>19</sup> reveal that the top Italian regions by pro-

<sup>16</sup> Digital Agenda Observatory of the Politecnico di Milano, Press release and infographic *Italia digitale: la macchina è pronta a correre?*, December 2019.

<sup>17</sup> The data refers to 2011, the latest available for small businesses and collected in the "Industry and Services Census".

<sup>18</sup> Italian Revenue Agency, Press release of 2 July 2019, Rome, July 2019.

<sup>19</sup> Digital B2B Observatory of the Politecnico di Milano, Infographic *Fatturazione elettronica: una chance per il cambiamento*, June 2019.



portion of the national total were Lombardy (34% of electronic invoices issued in Italy), Lazio (22%), Emilia Romagna (7%), Piedmont and Veneto (6%).

Aiming for a real digital revolution cannot overlook the application of an integrated approach, which involves technology, organization and work. Not all production businesses are sufficiently prepared and ready for a change, especially in terms of company culture and organisation. And it should not be forgotten that the Italian and Veneto production is still heavily industry-based, which can be a disadvantage, for example, with regard to the application of smart working, one of the ways technological tools are used to perform work activities, currently adopted on a mass scale due to the social distancing measures imposed by the coronavirus emergency. Faced with the strategic interest of investing in ICT, the characteristic small size of the businesses in our productive fabric does not help either, as it is well known that SMEs invest less in technology.

**The digital maturity of Italian SMEs is held back by costs and a lack of culture and skills.** A study by the Digital Innovation Observatory in SMEs of the Politecnico di Milano<sup>20</sup> highlights the fact that only 26% of Italian SMEs are digitally mature, i.e. they show a good level of interest in digital at the top both in internal and external processes. The main barriers to innovation include too high costs, a lack of culture and skills and a lack of support from institutions.

**The use of smart working in Italy was limited before the emergency...** Before the ongoing health emergency, an estimated<sup>21</sup> 24% of Italian businesses had activated some form of smart working for their staff, 11% foresaw its introduction, while as many as 65% did not know what it was or were not interested in activating agile working.

**...but today, it has become a consolidated reality for many Italian companies.** The trends at the moment show for 2020 an acceleration of e-commerce, smart working, the use of information and communication technologies: in practice, all those technologies that enable many production activities to continue at this unprecedented time, in which companies have to re-organize themselves to guarantee operations and personal safety. The digital sector,

which now more than ever plays a fundamental role for society, can advance into cutting-edge technologies and towards support for the implementation of new business models. Research by InfoJobs into smart working in the time of the coronavirus<sup>22</sup> shows that 72% of the companies in the sample activated agile working and, of these, 56% activated it for the first time, 15% kept the same schemes in place previously, while the remaining 29% offered agile working to multiple professionals or for multiple working days. Similarly, an AstraRicerche survey for Manageritalia<sup>23</sup> carried out in April 2020 on a sample of business managers in the tertiary sector concluded that the proportion of companies adopting smart working for a at least 70% of the workforce rose from 6.5% prior to the emergency to 50.7%. The first data for 2020 are still partial estimates that will certainly be consolidated in the near future. What is certain is that, from now on, the investments made in digitisation and use of smart working will certainly be enhanced, making it a privileged way of working today and tomorrow.

<sup>20</sup> Digital Innovation in SMEs Observatory of the Politecnico di Milano, Infographic *La maturità digitale delle PMI: una scommessa per il Paese*, February 2020.

<sup>21</sup> Digital Innovation in SMEs Observatory of the Politecnico di Milano, Infographic *La digitalizzazione nelle PMI italiane*, July 2019.

<sup>22</sup> InfoJobs Smart Working 2020 Survey.

<sup>23</sup> Manageritalia press release, Milan, 30 April 2020.





## 5.3 Culture, a lever for development



Among the sectors involved in the lock down, those linked to socialization are, by their nature, the most penalized. These include the wide range of live performances, exhibitions, museums, libraries, which offer occasions for the meeting between different cultural expressions and the public. This public is forced to change its habits; people have to lock themselves up in the house but they increasingly seek alternative forms of contact with the outside world, searching the web for information on the evolution of the pandemic, but also palliatives against being deprived of all those emotionally-charged events available until not long ago: plays, concerts, football matches, famous paintings.

A whole world of actors, technicians, make-up artists, ushers, singers, etc. comes to a halt, with these figures protesting increasingly loudly over their situation of inactivity. Here, we will try to outline the situation of supply and demand before the start of the pandemic, in order to keep in mind the numbers that future reaction will seek to restore.

### 1.3%

Local units involving the arts, entertainment and sports as a percentage of total units in Veneto



### €784.6 million

Turnover of live entertainment



### €16.3 million

Revenue from the sale of tickets to museums (estimate)



### Positioning

The pandemic also suddenly slowed down live events and closed museums, places of meeting and risk of transmission. The Prime Ministerial Decree of 22 March provides for the closure of the sector "artistic, entertainment and sports activities", which, alone, represents about 1.3% of the local Veneto units, employs about 1% of employees and produces about 0.9% of private value added each year<sup>24</sup>.

It therefore appears useful to quantify the supply and demand in relation to the last year currently available, in order to provide a snapshot of the situation in a period that was still "normal", which can also be used to quantify losses.

The range of direct and indirect economic activities

pertaining to culture are not immediately identifiable due to the extremely broad definition of the term. The Symbola Foundation, for example, defines a "Cultural and Creative Production System" (SPCC) as being made up of a core with all the specializations of the supply chain - museums, libraries, archives, monuments, live performances, cultural industries and creative industries - to which they add other activities that are not purely cultural, but which adopt cultural and creative skills and professions to increase the value of their products. In this context, for Veneto, in 2018<sup>25</sup>, Symbola estimates the core alone to include 23,353 companies, and the entire SPCC to include 1,383,000 employees (6.1% of the regional total) and value added of 7,838.3 million (5.3% of Veneto value added).

<sup>24</sup> The total considered excludes the public sector, financial activities and the agricultural sector.

<sup>25</sup> Last year of data availability.

## Live entertainment

In Veneto, there were 10,311 places that in 2018<sup>26</sup> hosted cultural events and this figure ranks our region in fourth place in Italy, after Lombardy, Emilia Romagna and Piedmont. It is again ranked fourth for number of entertainment organizers, which numbered 7,560 in Veneto.

There were 320,965 shows, 23,107,859 admissions. These figures sum up a very varied offering. With 7.4 million admissions, the most popular form of entertainment was cinemas, followed by amusement parks (4.5 million) - a great peculiarity of our region, which is a world leader in producing amusement park rides. Shows and exhibitions<sup>27</sup> were also very popular (3.5 million admissions), sports events (2 million), dance and small concerts (1.9 million) and standard concerts (1.4 million), especially pop music, and over 1 million admissions for the theatre.

In Veneto in 2018, expenditure at the box office, i.e. what was spent on the purchase of admission tickets (tickets and season tickets), totalled 321.5 million.

Expenditure by the public, which to the expenditure at the box office adds the spending on presales, reservations, cloakrooms, drinks at the bar, and therefore provides the amount that the public has actually spent on live entertainment, sees Veneto second only to Lombardy with 620 million.

**Turnover of over €784 million.** Cultural events generated turnover of over 784.6 million in 2018. The turnover includes public expenditure and other income such as revenues for advertising services, sponsorships, public and private funding, television coverage, so it is an important indicator that summarizes in a single figure the investments that public or private entities allocate to the world of entertainment and its attractiveness to the public. By volume of business, Veneto appears in third place among the Italian regions, after Lombardy and just below Emilia Romagna.

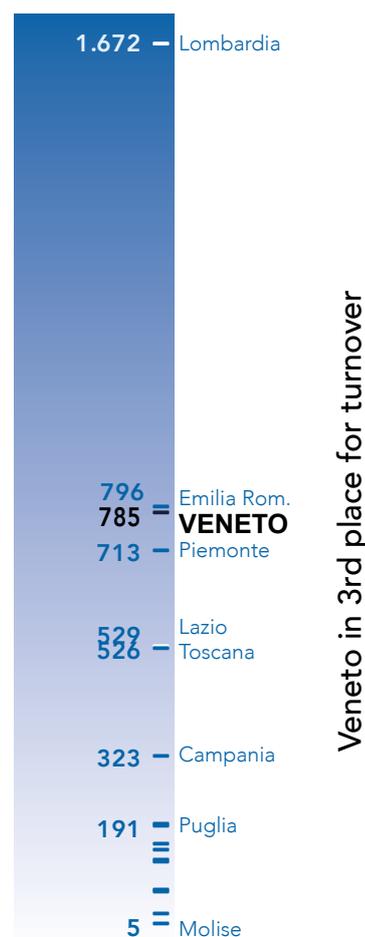
**Events with the greatest revenues.** In Veneto, in terms of turnover, it is sports<sup>28</sup> that take the lion's share with 202 million, representing a quarter of the regional total. This is thanks to the size of the turnover. Instead, the activity that sees the greatest expenditure by the public is amusement parks (over

147 million).

Examining the region in more detail, the province of Verona has the highest turnover (387.6 million), with a figure that far outstrips the province of Venice (137 million) and those that follow. The pride of Verona, its Arena, which in the top ten of opera performances in Italy, occupies the top five positions, in terms of admissions<sup>29</sup>.

<sup>29</sup> Aida (121,000 admissions), Carmen (96,000), Nabucco (52,000), the Barber of Seville and Turandot (45,000 each).

**Fig. 5.3.1 - Turnover of live entertainment by region (millions of euro). Italy - 2018**

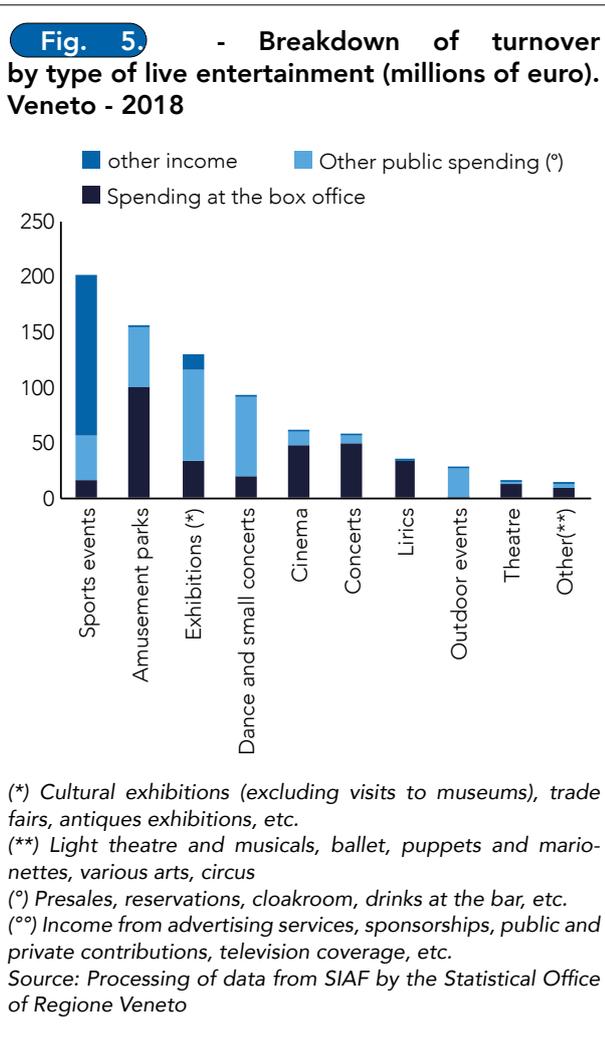


Source: Processing of data from SIAF by the Statistical Office of Regione Veneto

<sup>26</sup> Last year of data availability.

<sup>27</sup> Cultural exhibitions and exhibition activities for commercial purposes are included, but visits to museums are excluded.

<sup>28</sup> All team and individual sports are included, such as soccer, basketball, volleyball, rugby, baseball, boxing, cycling, athletics, tennis, horse racing, motor racing, motorcycling, power boating, swimming and water polo, winter sports.



## Our museum heritage

Italy has an undeniable cultural heritage, enriched by a wide and diversified range of museums. In this context, Veneto plays a significant role: the census in 2018 included 304 museums and other public and private exhibition venues, which acquire, preserve and exhibit to the public assets or collections of cultural interest. These institutions are very widespread around the region; in fact, one municipality in every four is home to at least one. The offer of the Veneto region consists predominantly of museums in the strict sense of the term; in fact the institutions surveyed were almost all museums, galleries or collections (268), with the addition of 25 monument complexes and five archaeological areas.

**Veneto in 4th place with 11.5 million visitors.** A comparison of the total number of institutions placed

Veneto in sixth place among the Italian regions, but in terms of number of visitors our region reached fourth place, thanks to 11.5 million visitors every year. In Veneto, as well as in Italy, more than half of the institutions are publicly owned (about 61%); the municipally-owned institutions are the most numerous and welcomed over half of the visitors. The strong prevalence of paying visitors, about 9 million, which made up 78.7% of the total, was much higher than the national average of 57.6%. However, there are very significant differences between one museum and the next and in relation to the tourist attractiveness of where it is found. There are, in fact, many local organisations that offer themselves to the public out of passion and often for free: in about 40% of Venetian institutions, access is completely free, as is also the case at national level.

**Over 3,000 operators (including volunteers), one third in the private sector.** As regards the staff employed, it must be emphasized that, against 3,254 operators who contributed to the smooth running of museums, about a third of the Venetian institutions relied mainly on volunteers.

**Around 1,300 museum employees.** Considering the current emergency situation due to the pandemic and, in particular, on the subject of the wage guarantee scheme, it is useful to know how many of the museum operators in 2018 fell into the category of "employees" (internal and external), and how many others were volunteers. The table shows the provincial distribution divided between public and private institutions. In particular, 1,178 people worked in Veneto private institutions in 2018, excluding the owner. If we also exclude volunteers, civil service operators, trainees and interns, there were at least 308 employees in private museums, a figure that also includes those who worked for external companies.

**Opening hours that encourage visiting.** It is also useful to know that about 41% of the responding institutions were also open in the evening or at night in 2018; extending or increasing the uptake of this option would certainly make museums more accessible.

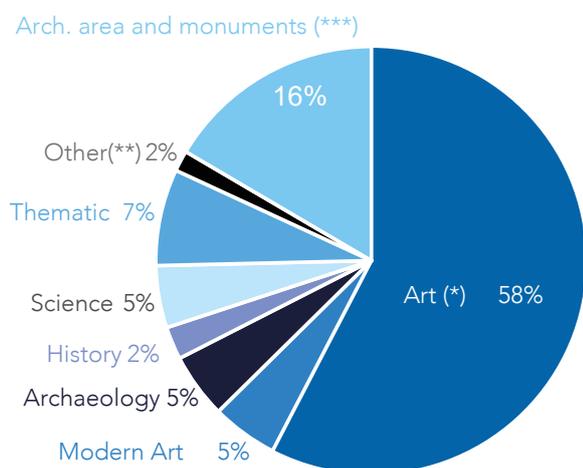
The Veneto museum heritage provides local people and tourists with a wide range of choices. The art museums, which make up around one fifth of the institutions but total about 63% of visitors, include especially those dedicated to the broad period from Middle Ages to the end of the 19th century, which welcome the highest number of visitors

**Tab. 5.3.1 - Museum staff by province (\*). 2018**

	Personnel operating in the institution (excluding the owner)			of which internal and external employees	
	in public institutions	in private institutions	Total	in public institutions	in private institutions
Belluno	277	99	376	40	17
Padua	430	74	504	136	10
Rovigo	59	22	81	49	5
Treviso	185	194	379	82	66
Venice	550	492	1,042	398	167
Verona	258	20	278	176	17

(\*) The staff include internal and external employees, volunteers, national civil service operators and trainees/interns  
 Source: Processing of data from Istat and Regione Veneto by the Statistical Office of Regione Veneto

**Fig. 5. - Visitors by main type of institution. Veneto - 2018**



(\*) From medieval art to the end of the 19th century  
 (\*\*) Industrial or brand museum, which preserves and disseminates technical and artistic heritage, as well as testimonies of the historical memory and identity of a company.  
 (\*\*\*) Archaeological areas, monuments and monument complexes.  
 Source: Processing of data from Istat and Regione Veneto by the Statistical Office of Regione Veneto

(6.6 million) with almost all institutions open all year round. Sorting the Venetian institutions based on the number of admissions, we can see that the top six welcomed over half of the visitors. The Veneto "Top 6" were the Museo di San Marco, followed by the Doge's Palace, the Civic Museum of Palazzo Chiericati, the Verona Arena Amphitheatre, the Guggenheim Foundation and Juliet's house. The Veneto population is very interested in local museums, so much so that about 40% of local people over 6 years visited them over the course of the year.

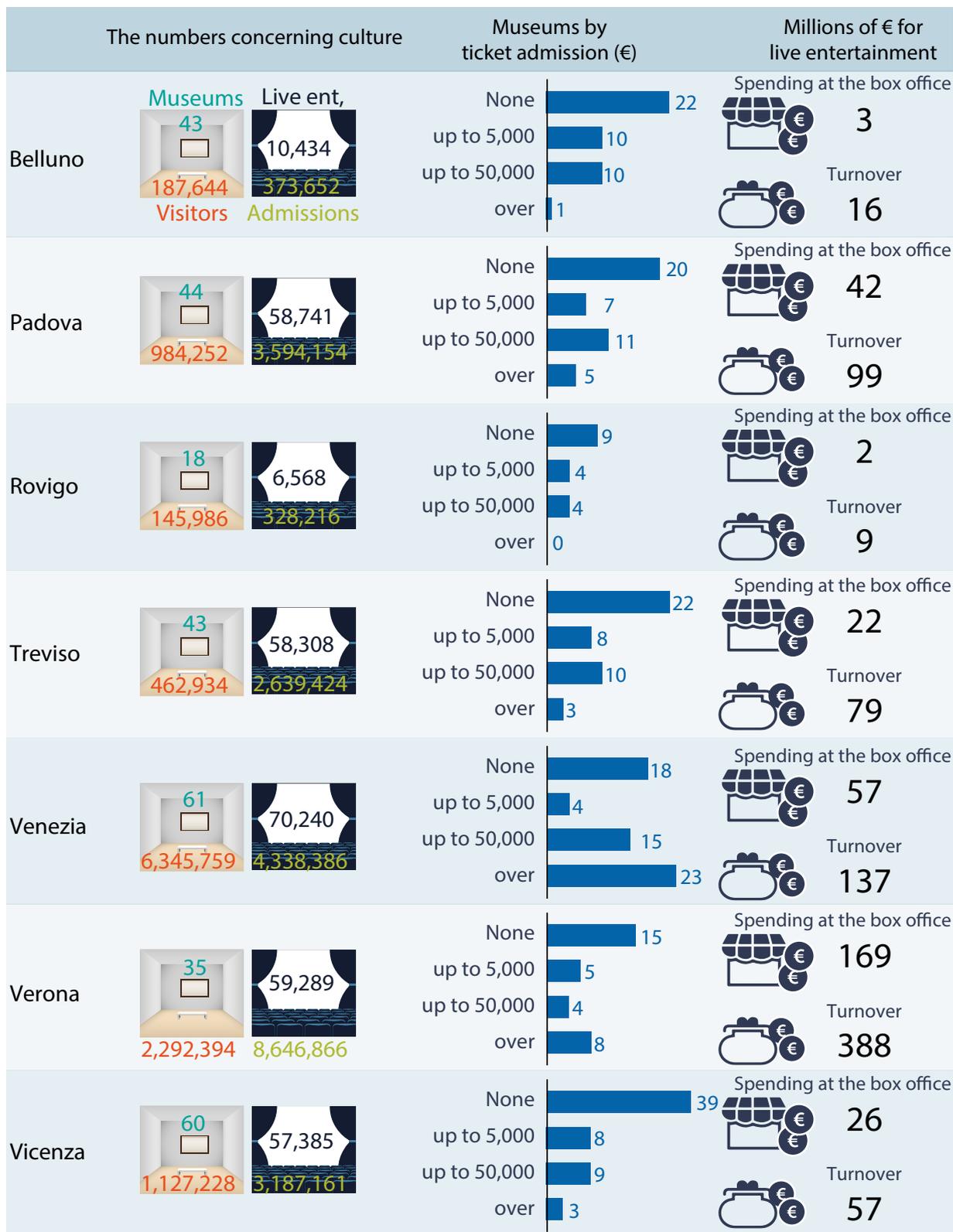
**More foreigners than Italians.** But the attraction of our museums was also very strong abroad: 57.5% of visitors were foreigners, compared to 46% at national level. The province in which the share of foreign visitors is most significant is Venice (71.2%); and least significant, Rovigo (7.2%).

**Over 65s.** In Veneto museums, only a small proportion of visitors were aged between 18 and 25 (12.2%). The over 65s represented 18% of visitors, with significant territorial differences: the share reached 49% in places such as Padua, also very popular for devotion to St Anthony.

**Technologies to be developed.** Museum presence on the internet is always important, but this is especially true in this period. In 2018, 60.9% of Venetian museums had a web-



**Fig. 5.3.7 - Provinces compared: the numbers concerning culture. 2018**



(\*) Spending at the box office includes the purchase of tickets and season tickets. Turnover, in addition to expenditure at the box office, includes other public expenses (presales, reservations, cloakroom, drinks at the bar, etc.), as well as revenues for advertising services, sponsorships, public and private contributions, television coverage, etc.

Source: Processing of provisional data from Istat - Regione Veneto and SIAE by the Statistical Office of Regione Veneto SIAE



The number of establishments offering free Wi-Fi access to visitors grew (from 14.5% in 2015 to 25.7% in 2018), although the percentage remains low. Around one quarter of the museums offer a multimedia room, interactive displays or virtual reconstructions. Few offer applications for smartphones and tablets (14.5%) or QR Codes<sup>30</sup> (16.8%). And even fewer provide visitors with tablets (9.2%).



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<sup>30</sup> Quick Response Code, the barcode that is used to store information intended to be read by a mobile phone.



**CHAPTER 6 - MAN AND THE ENVIRONMENT: INTERACTIONS, IMPACTS AND OUTCOMES**



*"I am I plus my surroundings, and if I do not preserve the latter I do not preserve myself."  
(J. Ortega y Gasset)*



Giuseppe Pellizza da Volpedo, "Idillio verde", oil on canvas, 1901



## 6.1 The environment in our cities



Making cities and human settlements inclusive, safe, resilient and sustainable is Goal 11 of the 2030 Agenda, which is in fact entitled "Sustainable cities and communities". Whereas, at European level, the general situation is improving thanks to the continuously increasing proportion of recycled waste and the reduction of fine dust, in Italy, though improving in terms of waste management, the conditions of atmospheric pollution remain problematic, improved only by the COVID emergency. Veneto mirrors the situation in the rest of Italy, with critical issues relating to air quality in the capital cities linked in part to pollutant emissions but also to the typical climatic conditions of the Po Valley. In fact, the poor air circulation creates favourable conditions for the stagnation of pollutants.

**53%**

Recycled waste



**86.4%**

Control units with over 35 exceedances of PM10



**-84.4%**

Nitrogen oxide concentrations following the lockdown



### Positioning

One important aspect of the quality of life in cities is certainly the air we breathe and its level of pollution. Critical issues persist in cities in relation to the concentration of fine dust and other pollutants, including nitrogen dioxide (NO<sub>2</sub>) and nitrogen monoxide (NO). The climate in the Po Valley, characterized by poor ventilation and consequent air stagnation, favour the persistence of pollutants in the lower layers of the atmosphere.

**Still 86.4% of the control units recorded over 35 exceedances of the daily limit.** From here, we can observe that, especially in winter, with the heating on, the concentrations of PM<sub>10</sub> are always fairly high and most of the control units located in the cities of Veneto record values above the legal limits more than the 35 times per year allowed: in 2018, 86.4% of control units in the provincial capital municipalities with valid measurements recorded more than 35 days/year over the daily limit value set for PM<sub>10</sub> (50 µg/m<sup>3</sup>), a value that was in any case down from the preceding three years, in which it had never

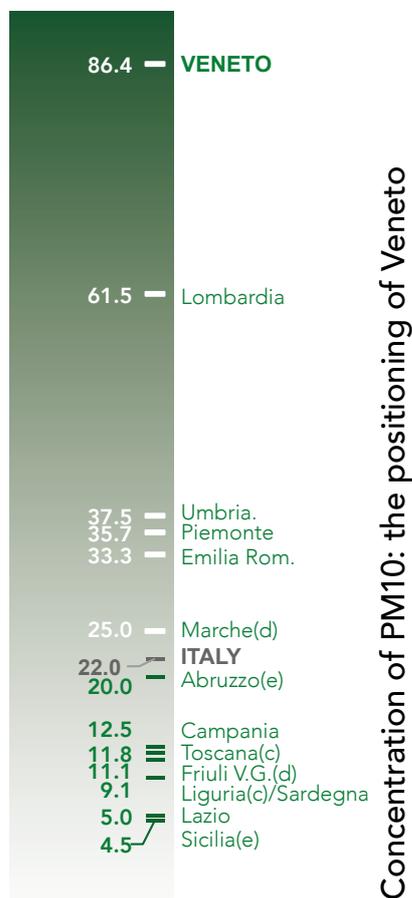
dropped below 90%.

By shifting attention to the other two pollutants mentioned above, NO<sub>2</sub> and NO, thanks to the contribution of the Veneto Regional Agency for Environmental Protection (ARPAV), we were able to observe the initial impact of the COVID-19 emergency on the air in cities following the forced closure of businesses and, consequently, also of vehicular traffic. NO<sub>2</sub> and NO were analysed because they are more closely linked to traffic than other substances, such as PM<sub>10</sub>, which is mostly produced by domestic heating (in fact the critical issues related to this pollutant are concentrated in the winter period and then drastically reduce when it gets warmer)<sup>1</sup>.

**The lockdown reduced nitrogen dioxide....**The analysis revealed a decrease in atmospheric pol-

<sup>1</sup> To monitor these pollutants, ARPAV used the data provided by the Sentinel-5 Precursor, which is a satellite for remote sensing developed by ESA as part of the Copernicus Programme, which enables the mapping of pollutants on a large spatial and temporal scale.

**Fig. 6.1.1** - Percentage of control units that exceed the concentration limit (a) of PM<sub>10</sub> more than 35 times in the regions of Italy (b) - Year



(a) According to Leg. Decree 155/2010, the daily Limit Value (LV) for the protection of human health in relation to concentrations of PM<sub>10</sub> in the air, of 50 µg/m<sup>3</sup>, must not be exceeded more than 35 times in a year.  
 (b) Only regions with values >0  
 (c) The most recent value is from 2015  
 (d) The most recent value is from 2017  
 (e) The most recent value is from 2016  
 Source: Processing of data from Istat by the Statistical Office of Regione Veneto

the period 1 January - 31 March 2020 at the VE-Rio Novo station, which has, on average, the highest recorded concentrations of this pollutant in Veneto. As illustrated in the figure below, the daily concentrations have decreased progressively since 24 February, the start of the COVID-19 emergency restrictions. During the week from 10 to 13 March, there was a limited episode of increased nitrogen dioxide concentrations associated with non-dispersive weather conditions. Subsequently, starting from 14 March the concentrations of nitrogen dioxide decreased to between 10 and 20 µg/m<sup>3</sup>.

For more detailed investigation, researchers analysed the hourly concentrations of nitrogen monoxide (NO) recorded in the traffic stations in Padua (PD-Arcella), Treviso (TV-S.Agnese) and Venice (VE-Rio Novo and VE- Tagliamento). In fact, nitrogen dioxide is a partially secondary pollutant, which could be associated not just with traffic, but also with domestic heating, even located at a certain distance from the sampling point.

In this case, even in the absence of legal limits, it may be a good idea to analyse the variations in concentration, before and after restrictions, of nitrogen monoxide, an exclusively primary pollutant, which is a typical tracer of vehicle emissions near roadways. Nitrogen monoxide oxidises quickly in the atmosphere into nitrogen dioxide, a parameter that is more stable chemically, therefore the analysis of the levels of this pollutant is unaffected by sources distant from the control unit.

The figures below clearly show the effect of the COVID-19 travelling restrictions on the hourly concentrations of Nitrogen Monoxide.

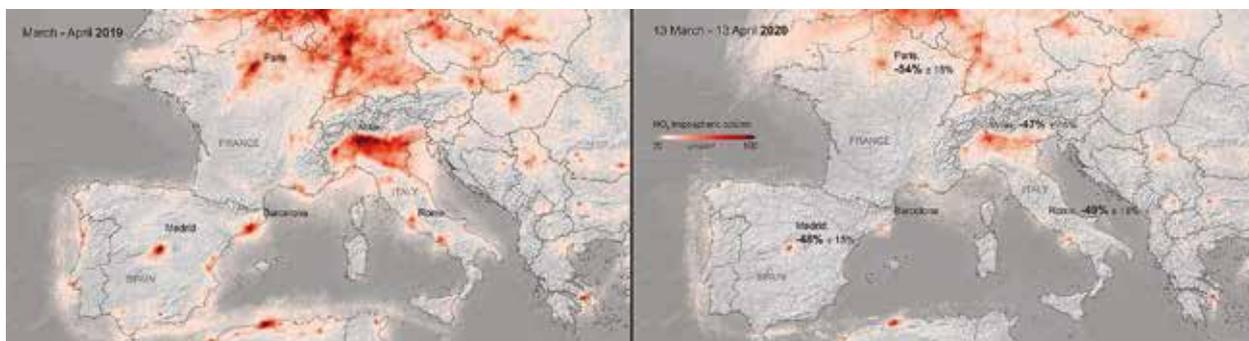
**...and even more so nitrogen monoxide.** For the traffic stations indicated above, the graphs show the development of a "typical day" in the period without restrictions (blue curve) and the period with restrictions (green curve). Considering the average daily concentrations of NO, comparison between the "typical day" without restrictions and the one with restrictions reveals a drop in all the three stations considered of over -82%, with a peak in Padua-Arcella of -84.4%.

lution, in particular a decrease in nitrogen dioxide concentrations in the Padano Basin area, following the restrictions in this area due to the COVID-19 emergency.

At local level, assessments were made of the daily concentrations of nitrogen dioxide detected in

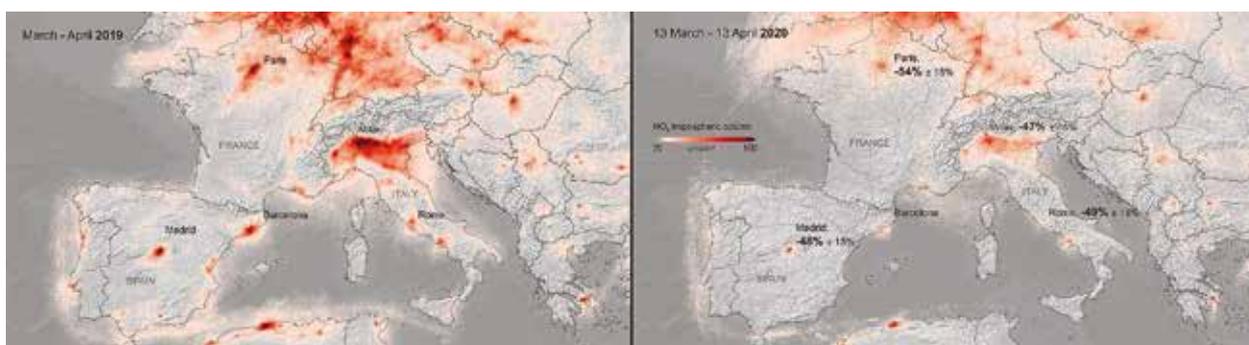


**Fig. 6.1.2** - Mapping of tropospheric NO<sub>2</sub> in the period March-April - 2019



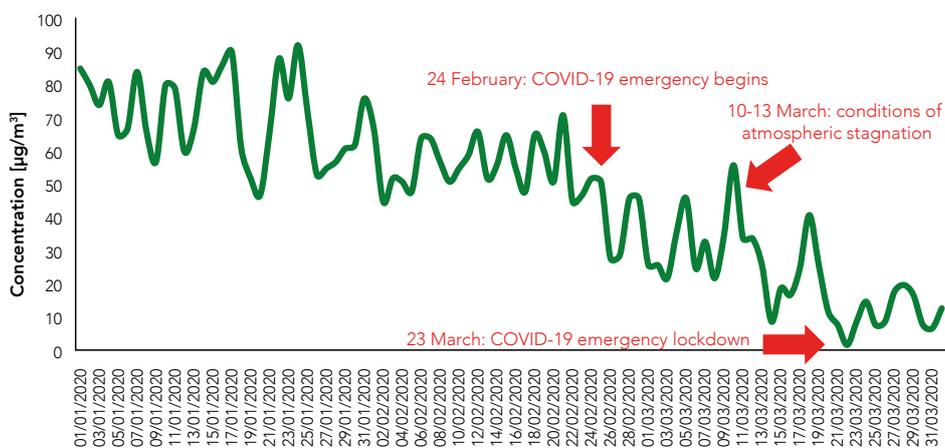
Source: European Space Agency

**Fig. 6.1.3** - Mapping of tropospheric NO<sub>2</sub> in the period March-April - 2020



Source: Arpav

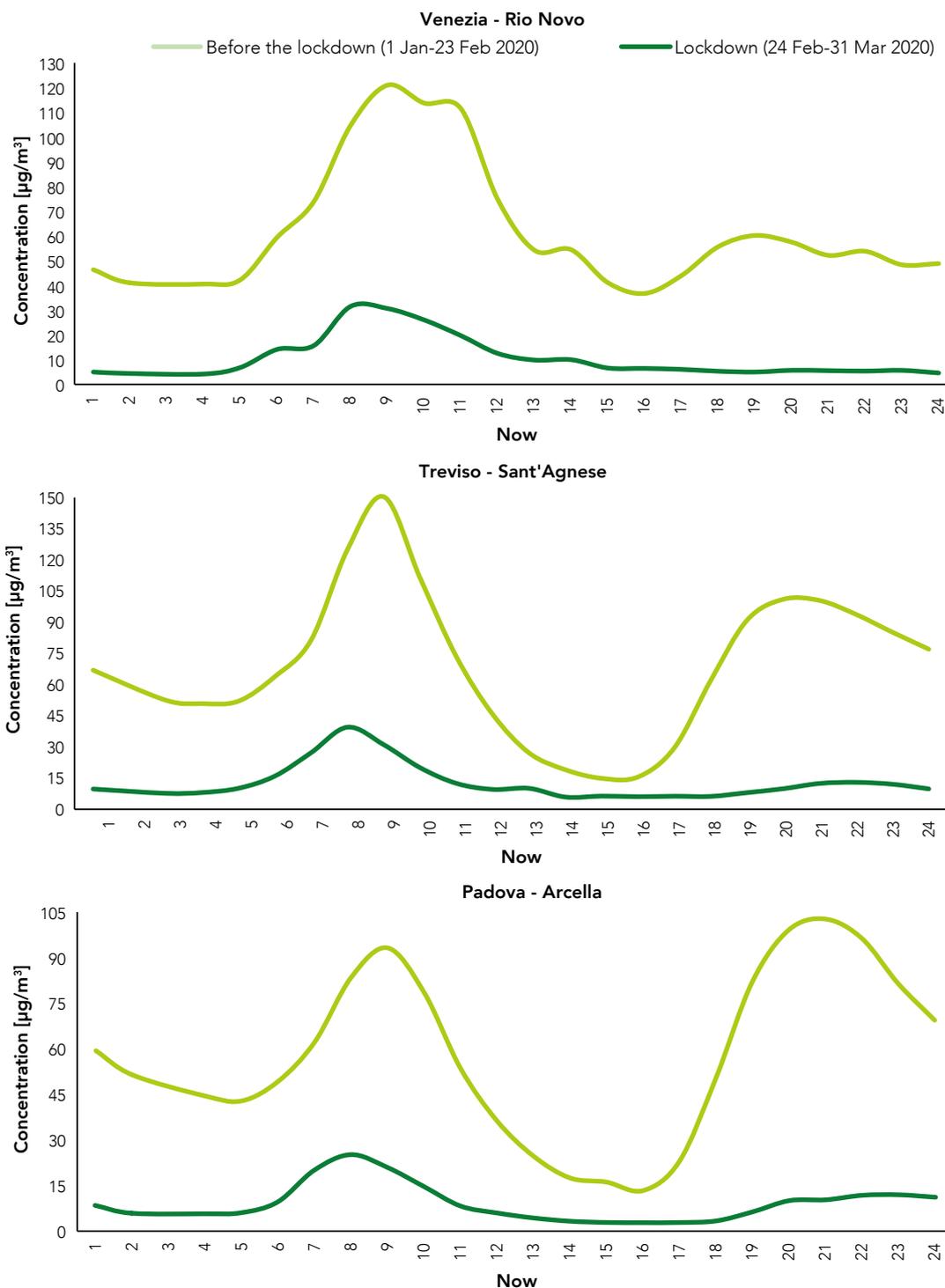
**Fig. 6.1.4** - Trend in NO<sub>2</sub> concentrations in the VE-Rio Novo traffic station in the period 1 January - 31 March 2020



Source: Arpav



**Fig. 6.1.5** - Comparison of the trend in nitrogen monoxide in traffic stations - Period 1 January - 23 February (no restrictions) and 24 February - 31 March (active restrictions) - Provincial capitals of the first red zone (Venice, Treviso, Padua)



Source: Processing of data from Arpav by the Statistical Office of Regione Veneto





## Path

Whilst the atmospheric conditions are still critical, more positive data emerge with regard to urban waste, in particular with regard to sorted waste and recycling, which are constantly improving. Upstream of these two aspects, the actual production of this waste still lags behind.

The data from Veneto show that, since 2006, there was a gradual contraction of waste per capita until 2013, exactly in conjunction with the period of the economic crisis. Indeed, the crisis reduces consumption and, consequently, also the production of waste, which fell from 495 kg/person/year in 2006 to 449 in 2013. In the following years, the quantities started to grow again, albeit without ever reaching the levels of 2006, settling in 2018 at 466 kg/person/year.

Whilst the regional trend shows a situation that can be improved, we must consider that it does, however, reflect faithfully the Italian average.

**466 kg/person of urban waste in Veneto, a value that is always below the Italian average.** Furthermore, while following the same trend as that seen nationally, we can observe that the values in Veneto

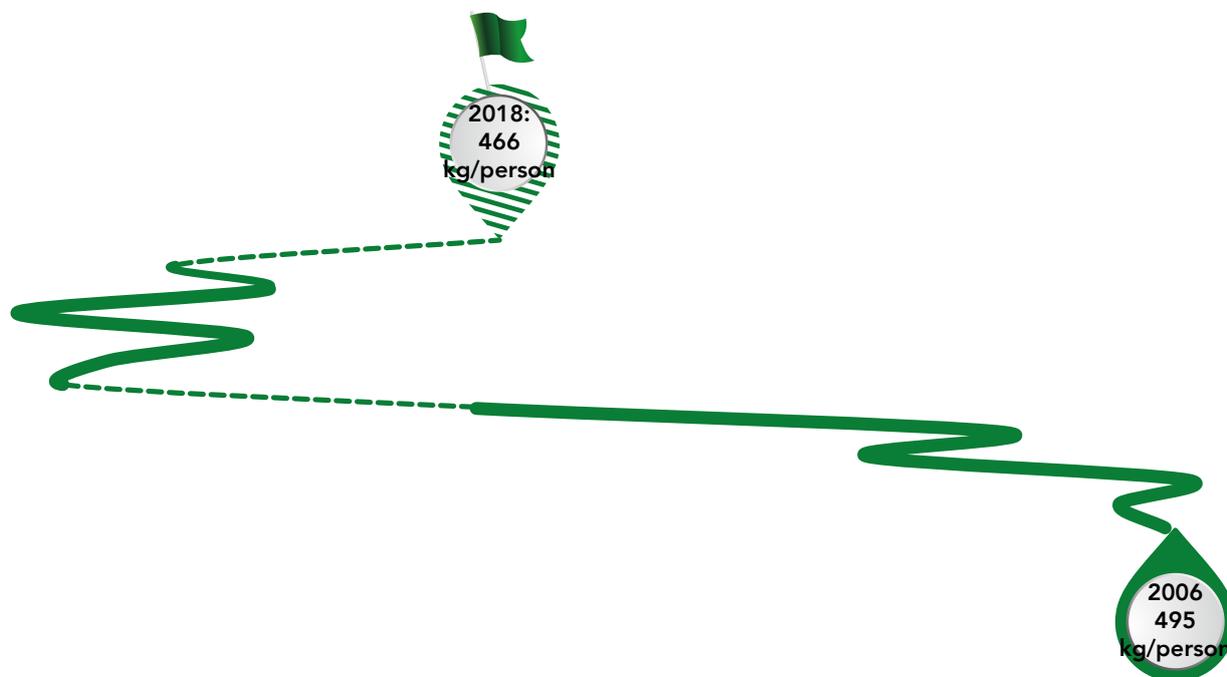
always remain far below the rest of the country: in 2006, when in Veneto 495 kg of waste were collected per person per year, in Italy the same indicator stood at 550 kg/person; while in 2018, compared to 466 kg/person in Veneto, there were 500 kg/person recorded in the rest of the country.

## Other qualitative aspects of the urban environment

Whereas reducing the waste produced in Veneto still proves difficult, sorted waste and recycling are making an important contribution to improving the environmental quality of towns and cities.

**Sorted waste remains a strong point.** As regards recycling, Directive 851/2018/EC amending the framework directive on waste 2008/98/EC, established a recycling target for household waste of 50% for 2020 and 55% by 2025. This target considers urban waste from which material is recovered after treatment (for any type of material), as a percentage of the total urban waste produced. The estimate of this indicator at regional level has not yet been prepared but the Regional Waste Observatory has been calculating the Recovery Index for several

**Fig. 6.1.6** - Waste per capita (kg/person/year) in Veneto - 2006:2018



Source: Processing of data from Arpav by the Statistics Office of Regione Veneto





years, which is very close to the calculation required by Europe. In fact, it represents an estimate of the quantities of material, coming from urban waste treatment, reintroduced in an industrial production cycle, compared to the total waste produced. This indicator shows good progress, reaching 67.4% in 2018, the last year available.

On the other hand, as regards sorted waste, Veneto was confirmed as the Italian region furthest ahead in this practice again in 2018, with close to 74%<sup>2</sup>, followed by Trentino Alto Adige with 72.5% and Lombardy also over 70%. The Italian average of 58.1% is much lower than in these first three regions, failing

<sup>2</sup> Value calculated using the ISPRA methodology to make it comparable with other Italian regions.

**Fig. 6.1.7 - Waste sorting (% values) by region - 2018**



Equal opportunities: the positioning of Veneto

Source: Processing of data from ISPRA by the Statistical Office of Regione Veneto

to reach the 65% target that was supposed to be reached by 2012 as required by Legislative Decree 152/06.

There are many routes to resolving the critical issues related to atmospheric pollution mentioned above: from the incentive to use more eco-friendly vehicles and public transport, to the improvement of road conditions in order to make travel more fluid and thus reduce the time spent by vehicles with combustion engines on the roads and the expansion of urban green spaces which are natural "absorbers" of pollution.

Regarding the availability of public green spaces in the cities in Veneto, apart from Venice where instead the whole of the centre is a pedestrian area, our values are below the average of Italian cities in relation to the population.

With regard to sustainable mobility, as mentioned above, there are many ways forward: reduce polluting vehicles and improve traffic management. Reducing the number of polluting vehicles on the roads means encouraging the use of public transport and eco-friendly modes of transport, such as bicycles. The number of cycle paths in Veneto's towns and cities has grown over the years, albeit with various difficulties, perhaps first of all, the structure of urban areas, which have grown over the years under a different concept and within which it is hard to find suitable spaces for cycling that are functional and at the same time really safe. The numbers relating to the density of cycle paths in the Veneto region do show, however, a certain effort by local administrations with the highest numbers in Padua and Treviso, with 182 and 110km of cycle paths per 100km<sup>2</sup> of municipal area, respectively, in 2017.

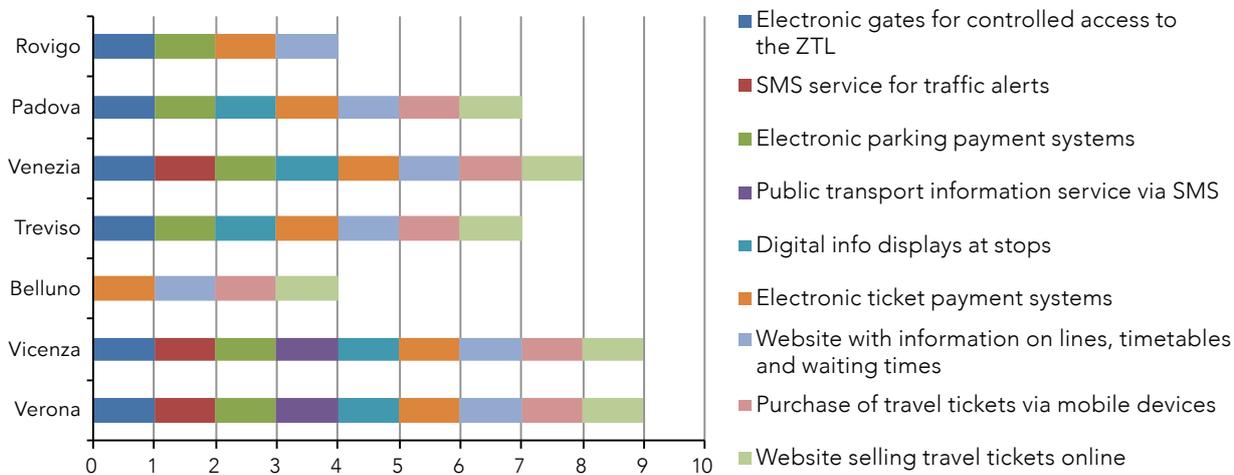
Optimal traffic management is supported by modern systems of "smart" traffic lights as well as infomobility systems. In this regard, Istat investigates the existence of some of these services: 3 relating to private mobility and 5 to public mobility.

In the graph below, cities are awarded a coloured bar if they offer the service; the best performing cities have a longer total bar (Vicenza and Verona). Infomobility services are increasingly widespread. In detail, we can see that electronic ticket payment systems are now widely used. We can also note the use of digital info displays at stops and the option of buying tickets via mobile device.





**Fig. 6.1.8 - Infomobility services provided in the provincial capitals of Veneto(\*) - 2017**



(\*) A coloured bar is assigned to the city if the service is provided  
 Source: Processing of data from Istat by the Statistical Office of Regione Veneto





## 6.2 Moving goods and people



Our region, by virtue of its conformation and its geographical positioning, putting it at the centre of 3 international corridors, its significant tourist attractions and the rich fabric of production districts that are concentrated in its territory, is the generator of considerable pressure in relation to the transit of people and goods through its infrastructures: it is the second Italian region for tons of incoming and outgoing goods per capita and is in third place for accessibility and for the number of passengers travelling through its airports.

The movements in our region include not only the travel of people coming in from outside but also local movement: there are about 3.3 million people who travel every day for work, study, family care or leisure, making an average of 2.6 journeys every day. The vast majority of these journeys take place via a motorized vehicle but there is an increase in “green” travel, on foot or by bike.



### Positioning

Although the restrictions due to the health emergency of spring 2020 have strongly affected the movement of consumer goods, by virtue of its geographical position but also of the activities that persist in the various production districts within its territory, Veneto has historically been the second region in Italy for the transport of goods by road: with almost 270 million tons in 2018, counting the incoming and outgoing goods, it ranks behind Lombardy (which has over 400 million) and ahead of Emilia Romagna (almost 230 million).

**Veneto is the second largest region in Italy for the transport of goods by road.** Considering the impact per capita of transporting goods by road is, once again we find Veneto in second place: with 27.3 tons per person in 2018 we are placed below Trentino Alto Adige, which totals 28.1 tons per person, and ahead of Umbria (26.3).

Over time, this indicator has fluctuated: after the

crisis of 2012/2013, in which the figure in Veneto dropped well below 20 tons per person, it then quickly recovered, signalling a growth in trade and exchange of goods.

During 2014, the Veneto value, which had always been below the Italian average, grew by almost 10 points and since then has consistently exceeded 24 tons per person.

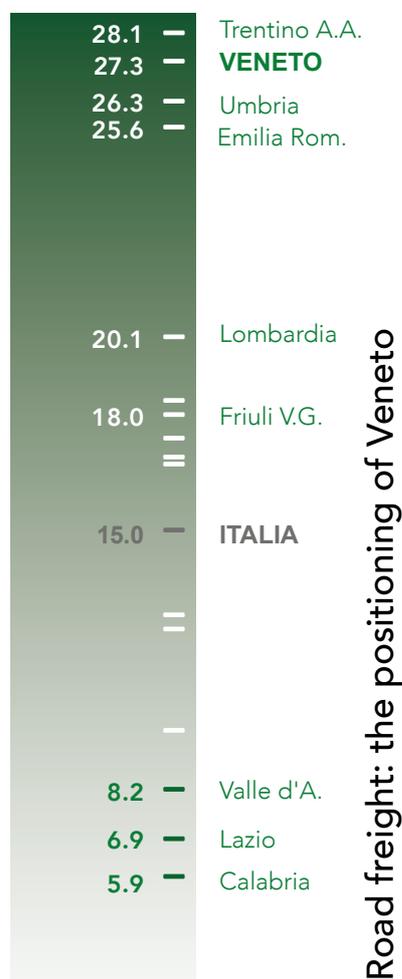
The exact opposite has happened nationally: whereas, until 2013, the Italian average was constantly above the figure in Veneto, starting in 2014 it practically halved and since then it has stood at values that never go past 16 tons.

And whilst this can somehow be seen as a proxy capable of interpreting the vitality of the entrepreneurial fabric of our region, which is a leading player in the trade in goods, on the other hand, the impact on traffic and the congestion of roads and motorways and also on air quality must be taken into consideration.





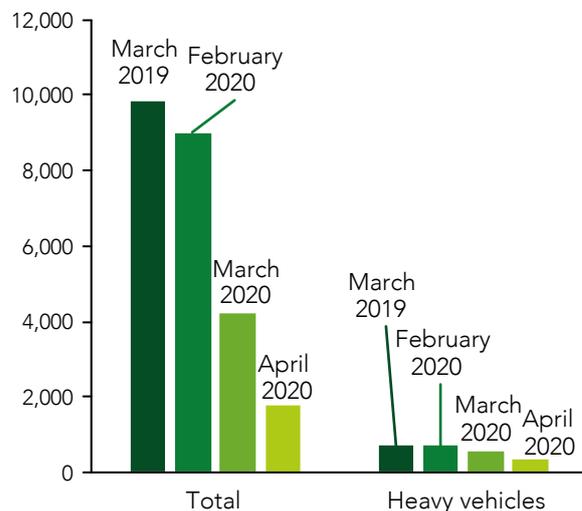
**Fig. 6.2.** - Road freight traffic index (ton/person)(\*). Ranking by region - 2018



(\* Average incoming and outgoing goods by road (tons per person)  
Source: Processing of data from Istat by the Statistical Office of Regione Veneto

**The impact of Covid on regional traffic is much more significant for light vehicles than for heavy vehicles.** It is possible to evaluate the initial impact of the health emergency restrictions on regional traffic: The Italian independent roads agency Anas processes the traffic data taken from the information collected along selected counting sections along the main infrastructures: the average data given for

**Fig. 6.2.2** - Trend in Detected Mobility Index by category. Veneto - March 2019, February 2020, March 2020, April(\*) 2020



(\* data updated to 14 April 2020

Source: Processing of data from Anas by the Statistical Office of Regione Veneto

each territory are calculated as arithmetic averages of the values available for the counting sections of that territory, making up the Index of Detected Mobility (IMR).

For the month of March 2020, we can see a marked decline in the IMR for our region: considering all vehicles, the decrease was -53% compared to the previous month and -57% compared to the same period of the previous year. The data available up to April 14 indicate a further decrease compared to the previous month with -57 percentage points.

There was less of an impact recorded for heavy vehicles<sup>3</sup>: the decrease was -18% with regard to the previous month and -17% compared to March 2019. Again, in this case, the decrease for the first 14 days of April is lower than for total vehicles but more pronounced than the fall in February and March, with -37 points.

Since the largest volume of traffic concerns light vehicles<sup>4</sup>, a differentiated trend can be seen depending on the day of the week: in fact, whilst there is a decrease on weekdays of -48% between March and February 2020 and -51% compared to March 2019,

<sup>3</sup> Lorries with load over 3.5 t, lorries with trailer, articulated lorries and coaches.

<sup>4</sup> Motorcycles, cars with and without trailers, vans or trucks with a capacity of under 3.5 t.

**Tab. 6.2.1 - % variation in the total Detected Mobility Index compared to the previous month and the previous year. Veneto - March and April(\*) 2020**

	% var. March 2020/ February 2020	% var. March 2020/ March 2019	% var. April 2020/ March 2020	% var. April 2020/April 2019
weekdays	-48	-51	-49	-78
day before holiday	-68	-71	-72	-90
holiday	-63	-66	-84	-95
total	-53	-57	-60	-84

(\*) data updated to 14 April 2020

Source: Processing of data from Anas by the Statistical Office of Regione Veneto

it is the days before the start of holidays that report the greatest decrease, with a fall of 68 percentage points compared to February 2020 and 71 points compared to March 2019, exceeding even the fall recorded on holidays. With regard to the partial data for the month of April, there is an even greater decrease compared to the previous month and the same period last year, with a peak of -95 points on holidays in 2020 compared to 2019.

Air transport also suffered the effects of the lockdown: in fact, the first three months of 2020 show the most significant falls starting from March; in fact, whilst in January, with regard to movements, passengers and goods transported, both in Italy and in the Veneto airports, there were the same levels as the previous year and February recorded single-digit drops, March shows a total collapse, compared both to the previous month and to 2019.

**-90% passengers in Venice airport in March 2020 compared to 2019.** Venice airport, with a trend very similar to the other Veneto airports and to the national total, in March 2020, saw a decrease of 90 percentage points in passengers compared to March 2019 and 87% compared to the previous month.

Flights also decreased by 71% and 66% respectively compared to March 2019 and February 2020.

Goods transport was less badly affected, albeit with double-digit decreases, highlighting smaller drops (respectively -32% and -23% compared to March 2019 and February 2020).

## Path

Millions of vehicles travel along the over 6,000 miles of regional and provincial roads and 358 miles of motorways every year.

By examining the trend over time and by quarter of the theoretical daily number of heavy vehicles that have travelled the motorways in our region, two interesting phenomena are revealed.

**106,000 heavy vehicles per day on Veneto motorways in the 2nd quarter of 2019.** The first is that the phenomenon increased constantly over the years under consideration. The second is that there is a precise seasonal aspect to the trend that is repeated in the exact same way from quarter to quarter: for example, the first quarter always has the lowest values for the year, while the third always has the highest: therefore we rise from 80,281 daily heavy vehicles in the first quarter of 2015 to the record of 101,207 vehicles in the third quarter of 2018. For 2019, the upward trend was confirmed and the second quarter already beat the record of all those before, reaching 106,000 vehicles.

A very similar trend occurs for motor vehicles: again, in this case, it is the summer months of July, August and September (third quarter) that record the most intense daily traffic, with the difference that there are decidedly larger volumes of traffic. The number of vehicles fluctuates between 200,000 and over 300,000 units, depending on the quarter considered.

If we want to consider the age of the Veneto and Italian vehicle fleet, which are closely correlated with the quantity and quality of emissions, we note that there are no particular signs of renewal, although in Veneto things are slightly better: with regard to heavy vehicles, respectively 36% in Veneto and 41% in Italy were registered before 2002 and only 9% and 8% respectively were registered in the two-year period 2017-2018.

The situation is better for cars: in this case, 23%

**Fig. 6.2.3** - Theoretical heavy vehicles (\*) per day (thousands) in transit on motorways in Veneto by quarter. 2015:2019



(\*) Theoretical vehicles are intended as vehicle units which ideally, travelling the entire motorway, cover overall distances equal to those actually obtained (vehicle-kilometres); this number of vehicles is defined by the ratio of vehicle-kilometres to the length of the motorway.

Source: Processing of data from Aiscat by the Statistical Office of Regione Veneto

were registered before 2001 in Veneto (28% in Italy), while the proportion of vehicles registered after 2014 was 21% (19% in Italy).

## The movement of people

Every day, in Veneto, over 3 million people move from home for study, work, family management, leisure and free time, representing more than 90% of regional population between 14 and 80 years of age.

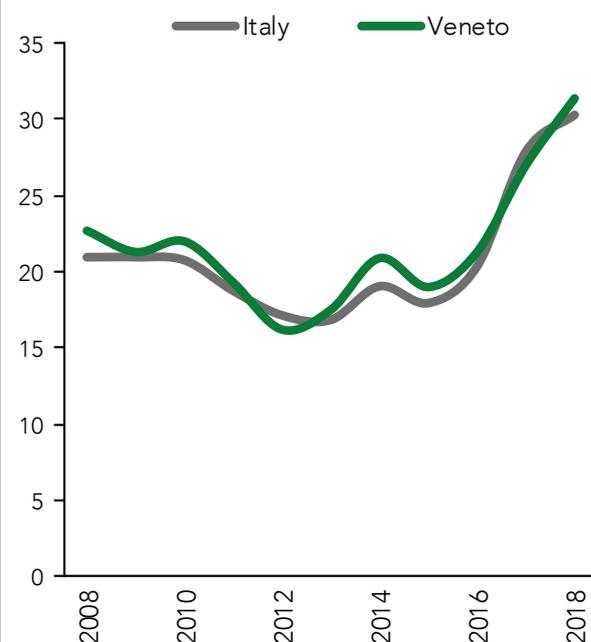
Each of these people travels for an average of one hour and makes almost 3 journeys a day.

### 31% of people in Veneto are "green" travellers.

The preferred way to move from home is with a motorized vehicle, but the habits of the population of Veneto are rapidly changing: whilst in 2008, 77.3% of journeys were made using a motor vehicle (and the vast majority of these with a private car), now, in 2018, this percentage has dropped by almost ten percentage points, all in favour of "green" mobility, which takes place on foot or by bicycle.

This growth in green travel, which has reached almost 32% of journeys made in an eco-friendly way, is due in part to the policies implemented in the various Italian and Veneto municipalities aimed at encouraging travel by bicycle or on public transport. Furthermore, our region is in second place national-

**Fig. 6.2.4** - Percentage of daily journeys made on foot or by bicycle. Veneto and Italy - 2008:2018



Source: Processing of data from Isfort-Audimob by the Statistical Office of Regione Veneto-



ly for number of passengers transported by LPT per person, with 308 units.

Lombardy is in first place with 333 passengers, while the national average is 181.

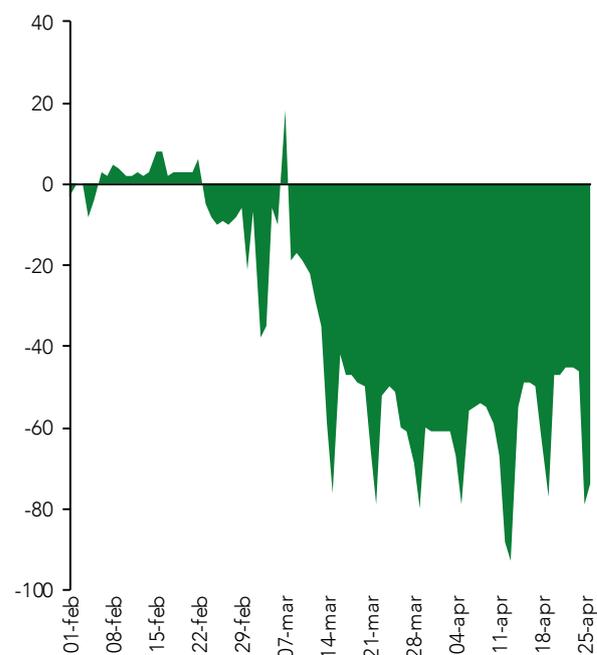
Over time this value has grown steadily, rising from 256 passengers in 2008 to the current value, demonstrating an increased appreciation of public transport as a means of travel.

**Individual mobility crashed in March 2020, especially on holidays.**

During the travel restrictions in spring 2020, individual mobility habits also changed profoundly. The trend in movements during the lockdown can be reconstructed through the analysis of aggregate data, taken from the mapping of macro mobility flows in Italy, based on the analysis of anonymised and aggregated data from connected vehicles, maps and navigation systems, normalised through correlations with location data from mobile apps and with open data from local government.

Daily journeys, compared to the average for the period 13 January 2020- 2 February 2020, began to decrease significantly starting from Monday 9 March (-17%), with the most noticeable drops in the following days on Saturdays and Sundays, with a record dive on the Easter weekend (-88% on Easter day, -93% on Easter Monday), against a trend that showed positive growth until 22 February.

**Fig. 6.2.** - % variation in daily journeys compared to the daily weighted average for the period 13 January-2 February 2020. Veneto - 1 February-26 April 2020

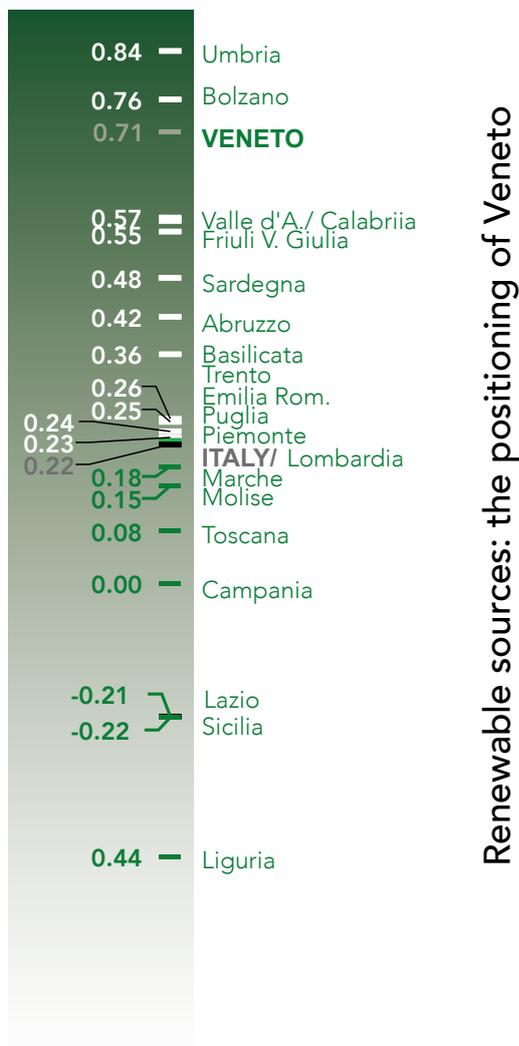


Source: Processing of data from EnelX-YoUrban by the Statistical Office of Regione Veneto





**Fig. 6.3.1 - Gross final energy consumption covered by renewable sources (standardized deviation\* from the target values identified for the regions by the "Burden Sharing" Decree of 11/5/2012 and set for 2020). 2017**



(\*) The standardized deviation is given by the difference between the % achieved and the target set for 2020 divided by the 2020 target. The values thus range from -1 in the worst case, to +1 in the best case  
 (\*\*) The national values are calculated in the same way as regional values, therefore they differ from those used in international comparisons (according to the international methodology, the values are 18.3% and 17% respectively for the 2017 value and the 2020 target) . At national level, data is also available for 2018, where there is a decrease to 17.8%  
 Source: Processing of data from GSF by the Statistical Office of Regione Veneto

**Path**

The optimal management of energy resources and the development of renewable sources are issues strongly linked to the reduction in pollution and, more generally, to the protection of the environment, which is increasingly at risk. One of the areas in which the energy sector must make a contribution is reducing greenhouse gas emissions. The fight against climate change goes back over thirty years and continues albeit with many difficulties. In fact, as far back as the United Nations Framework Convention on Climate Change (UNFCCC), signed at the 1992 Earth Summit in Rio de Janeiro, the States had already agreed to "stabilize atmospheric concentrations of greenhouse gases" in order to prevent the dangerous impact of human activity on the climate system. Every year since 1994, when the Convention came into force, a Conference of the Parties, or COP, has been held to discuss how to proceed. Today, 197 countries are Parties to the Convention. In 2015, during the 21st annual session, the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), called COP21, negotiated the "Paris Agreement" on reducing climate change, approved by representatives from 196 countries. The agreement provided for the achievement of net-zero greenhouse gas emissions by the second half of the 21st century and the commitment of the parties to "pursue efforts to limit the temperature increase to 1.5 °C".

**In 2019, we reached the 25th Conference of the Parties.** Madrid hosted COP25 in December 2019, the aim of which was to launch concrete actions to address the climate emergency, putting into practice the commitments to deliver on the Paris Agreements. COP25 disappointed expectations: the summit closed, after two extra days, with only a vague agreement expressing the "urgent need" to reduce carbon emissions, but without a firm and detailed commitment from the different countries that participated in the Madrid conference and that had signed the Paris Agreement on climate: in practice, a concrete and shared agreement on the environment problem was not reached. While reaching a univocal and strong agreement on a global level is still a complex challenge, the European Union has for years been committed to protecting the environment and, more generally, sustainable development. One important goal is to achieve carbon neutrality by 2050. To achieve this, intermediate stages have been set, each marked by specific objectives.





which followed the same trend. In summary, if the objectives set for 2020 seem to have already been achieved by 2018, those for the future decade will require serious commitment. We shall also have to take into account the new global shock caused by the Coronavirus emergency of 2020, destined to have a strong social and economic impact.

**In Veneto the expected trajectory towards 2020 has been improved but from now on, we need another change of pace.** Finally, on a regional scale, although there are no binding targets, there are nonetheless trajectories established on the basis of the Regional Energy Plan. For Veneto, the consumption forecast for 2020 was 12.3 Mtoe, which had already been surpassed in 2014, with 11.1 Mtoe. However, the same considerations made for Italy also apply to our region, in terms of the link between the trend in consumption and that of the economy. In fact, following the economic recovery, energy consumption rose again in 2015 and remained stable until 2017, when it reached 11.7 Mtoe.



## 6.4 Agriculture



At this time, agriculture is called upon to perform a very important and extraordinary job: in addition to feeding the population and creating a livelihood for producers, it is also responsible for carrying out these traditional tasks within a perspective of multilevel sustainability. Therefore, not only to provide healthy and sufficient nourishment for everyone, but also to be the guarantor and guardian of the nature that surrounds us, adopting practices that do not plunder or pollute the land and with this all being economically sustainable for producers. Veneto has already been moving in this direction for some time with its policies of rural development; it is in fact one of the top regions of Italy in terms of growth in organically farmed land. But the road ahead is still long because - in part due to the range of specialist production and the typical climate in the areas where the majority of farms are located - it is among the Italian regions that use the most plant protection products and fertilizers.

**+37.8%**

% Variation in organically farmed land 2018/17



**€3.1 billion**

Value added of agriculture 2018



**18%**

proportion of organic fertilizers used in agriculture



### Positioning

Although at the moment it is impossible to quantify the extent of the economic loss due to the lockdown, agriculture in Veneto will certainly be negatively affected in terms of value added in 2020: Prometeia forecasts also show that the decline will continue in the course of 2021.

Not all sectors will be affected in the same way and certainly the niches of excellence will be able to limit the damage. Veneto is one of the Italian regions most rich in agri-food treasures, not least the increasingly decisive orientation towards sustainable agriculture.

**Veneto second region in Italy for growth in organically farmed land.** In 2018, there were almost 40,000 hectares of organic farmland in our region; this is still a small share compared to the total land farmed in Veneto, reaching under 5%, but there has been huge growth over the last few years. Since 2015, the growth has always been in double digits and, in 2018, our region achieved the second largest

increase in Italy behind Campania, with a value of +37.8%.

The largest areas are found in the South: Sicily leads the ranking with almost 400,000 hectares, followed by Puglia and Calabria. The region with the largest farmed area in the north is Emilia Romagna with over 155,000 hectares.

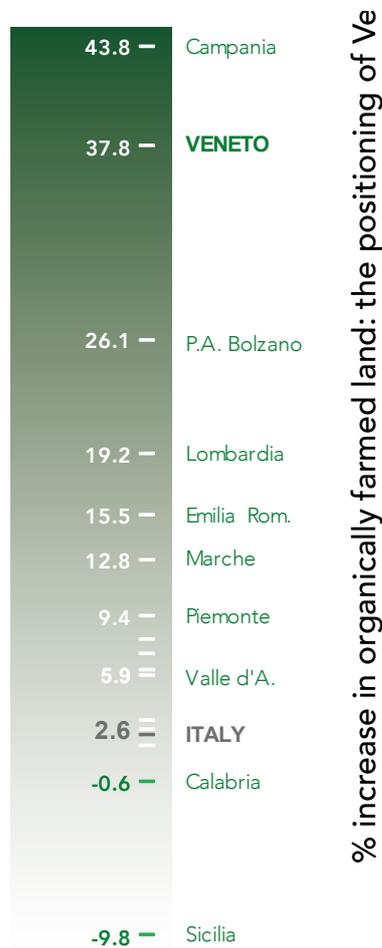
Specialist organic production in our region reflects the characteristics already known for conventional crops: the largest portion, almost a third, is represented by cereals, followed by forage crops, vines and industrial crops.

Veneto is also one of the top regions of Italy for number of sector operators (producers, processors, importers) with over 3,500 businesses.

### Path

According to the directives of the 2030 Agenda, farming practice must also be sustainable from an economic point of view and in relation to the income of farmers: considering the last ten years, the value added generated by the sector in our region

**Fig. 6.4.1** - % Increase in organically farmed land. 2018/17



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

**Fig. 6.4.2** - Value added in agriculture (billions of euro). Veneto - Years 2009: 2018



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

has undergone almost constant growth, exceeding 3 billion in 2018, equal to almost 10% of the national total.

The sectors that make the greatest contribution are meat and wine products: together these make up almost half the value of final production.

**Constant growth in value added in agriculture.** Although the value added per company in our region remains below average compared to other competitor regions, such as Lombardy or Emilia Romagna, the total labour productivity, given by the ratio between the total business revenue and the workers employed and expressed in euro, has been growing steadily since 2010 for our region and always above

the national average, reaching 50,000 per business in 2017.

Similarly, the total productivity of the land, given by the ratio between total business revenues and the utilised agricultural area, has grown constantly in the years considered for the Veneto region and is above the national average: in 2017, it exceeded 5,000.

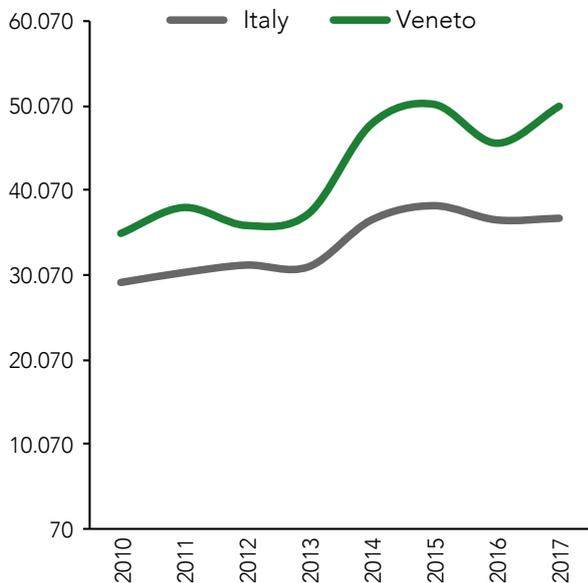
Therefore, in the face of a constantly growing value added, Veneto laments a business structure that is still unable to guarantee profitability on a par with the businesses located in competitor regions.

### The use of fertilizers and plant protection products

One particularly critical issue for the sustainability of farming is the use of fertilizers and plant protection products, which, while guaranteeing productive yields of competitive quantity and quality, jeopardize the health of the territory in which the farm is located and risk impoverishing the soil.

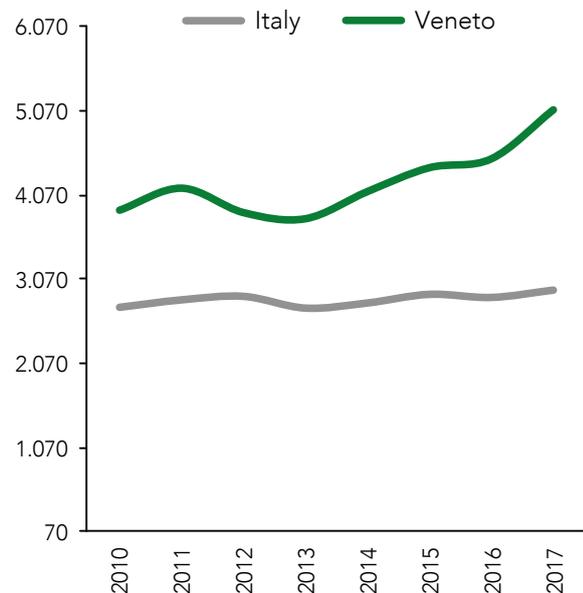
Veneto is one of the regions in Italy that uses the most of both types of products: as regards fertilizers, with over 730,000 tons spread in 2018, it was ranked third in Italy, preceded by Lombardy (940,000) and

**Fig. 6.4.3** - Total labour productivity (euro) (\*). Veneto and Italy - 2010:2017



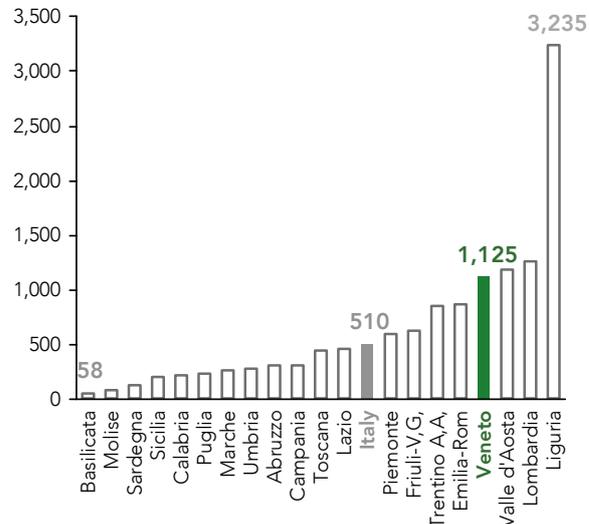
(\* Total Business Revenue/Total Workers  
Source: Processing of data from Crea by the Statistical Office of Regione Veneto

**Fig. 6.4.4** - Total land productivity (euro) (\*). Veneto and Italy - 2010:2017



(\* Total Business Revenue/Utilised Agricultural Area  
Source: Processing of data from Crea by the Statistical Office of Regione Veneto

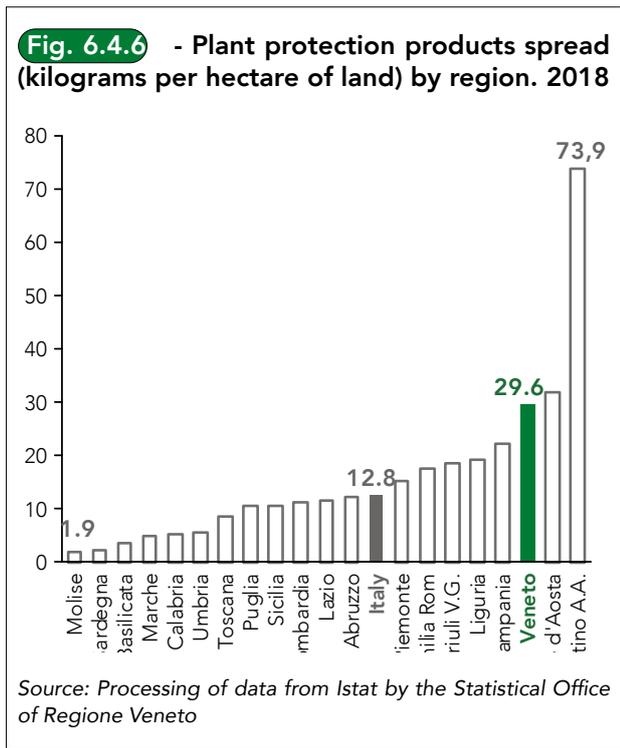
**Fig. 6.4.5** - Fertilizers spread (kilograms per hectare of land) by region. 2018



Source: Processing of data from Istat by the Statistical Office of Regione Veneto

Emilia Romagna (850,000). Even considering the quantity spread in kilograms per hectare of arable land, Veneto is one of the most intensive users in Italy, with over 1,100 kg per hectare. This is well above the Italian average (510 kg/ha), although it is around one third of the figure for Liguria, which conquers the podium with over 3,000 kg per hectare. It is evident that the prevalence of certain types of crop favours a greater propensity to concentrate fertilizers per hectare.

**The use of fertilizers is declining.** The use of fertilizers is also dependent on the climate of the agricultural year: some years may require more intensive action than others. In any case, there was a decreasing trend in Veneto in the last few years considered: between 2010 and 2018, the concentration per hectare fell by almost 7 percentage points while, in the same period, there has been an increase in the proportion of fertilizers used that are approved for organic farming, going from 14.7% in 2010 to 19.2% in 2018. A very similar trend can also be seen nationally, although, in the last two years, Veneto recorded greater growth in this type of fertilizer. In terms of plant protection products, Veneto is the region with the highest absolute value (over 9 million kg in 2018) followed by Emilia Romagna with almost 8 million kilograms distributed.



Relating to the value per hectare of arable land, Trentino Alto Adige is the region with the highest values (74 kg per hectare), a result that certainly depends on the type of crop most commonly farmed in the region (woody agricultural). Val d'Aosta and Veneto follow (29.6 kg/ha) while the Italian average is around 13 kg per hectare.

**Almost half of the plant protection products distributed in Veneto are authorised for use in organic farming** Over time this value has fluctuated somewhat in Veneto but has remained substantially stable. On the other hand, the proportion of plant protection products authorised for use in organic farming has increased: although, in Veneto, the value is consistently lower than the Italian average, between 2010 and 2018 it grew by 45 percentage points, totalling 44 percentage points in 2018, slightly less than the national 47%, which recorded a downward trend in the period considered.





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