



VENETO EXPORTS ARE POSITIVE

Definitive data and foreign trade development



Definitive data on foreign trade released by ISTAT confirmed that 2005 was another year of growth for Veneto exports. The presentation of the final balance sheet for 2005 is an opportunity for a critical analysis of these data, which are in strong contrast to the provisional forecast. The timing with which provisional data are released conceals an error of estimate that is of major importance for our region: exports were forecast to drop by -1.5%, yet definitive figures showed that they had actually increased by +1.1%. In financial terms, this difference of 2.6 percentage points spelled out an underestimation of more than 1 billion euro, i.e. 2.5% of exports in 2005. This error may have been made for all of Italy's regions, but for the Veneto it has farther-reaching implications both in terms of difference in percentage points and in terms of consequence: provisional data attributed 24.5% of Italy's national error of estimate to the Veneto, which is the second leading region for trade flow and exports 14% of Italian goods. This error had repercussions for

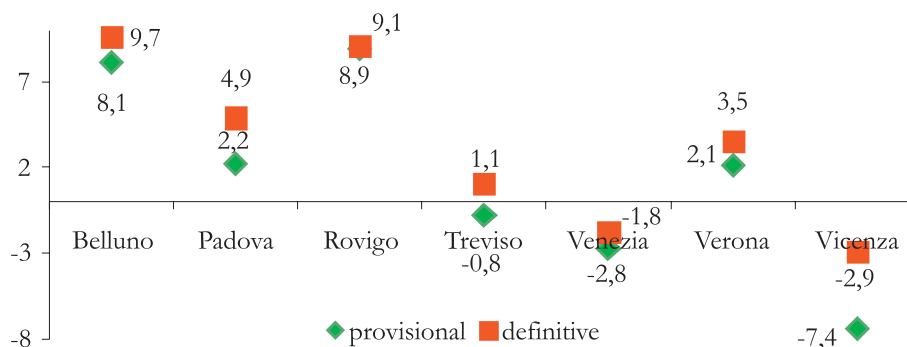
the provinces, but 52.7% of the error fell on Vicenza where the difference between provisional and definitive data was more than 540.6 million euro. Consequently, the actual drop in exports of -2.9% mitigates the climate of pessimism that had descended after a worrying forecast of -7.4% and is more than understandable in light of a drop in demand from the USA and the weakness of internal demand across the EU and in Japan.

The first semester of 2006 recorded an +8.2% increase in Veneto exports. Once again, exports to Germany, the Veneto's main trading partner, grew (+2.1%), but growth rates towards emerging partners are much higher: +2.5% towards Russia; +20.9% towards China; +16.9% towards Romania; and +12.8% towards Croatia. On one hand, these figures illustrate an upturn in the fortunes of Veneto businesses, but on the other underline that mature markets, such as the EU and North America, require more attention.

Veneto exports and imports: provisional and definitive data 2005 and the difference between them.
Percentage variation compared to 2005 and effect of the difference for definitive data 2005

		Definitive data		Provisional data		Difference between definitive data 2005 and provisional data 2005	% effect of the difference
		2005 (current euro)	% var. 2005/04	2005 (current euro)	% var. 2005/04		
Veneto	Export	40.646.614.497	+1,1	39.621.089.992	-1,5	1.025.524.505	2,5
	Import	32.729.518.004	+4,0	32.142.375.044	+2,1	587.142.960	1,8

Percentage variation between provisional and definitive exports 2005/2004 per province



Source: Processing by Regione Veneto - Direzione Sistema Statistico Regionale on Istat data

Foreign trade in the first semester of 2006

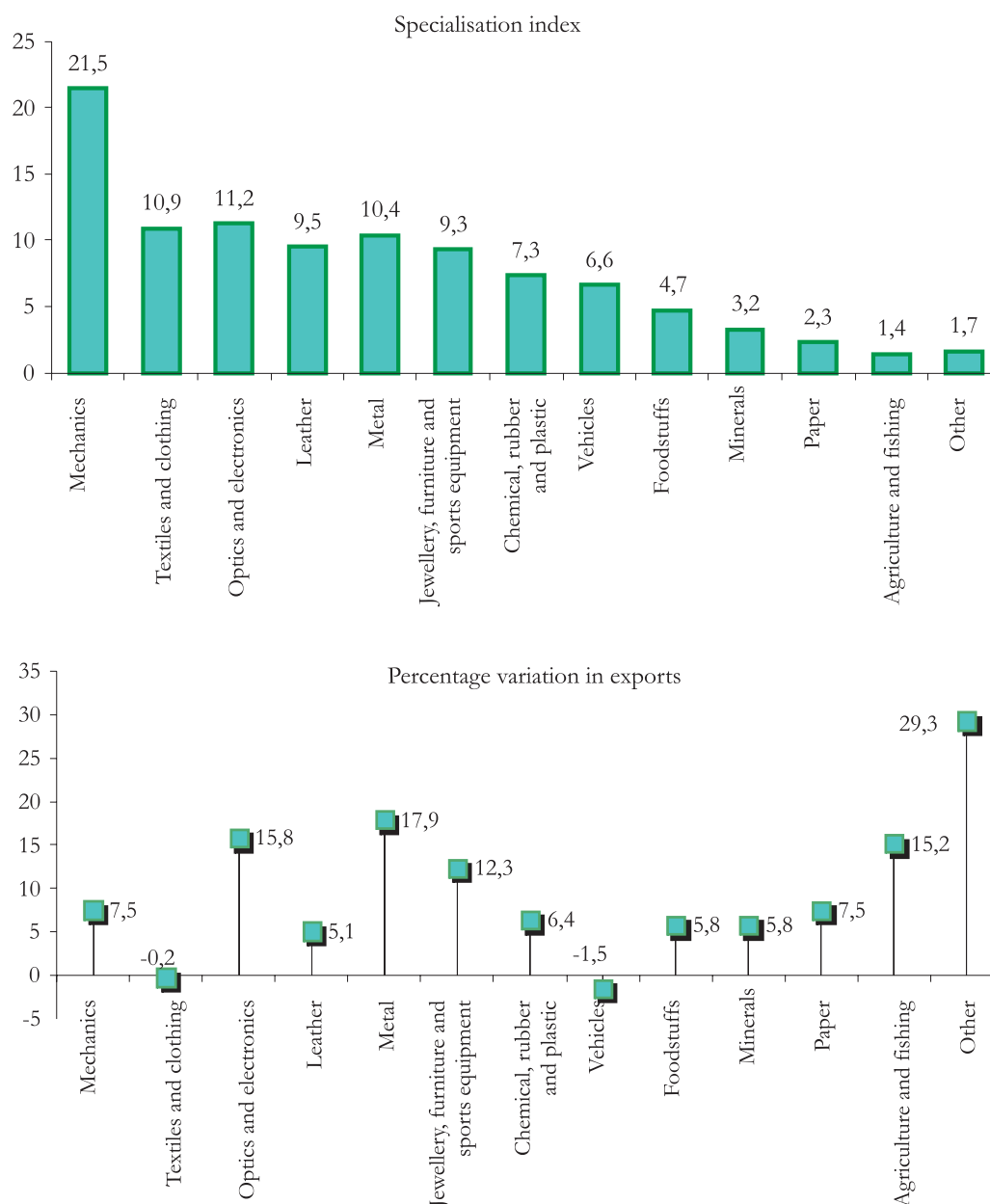
Veneto and Italy exports and imports First semester 2006 (**)

		2006 Jan – Jun (current euro)	Percentage var. 1st semester 2006/05 (*)
Veneto	Exports	21.179.386.331	+8,2
	Imports	17.424.017.354	+9,7
Italia	Exports	158.357.228.517	+10,6
	Imports	172.695.774.320	+15,2

(*) Provisional data.

In order to provide some insight into foreign trade figures for 2006, information on the first semester is shown in this table. The figures are provisional and should therefore be treated prudently. They are included with the sole purpose of illustrating trend.

Specialisation index (*) and Percentage variation for Veneto exports in the main economic sectors. Jan – Jun 2006 and 2005 (**)

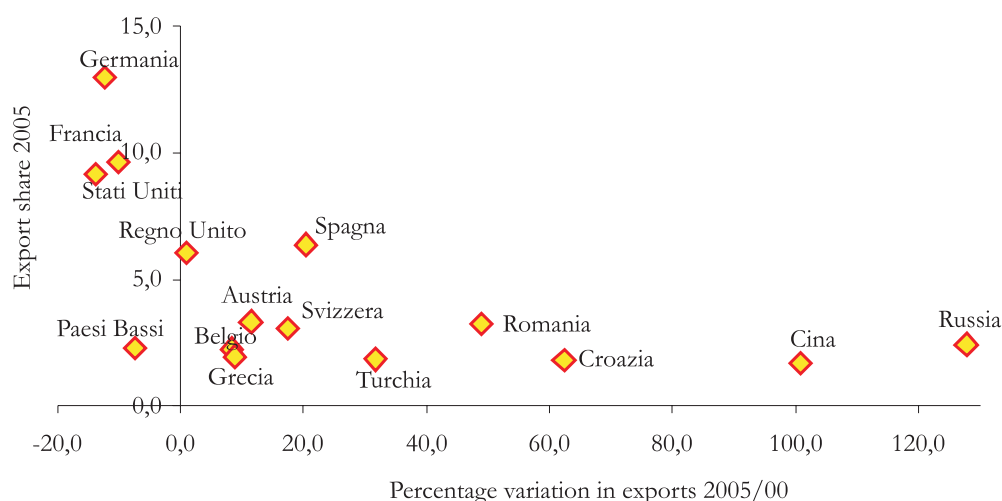


In comparison to the same period last year, the first semester of 2006 shows a considerable increase both in exports (+8.2%) and imports (+9.7%) recording a healthy balance of +3.7 billion euro. Analysis of the different economic divisions reveals that mechanics, the leading specialisation sector, grew at an incredible rate (+7.5%) in the last semester, whilst Italy's traditional sectors, textiles and leather goods, lost share to electronics and the metal industry. In terms of percentage growth, optics/electronics rose by +15.8% and the metal industry by +17.9%.

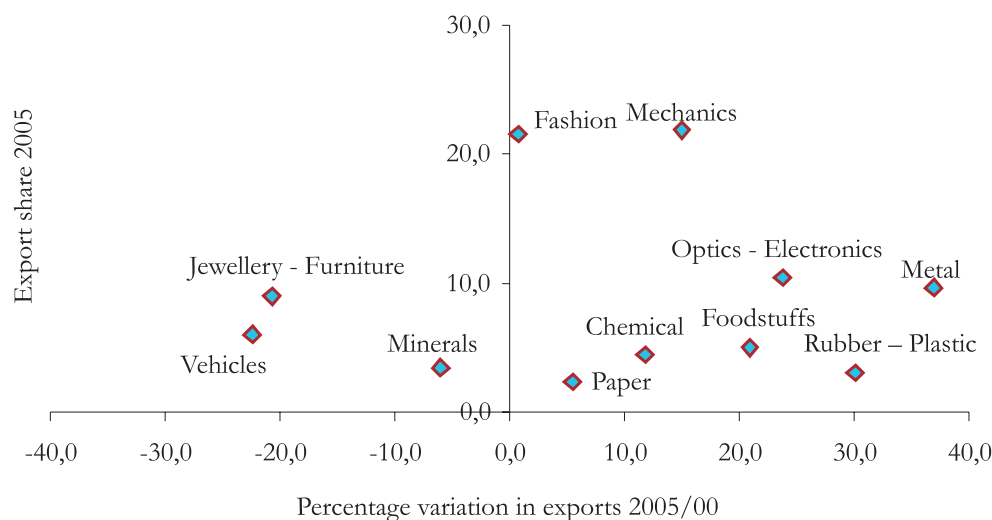
(*) export specialisation index = exports per economic sector x 100/total exports

(**) provisional data

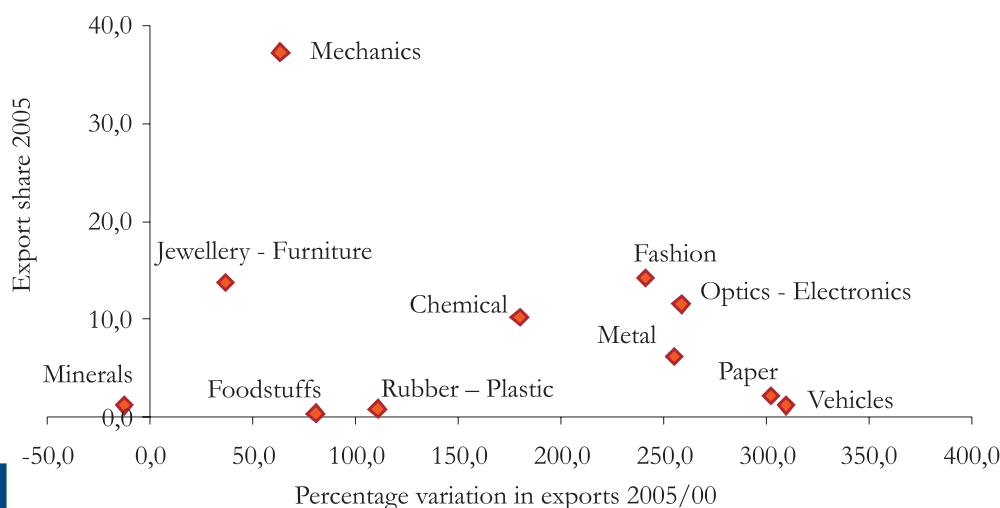
Percentage variation 2005/00 and share 2005 for Veneto exports towards main trading PARTNERS



Percentage variation 2005/00 and share 2005 for Veneto exports within the main economic SECTORS



Percentage variation 2005/00 and share 2005 for Veneto exports within the main economic sectors towards CHINA



The most interesting feature in this graph - one that has come to the fore over the last few years - is the gradual shift in the channels of trade.

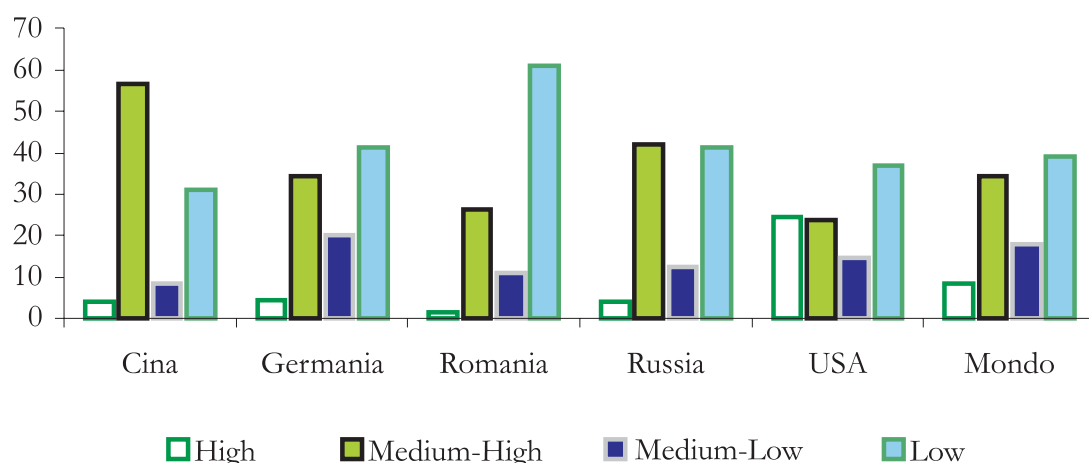
The European Union is still the Veneto's main channel of trade, but over the last few years exports towards the region's historic trading partners, namely Germany, France, United Kingdom and United States, have become stationary. At that same time, the Veneto's foreign trade has shifted towards the East with a major increase in exports towards China, Russia, Croatia and Romania.

Analysis of product demand in the aforementioned countries revealed that demand for goods considered to be Italy's traditional sectors, such as fashion, jewellery and furniture, has contracted within mature markets where the competitive prices of Asian suppliers exert great pressure. Demand within emerging markets, however, is flourishing probably because Italian goods are seen as a status symbol by the wealthier classes. The flows in the Veneto's two other main export sectors, mechanics and optics-electronics, towards Germany and the United States are stationary, but have increased sharply towards the East. The sector that shows no sign of crisis in any of the markets is the metal-working sector. The poor performance of the vehicle sector is due mainly to the fluctuating dynamics of product export caused by exogenous factors and to the high added value of the aircraft and space vehicle division.

Over the last five years, the Veneto's exports towards China have risen in all sectors apart from the mineral division. There was a particular increase in the mechanics division: in 2005 more than 37% of the goods exported to China were from this sector.

Technology content of exported goods

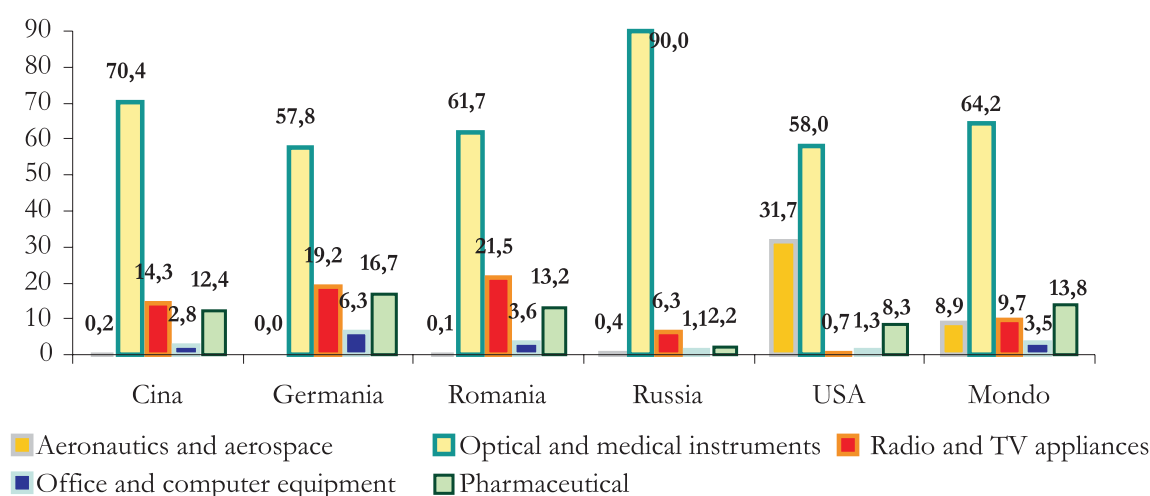
Percentage share of Veneto manufacturing exports reclassified according to technology content (*) in some of the main markets - Year 2005



(*) OECD classification (2003) based on average values of R&D expenditure in proportion to the added value within each economic sector and for 12 member countries in 1999.

Manufacturing sector products were reclassified according to the OECD classification 2003, which subdivides products into four technology categories: high technology, medium high technology, medium low technology and low technology. This was done in order to determine the behaviour of export dynamics according to destination. The main product-type exported came under medium high technology. High technology products, however, were also exported to mature markets, whilst low technology products were exported mainly to other destinations. All the destinations revealed a sharp rise in high and medium high technology products to the detriment of lower technology products.

Percentage share of Veneto manufacturing exports with a high technology content (*) in some of the main markets - Year 2005



(*) OECD classification (2003) based on average values of R&D expenditure in proportion to the added value within each economic sector and for 12 member countries in 1999.

A closer look at high technology exports reveals the major importance of the optical and medical instruments division, which made up more than 64% of high technology exports in 2005, with peaks of 90% in the Russian market and of 70% in the Chinese market.

Source: Processing by Regione Veneto - Direzione Sistema Statistico Regionale on Istat data



Regione del Veneto

- Assessorato alle politiche dell'economia, dello sviluppo, della ricerca e dell'innovazione e politiche istituzionali
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