



## VENETO AND THE CURRENT ECONOMIC SITUATION



On the occasion of the publication of the adjusted 2007 national economic indices by the Istituto Nazionale di Statistica (National Statistical Institute), an overview of the current economic situation and forecasts for the principal international, national and regional economic variables is here presented.

In 2007 the world economy showed signs that the business cycle was slowing after more than a decade of growth. A sluggish American economy and the related credit crisis had already cast a cloud over the situation, but worse was to come as a wave of turbulence swept over commodities markets and the dollar and financial markets in general. The upshot of these events was an erosion of purchasing power due to increasing energy and food prices, as well as families

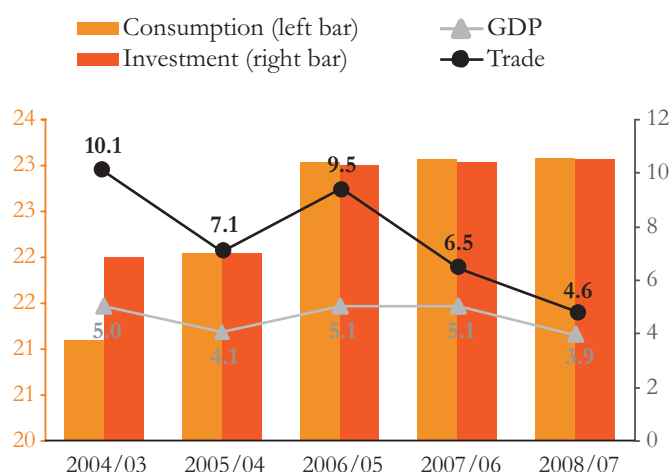
and companies tightening their belts in order to cope with an increasingly unstable economic situation.

Overall, Italian GDP grew by 1.7%, slightly slower than the previous year, but while 2006 was a year of recovery, 2007 experienced a deceleration that to some degree compromised the dynamics of 2008.

In 2006, the most recent year for which official data on regional accounts are available, the economic recovery in Veneto that started in the summer of 2005 continued and gradually consolidated, experiencing 2.5% growth, the highest in the last six years. This figure meant that Veneto stood alongside Friuli Venezia Giulia as Italy's top performing regions.

## Gross Domestic Product

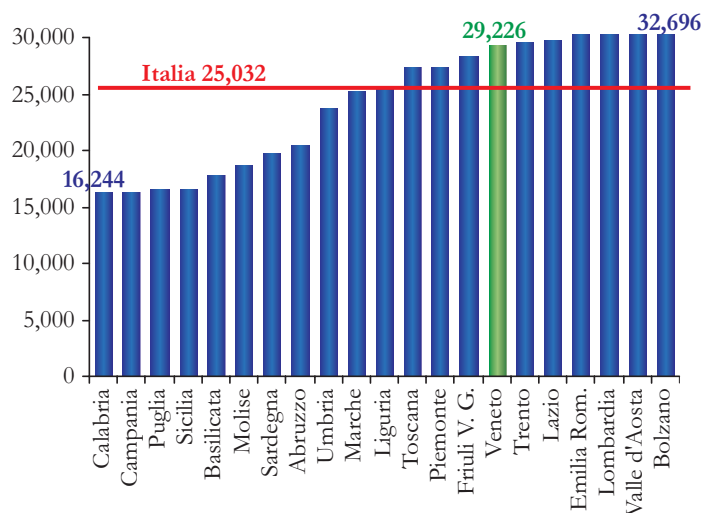
**WORLD**  
Percentage variation of GDP, of world trade in goods and services, and of investments and consumption as a percentage of GDP. Years 2003:2008



**WORLD**  
Percentage variation of the main indicators for world economy  
Years 2006:2009

	2006	2007	2008	2009
World GDP	5.1	5.1	3.9	3.9
GDP seven largest industrialised countries	2.7	2.2	1.1	1.4
Inflation seven largest industrialised countries	2.3	2.1	2.9	2.2
World exports	9.5	6.5	4.6	6.9
International prices in dollars				
manufactured products	3.2	5.2	6.2	2.1
foodstuffs	10.9	25.5	43.3	11.1
other raw materials	46.1	12.4	2.3	7.2
Relative price oil/manufactures	16.8	-12.3	-3.9	2.0
Brent crude: \$ per barrel (*)	65.6	72.7	97.0	90.8
(*) Annual prices	Forecasts			

Gross Domestic Product at current prices in euros per inhabitant per region – Year 2006



Macro-economic overview (percentage variation at constant prices. Base year 2000). Veneto and Italy - Years 2005:2007

	2005		2006		2007	
	Italia	Veneto	Italia	Veneto	Italia	Veneto
Gross Domestic Product	0.0	0.5	1.9	2.5	1.7	1.2
Expenditure on final household consumption	0.4	1.0	1.6	1.4	1.4	1.6
Expenditure of P.A and P.S.I on final consumption	1.5	1.9	0.9	1.3	1.3	1.6
Fixed gross investments	-0.5	2.2	4.5	1.8	1.0	2.5
Imports (*)	8.3	4.0	14.0	13.1	5.7	6.3
Exports (*)	5.5	1.1	10.7	13.9	9.7	8.4

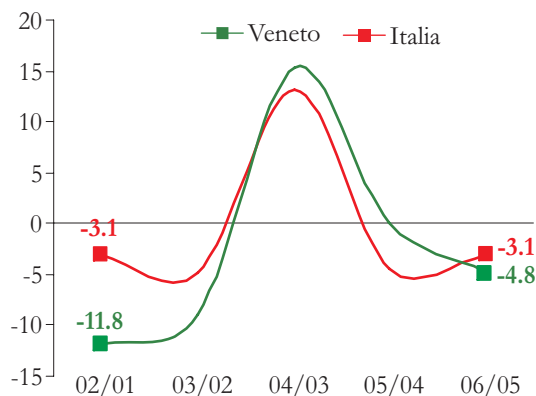
(\*) Percentage variation present values them temporary esteem

Source: processing by Regione Veneto – Direzione Sistema Statistico Regionale on Istat, FMI, Isae and Prometeia data and estimates

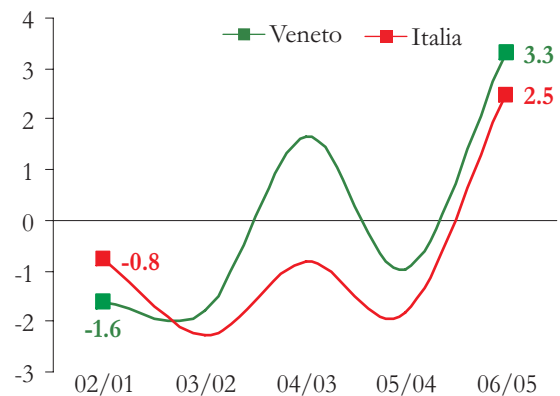
## Value added and productivity

A major contribution to the growth of added value was made by industry, which still accounts for 35.1% of Veneto's entire regional wealth. In 2006 it recovered significantly, up 3.1%, after years of stagnancy. Both sectors of industry improved: the construction sector did not do as well as the previous year, but it still increased by 2.4%; while industry in the strictest sense grew by 3.3% after slowing down in 2005.

Percentage variation of value added (\*) in agriculture  
Years 2001:2006

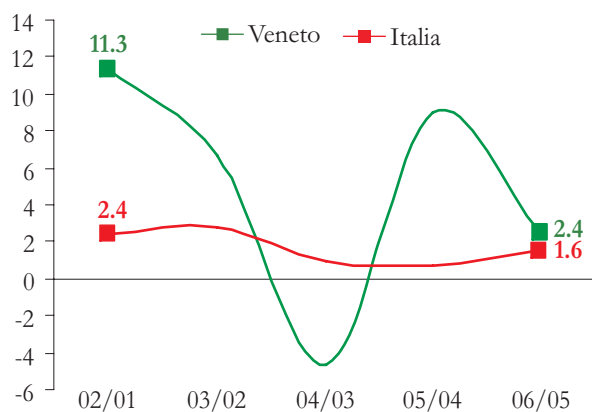


Percentage variation of value added (\*) in industry in the strictest sense – Years 2001:2006

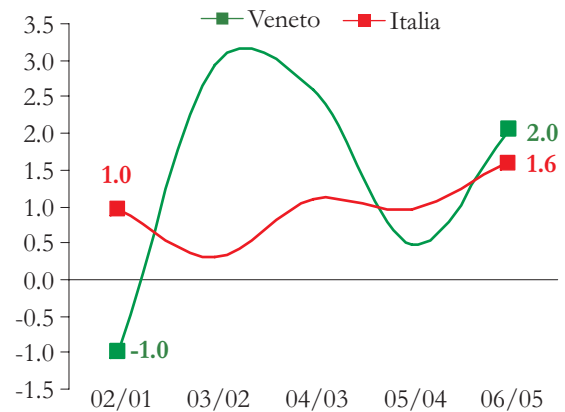


The service sector makes up 62.2% of regional GDP and, though almost stagnant in 2005, it grew by 2% in 2006 thanks to trade, whose performance was excellent, up 2.9%. Agriculture was the only sector to perform negatively in producing added value and its fall continuing since peaking in 2004.

Percentage variation of value added (\*) in construction  
Years 2001:2006

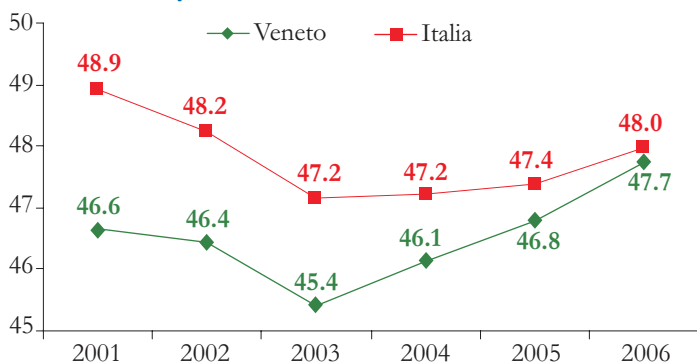


Percentage variation of value added (\*) in services  
Years 2001:2006

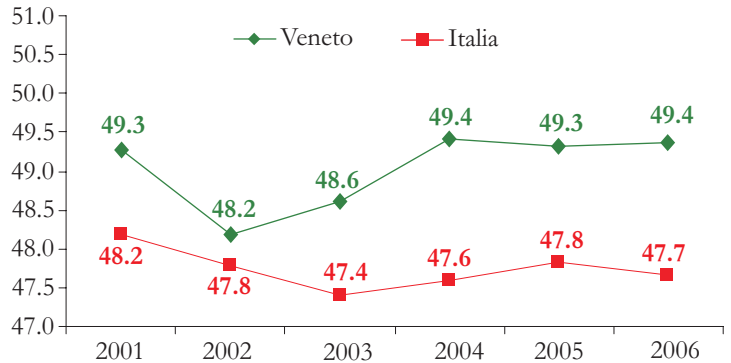


In Veneto, labour productivity has recovered strongly since 2003: in 2006 wealth produced per labour unit was 51.9 thousand euros, one of the highest regional figures, and its growth rate is higher than the national rate per labour unit. There has been a clear recovery in the sector of industry in the strict sense, where despite increased employment, the gap between regional and national productivity has narrowed. For other sectors whose productivity levels are higher than national ones, there has been a slight recovery in services, which have seen the gap with Italy widen since 2002.

Productivity (\*\*) (thousands of euros 2000)  
Industry in the strictest sense – Years 2001:2006



Productivity (\*\*) (thousands of euros 2000)  
Services – Years 2001:2006



(\*) Calculated in constant prices - Base year 2000

(\*\*) Productivity = Value added / Labour unit

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

## International trade

Foreign trade. Prices expressed in millions of euros and annual % variation. Years 2006:2007 (\*)

### Export

	2007 m euros	% share	% var. 2007/06 prov./def. (a)	prov./prov. (b)
<b>Veneto</b>	<b>47,525</b>	<b>13.3</b>	<b>2.7</b>	<b>8.4</b>
<b>Italia</b>	<b>358,633</b>	<b>100.0</b>	<b>8.0</b>	<b>9.7</b>

### Import

	2007 m euro	% share	% var. 2007/06 prov./def. (a)	prov./prov. (b)
<b>Veneto</b>	<b>38,361</b>	<b>10.4</b>	<b>3.6</b>	<b>6.3</b>
<b>Italia</b>	<b>368,080</b>	<b>100.0</b>	<b>4.4</b>	<b>5.7</b>

(a) Percentage variation of 2007 provisional figure over the 2006 definitive value

(b) Percentage variation of 2007 provisional figure over the 2006 provisional value

Exports by province. Prices expressed in millions of euros and annual % variation. Years 2006:2007 (\*)

	2007 m euro	% share	% var. 2007/06 prov./def.(a)	prov./prov.(b)
Belluno	2,651	5.6	10.3	10.8
Padova	7,424	15.6	5.8	7.7
Rovigo	998	2.1	4.7	5.0
Treviso	9,931	20.9	1.1	6.1
Venezia	5,127	10.8	14.1	15.2
Verona	8,067	17.0	3.8	5.5
Vicenza	13,327	28.0	-3.6	9.9
<b>Veneto</b>	<b>47,525</b>	<b>100.0</b>	<b>2.7</b>	<b>8.4</b>

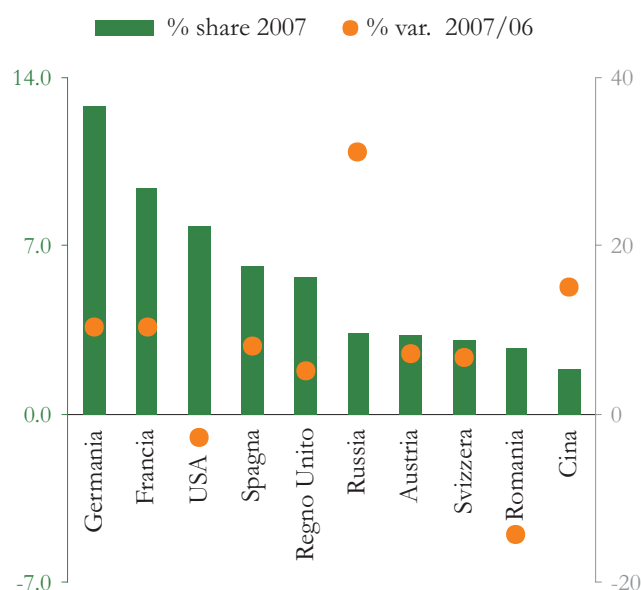
In 2007, although the euro has significantly appreciated against the dollar, eroding price competitiveness, Italian exports grew by 8% confirming the positive trend of the previous year, which was up 10.7%.

The increase in exports, clearly greater than those of imports by 4.4%, has allowed the negative balance of trade to be reduced by 9.5 billion.

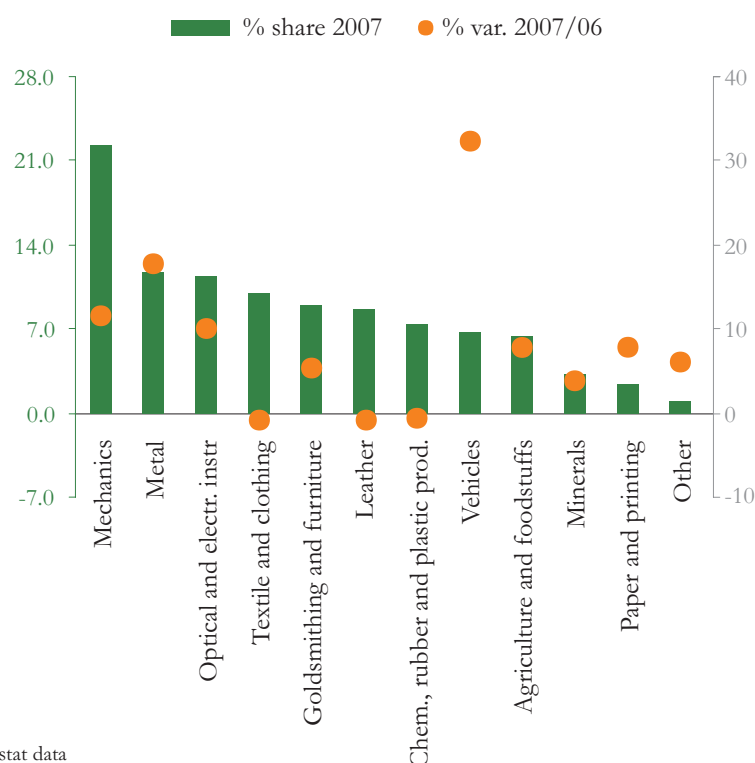
It should be underlined that the 2007 data are provisional, the definitive version will be released only at the end of the year. Over the years monitoring these values has shown that the difference between the provisional and the definitive figure is extremely significant for Veneto, so it was decided to place alongside the figure published by Istat the 2007/06 percentage change calculated using the two provisional figures as well, which were thought to be more reliable in describing the dynamic of exports.

Using this logic the annual growth of exports from Veneto would rise to 8.4 percentage points, a figure in line with the national average of 9.7%.

Exports from Veneto to the principal markets and China  
Share and annual % variation. Years 2006:2007 (b)



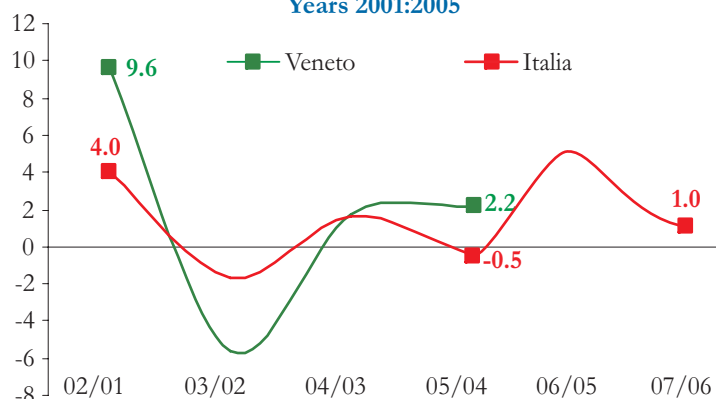
Exports from Veneto to the principal markets and China  
Share and % annual change. Years 2006:2007 (b)



(\*) 2007 provisional data

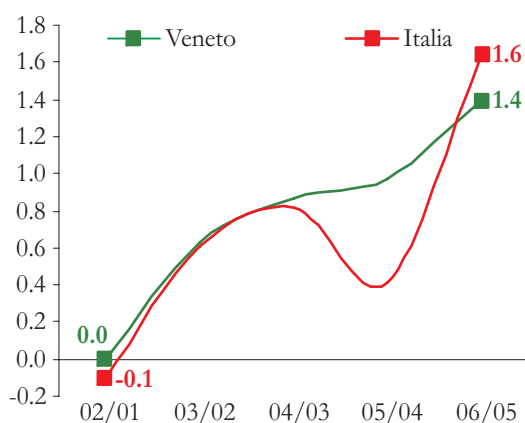
## Consumption, investment and inflation

Percentage variation of gross fixed investment (\*).  
Years 2001:2005



The most recent data and forecasts for the years to come indicate that the development of investments will not be linear. Nationally, after years of ups and downs, there was an increase of 1.2% in 2007, though it did waver slightly in the fourth quarter and thus reduced its role in the growth of GDP. In 2007 the sectors of greatest growth on a national level were construction and immaterial goods; vehicles grew, but at a slower pace. In 2005, the most recent year for which figures are available, Veneto's growth of 2.2% was driven mainly by investments in services, up 3.9%, and especially in trade, up 11.6%. Investment in agriculture also rose by 1%.

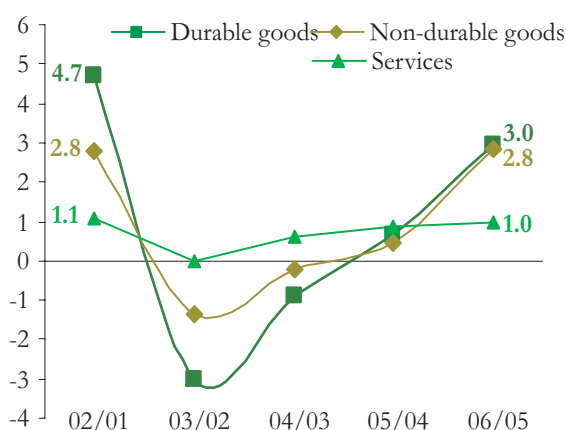
Percentage variation in expenditure on final consumption (\*).  
Years 2001:2006



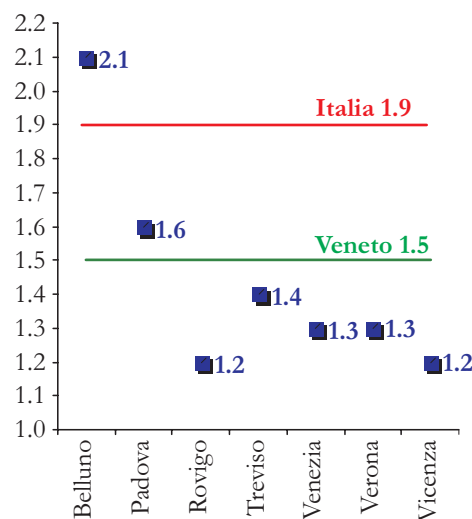
In real terms, the growth rate of national consumption is around 1.3%. Already beginning in the third quarter 2007, family consumption has been the component of domestic demand that has grown the least. In Veneto in 2006 expenditure on final consumption was up by around 1.4% in line with the Italian rate. Demand has increased the most for durable goods, which constitute 11% of total expenditure; non-durable goods increased by 2.8%, and services, which make up 49% of expenditure, rose by 1%. Compared to the national average, the distribution by category does not manifest relevant differences, except a greater share of expenditure on non-durable goods in Veneto, which is lower than in the past.

In February 2008, Italy's inflation rate (NIC) was 2.9% (annual basis), down slightly compared to January's 3% rate. The steady pace of inflation was again affected by the rising price of energy and food. Italian inflation was, however, lower than that in the other euro-area countries. In 2007, inflation in Veneto was slightly lower than the national average, 1.5%, although it was 2.1% in the town of Belluno. Both in Veneto and on a national level, the prices that contributed most to the rise in inflation were those for food, energy consumption for the home, and the rise in prices for hotels and retail shops.

Percentage variation in expenditure on final consumption (\*)  
by category. Veneto - Years 2001:2006



Percentage variation of consumer price index for the whole nation (NIC) excluding tobacco products. Italy and Veneto provincial capitals - Year 2007



(\*) Calculated in constant prices - Base year 2000

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

In accordance with Regional Law no. 8 of 2002, Ufficio di Statistica della Regione Veneto gathers, analyses and disseminates statistical information for the benefit of the region. The processed data herein is the patrimony of the entire region and is published in brochures as well as on the Regione Veneto website at [www.regione.veneto.it/statistica](http://www.regione.veneto.it/statistica).



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