



Unioncamere  
Veneto

# **2015 in the name of discontinuity. Veneto is ready to begin a new chapter**

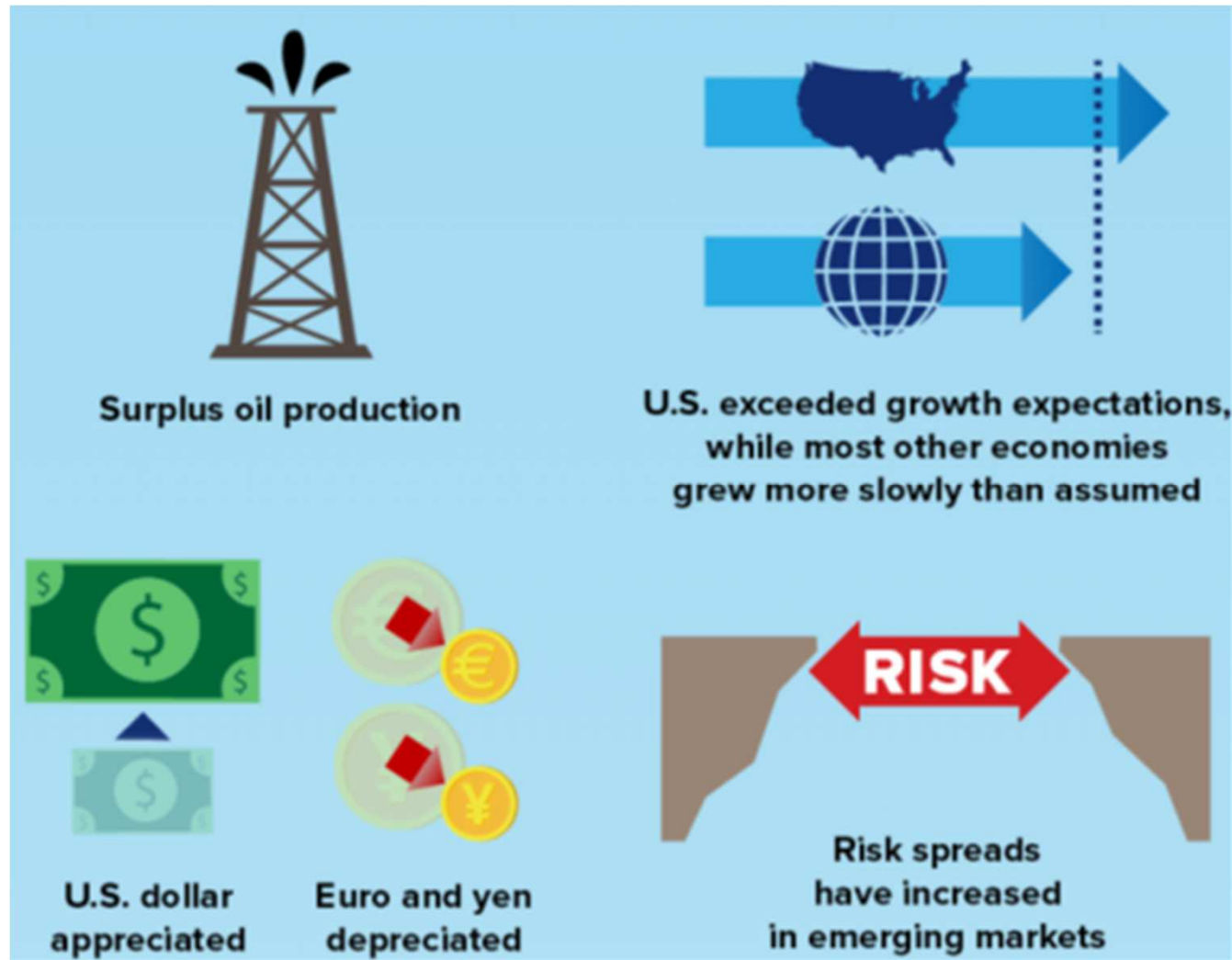
**Unioncamere Veneto**  
**Economic and social research centre**

***Veneto 2015 Economic Report***

*Venice, 30 March 2015*

- ***INTERNATIONAL AND NATIONAL CONTEXT***
- *REGIONAL ECONOMY AND SECTORS*
- *FORECASTS AND PREDICTIONS*

## Four key elements influencing global growth in 2014



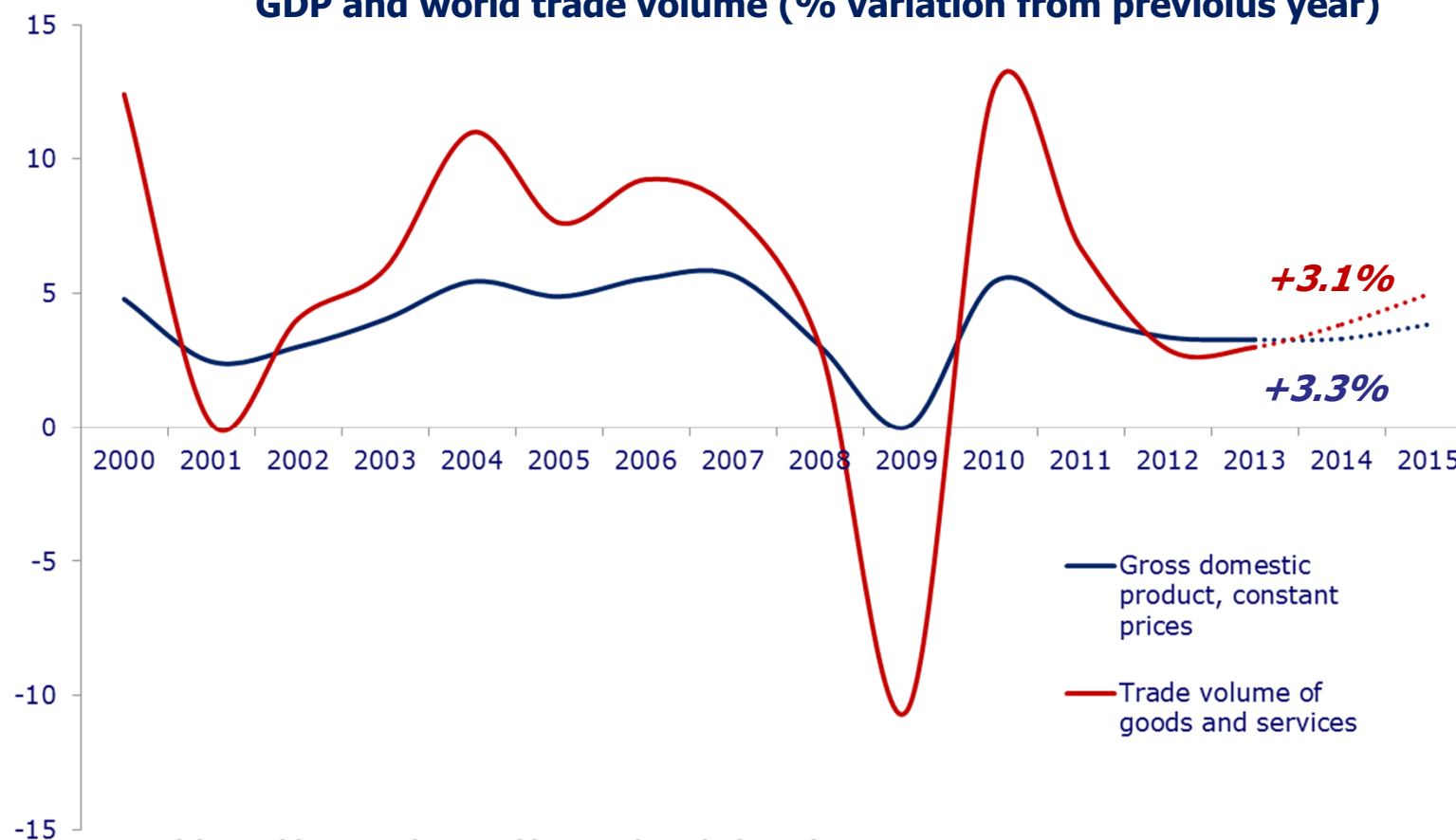
Source: INTERNATIONAL MONETARY FUND [www.IMF.org](http://www.IMF.org)

# Weak and uneven recovery

**WORLD.** In the second half of 2013, the global economic environment was characterized by a slow recovery.

In 2014, the world GDP increased by +3.3% and the world trade by +3.1%;  
+1.8 in the advanced economies, +4.4% in the emerging economies

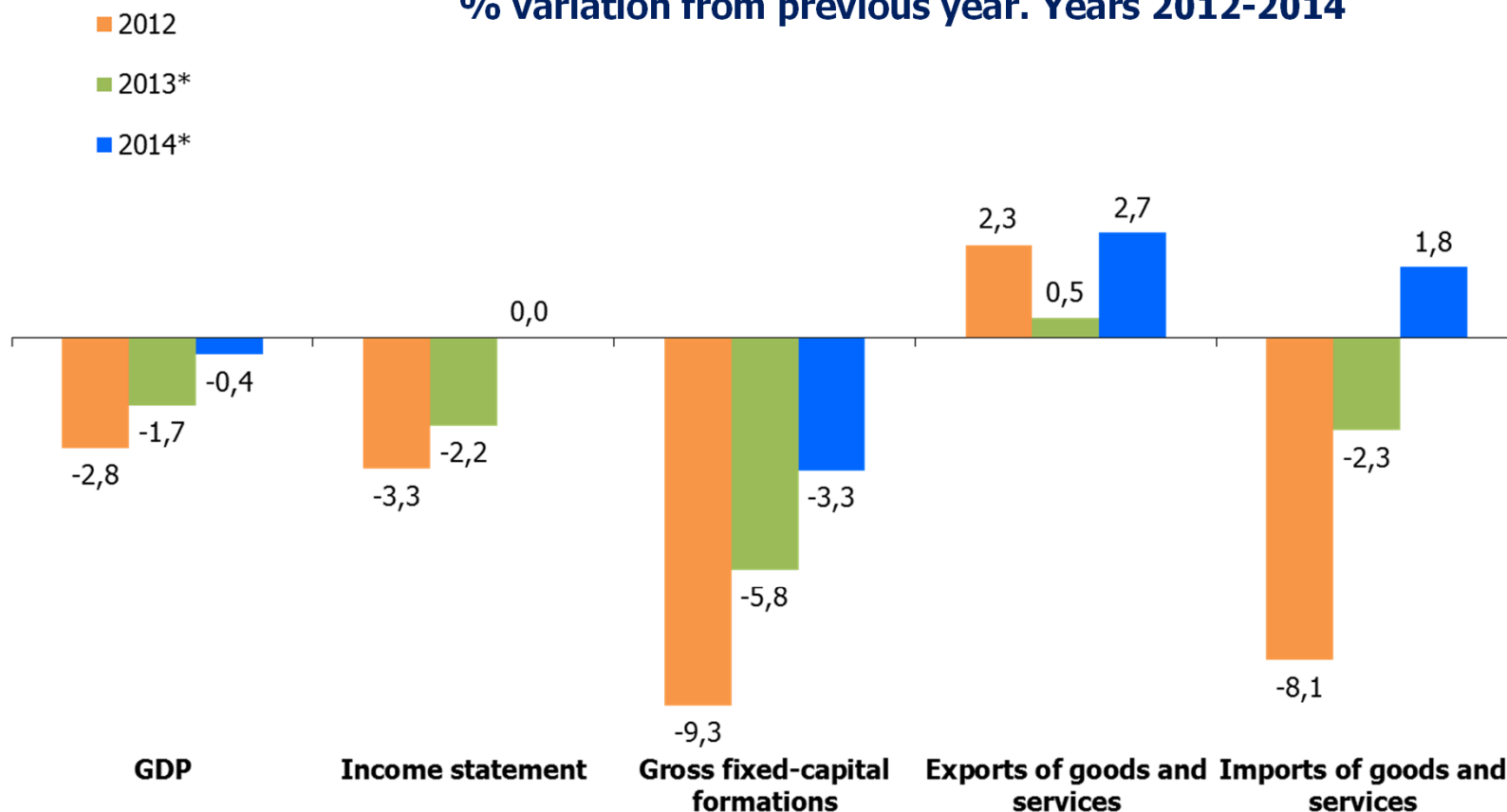
**GDP and world trade volume (% variation from previous year)**



Source: elaborated from IMF data, World Economic Outlook Database, January 2015

**ITALY.** In 2014, the gross fixed-capital formations rate (-3.3%) was compensated by a stable domestic consumption and by the foreign trade recovery (exports +2.7%, imports +1.8%), leading to an overall balance of -0.4%

**GDP and financial performance. Chain-linked volumes (reference year 2010).  
% variation from previous year. Years 2012-2014**

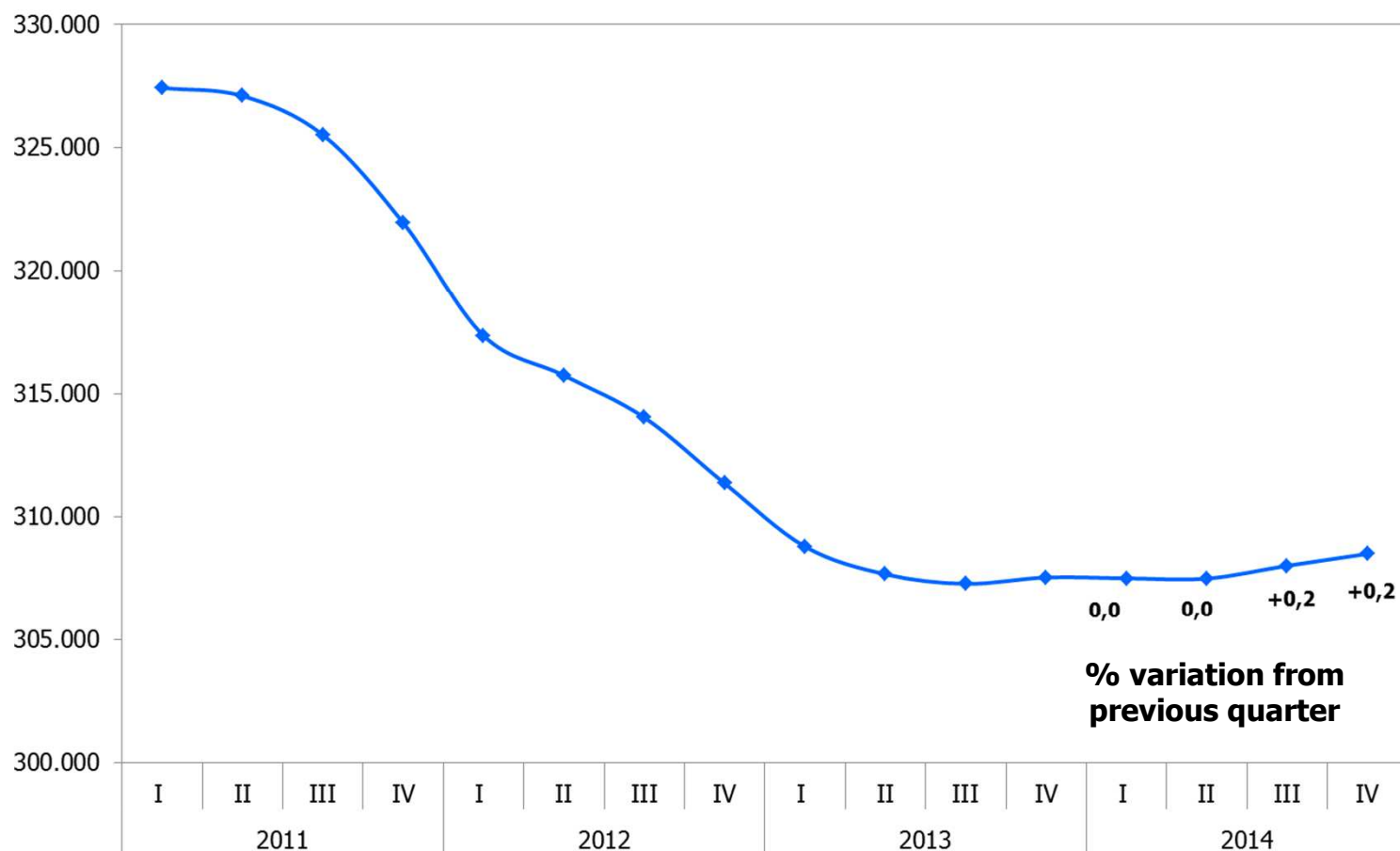


Source: elaborated by Unioncamere Veneto on Istat statistical data (GDP and borrowing of general government sector, March 2015)

\* temporary value

**ITALY. National GDP quarterly variations were quite stationary during all 2014 (stable in the I and II quarters, weak in the III and IV quarters)**

**GDP quarterly trend (mln euro, chain-linked volumes, reference year 2010).  
Years 2011-2014**



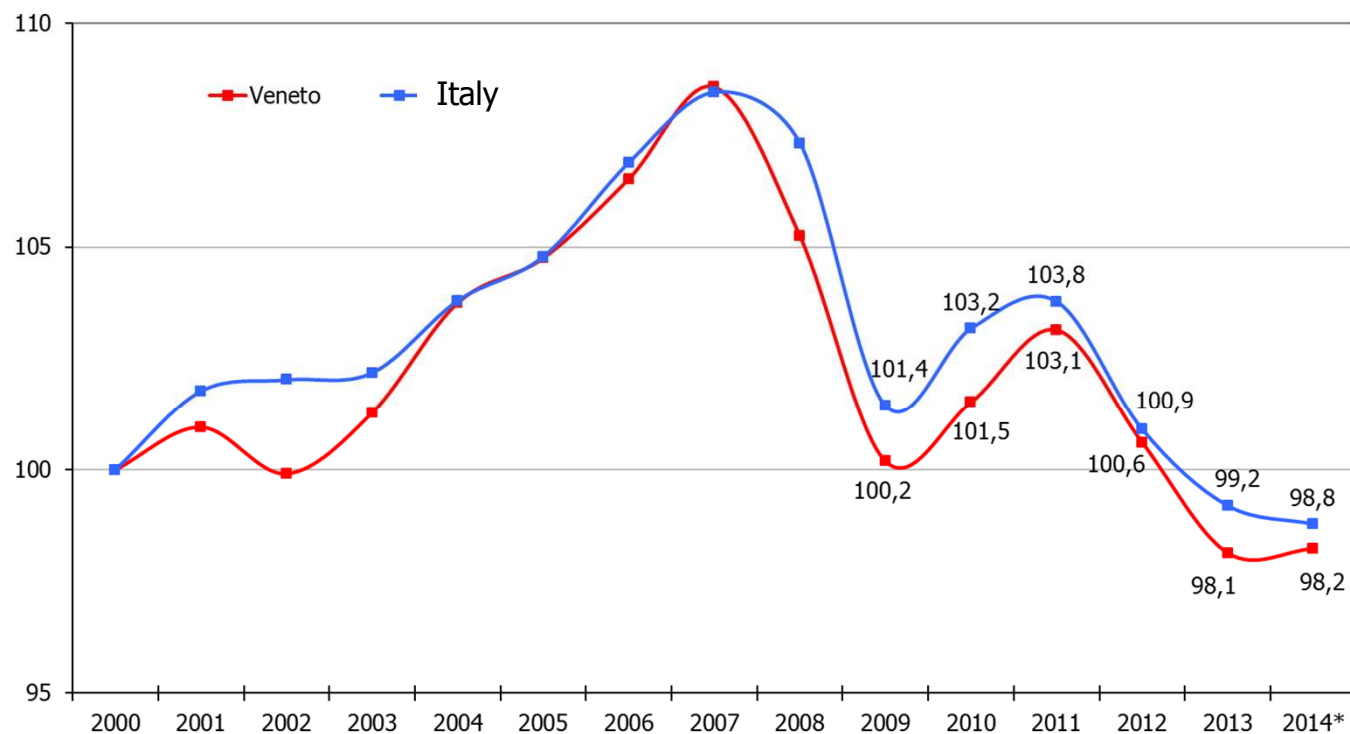
Source: elaboration by Unioncamere Veneto on Istat statistical data (quarterly income statements, March 2015)

- *INTERNATIONAL AND NATIONAL CONTEXT*
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**In 2014 the regional GDP remained stable (+0.1%),  
still under the value of 2000.**

**Since 2007 Veneto has lost 10.3 point of GDP (-15 mld euro)**

**Veneto and Italy. GDP trend (index number: base year 2005=100). Years 2000-2014**



Source: elaboration by Unioncamere Veneto on Istat statistical data

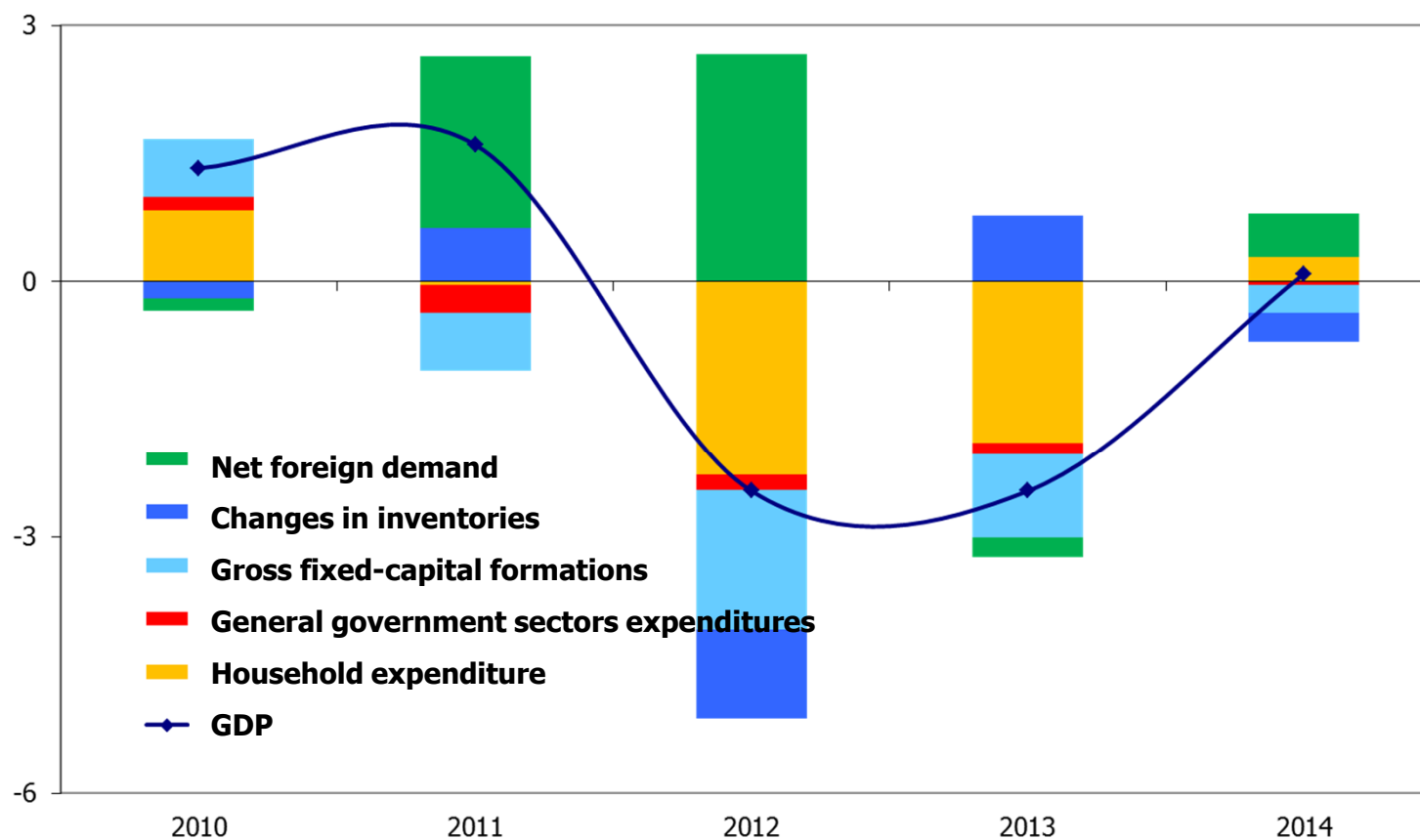
\* Veneto's GDP value provided by Prometeia

**Veneto behind Lombardy and Emilia-Romagna (+0.2%)  
and ahead of Piedmont (0.0%) and Tuscany (-0.1%).**



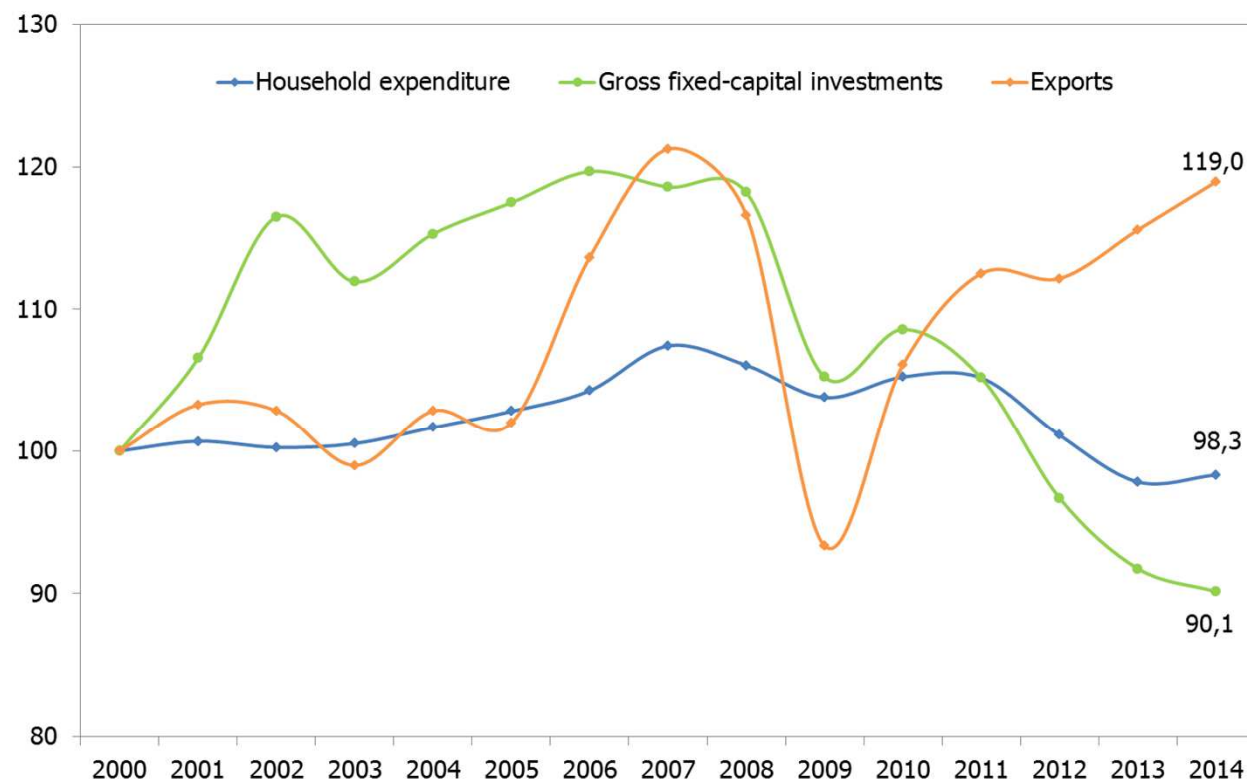
The GDP benefitted from a rise in foreign demand (+0.5%)  
and private consumption (+0.3%),  
despite the negative contribution of investments (-0.3%).

Components of demand contributing to GDP growth. Years 2010-2014



Source: elaborated by Unioncamere Emilia-Romagna and Unioncamere Veneto on Prometeia data (February 2015)

## Veneto. Household expenditure, investments and exports (index number: base year 2000=100). Years 2000-2014



Source: elaborated by Unioncamere Veneto on data from Prometeia (February, 2015)

**Average monthly  
household expenditure**



**2,706 euro  
(used to be 2,835 euro)**

**Population at poverty risk  
or social exclusion**

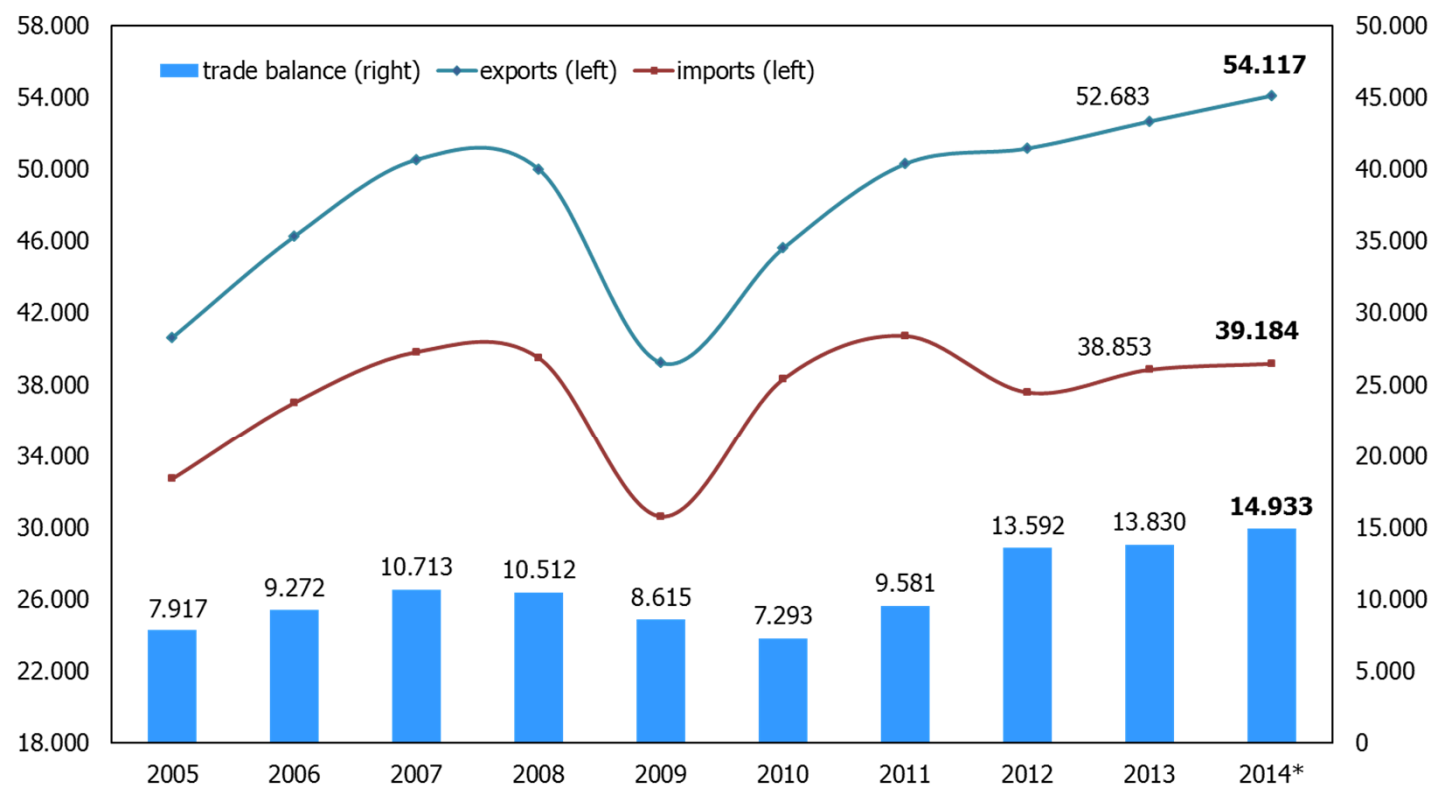


**16.1% of the residents  
(used to be 15.8%)**

# Modest growth in exports

Upon a four-year recovery, Veneto registered in **2014** a **weak increase of its exports** (+2.7%, over € 54 billion), despite the stagnation in the domestic demand (+0.9%, over € 39 billion).

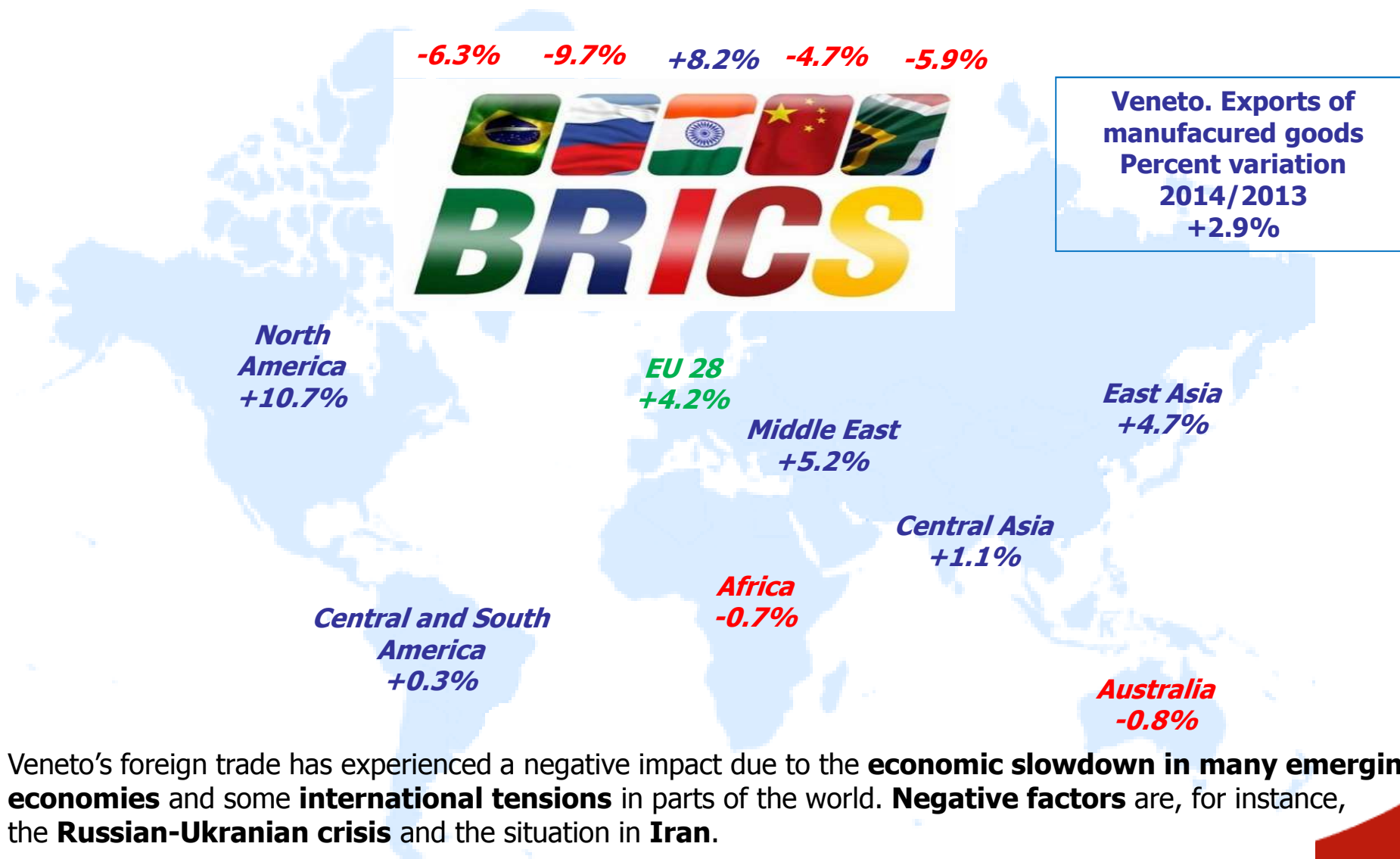
**Veneto. Exports, imports and trade balance (mln euro). Years 2005-2014**



Source: elaborated by Unioncamere Veneto on Istat statistical data

\* temporary data

## Europa and the US support regional exports and restrain the sales of manufactures to emerging countries



# Market geography has changed: brilliant sales to European countries

## Veneto. Manufacturing exports trend\* divided by destination country. Years 2013 e 2014

n.	Country	2013	2014**	var. %	quota %
1	Germany	6.730	7.002	4,0	13,3
2	France	5.122	5.219	1,9	9,9
3	USA	3.503	3.939	12,4	7,5
4	United Kingdom	2.548	2.852	11,9	5,4
5	Switzerland	2.475	2.317	-6,4	4,4
6	Spain	2.088	2.150	3,0	4,1
7	Russia	1.801	1.627	-9,7	3,1
8	Austria	1.598	1.515	-5,2	2,9
9	Romania	1.412	1.490	5,6	2,8
10	China	1.378	1.313	-4,7	2,5
					0,0
	BRICS	4.326	4.072	-5,9	7,7
	Extra Ue 28	22.266	22.551	1,3	42,8
	European Union 28	28.970	30.175	4,2	57,2
	<b>World</b>	<b>51.236</b>	<b>52.725</b>	<b>2,9</b>	<b>100,0</b>

- The **EU** supports the exports of manufactured goods (+4.2%).
- The **German** and **French** markets are leading once again.
- **Outside the EU**: weaker sales, decreased exports to **Russia** (-9.7%) and **China** (-4.7%).
- The developed markets enjoyed a good recovery, especially the **UK** (+11.9%) and the **USA** (+12.4%).
- Interesting exports dynamics to **Poland** (+8%) and to **Hong Kong** (+32.3%).

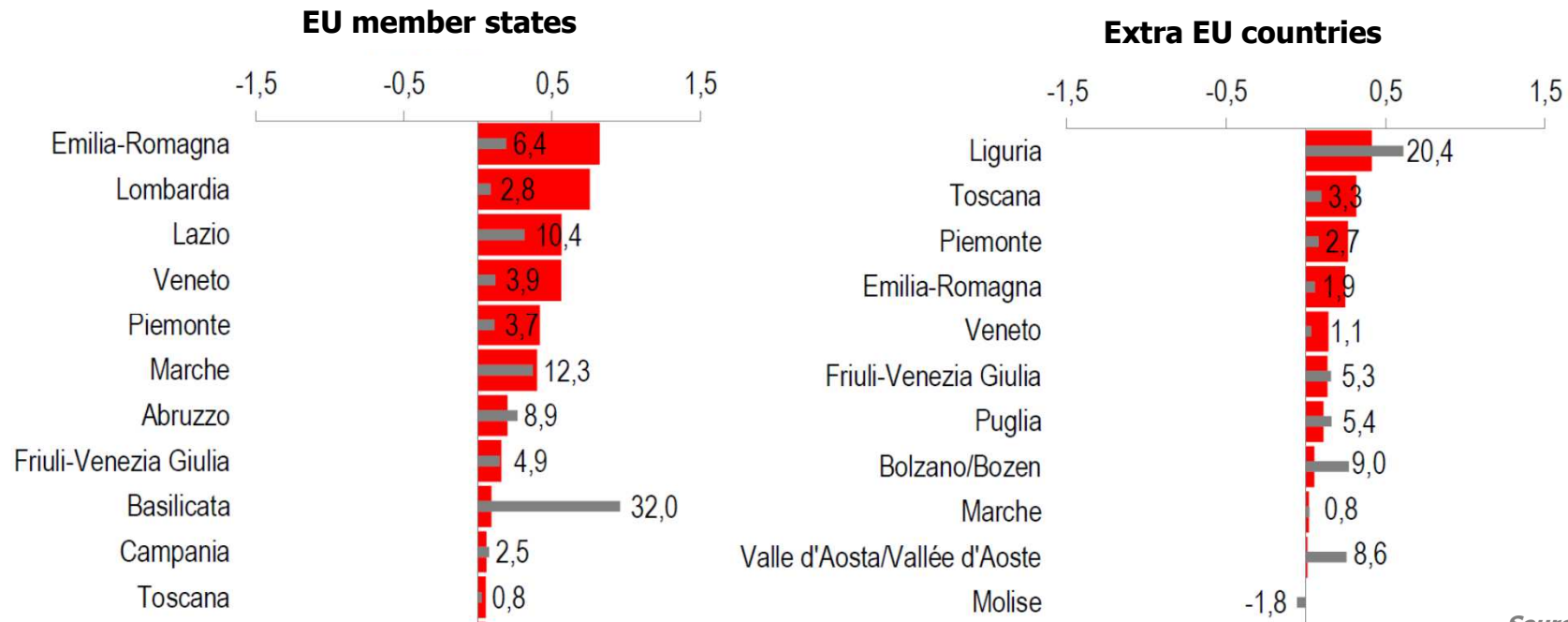
\* in 2014 manufactured goods make up 97.4% of Veneto's exports

\*\* temporary data

Source: elaborated by Unioncamere Veneto on Istat statistical data

# Export markets

**Changes and contribution to the changes in national exports divided by EU and non-EU areas (year 2014, % value)**



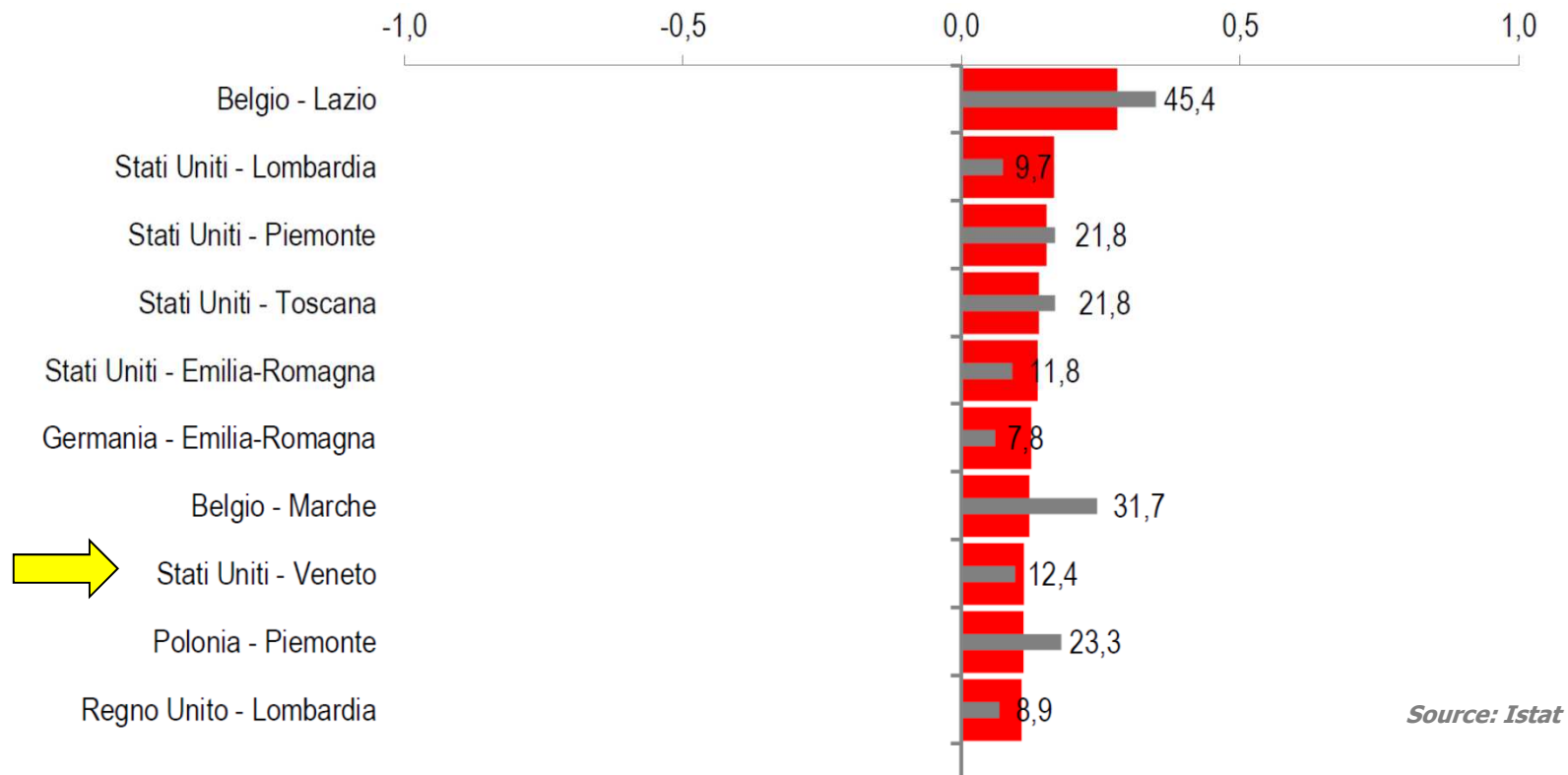
Source: Istat

In 2014, Veneto's exports increased by **+2.7%**.

**Veneto is one of the Italian regions contributing the most to the growth of sales to EU states (+3.9%),**  
although registering a more limited growth of sales to extra-EU countries (+1.1%)

# The growth of Veneto's exports to the US

Changes and **positive contribution** to the changes in national exports, divided by **export markets** and regions (January-September 2014, % values)



Source: Istat

# New commercial strategies for «made in Veneto»: traditional goods enduring across 2014

## GROWING

MACHINERY

+4.6%



OPTICAL SECTOR

+10.3%



STEELWORKING

+4.9%



CLOTHING

+2.3%



TANNERY & LEATHER

+7%



FOODSTUFF

+3.4%



FOOTWEAR

+7.5%



RUBBER & PLASTIC

+7.3%



DRINK SECTOR

+4.2%



## IN DIFFICULTY

STEEL INDUSTRY

-4.5%



CHEM & PHARM IND.

-1.5%



JEWELRY

-1.4%



AGRICULTURE

-2.3%

## STABLE

ELECTRONIC DEVICES

+1%



FURNITURE

+2.5%



Veneto.  
Exports, % variation  
2014/2013  
**+2.7%**



# Machinery: always the top sector

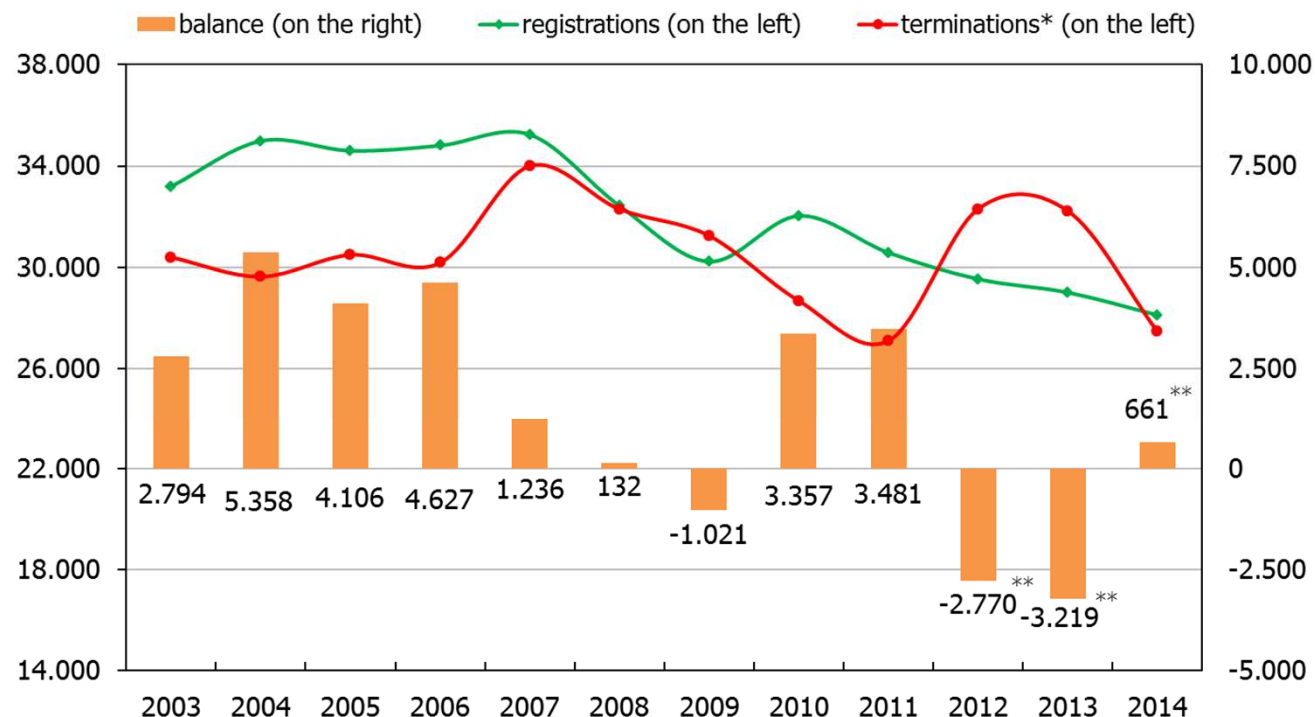
Changes and **positive contribution** to the changes in national exports, divided by **field of activity** and region (January-September 2014, % variation)



The positive impulse characterizing the Italian export market across 2014 is also due to the significant growth in sales of Veneto's exports of **machinery** (+4.6%) and **leather goods** (+7.2%)

In 2014 the overall balance between **registrations (-3.1%)**  
and **terminations (-14.8%)** is positive once again,  
but three thousand active companies were not reported.

# Veneto. Trend of company registrations, terminations and balances. Years 2003-2014

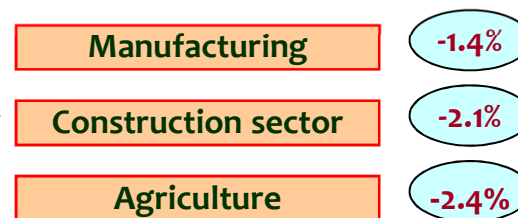


\* since 2006 terminations have been considered net of the terminations automatically prosecuted during the year.

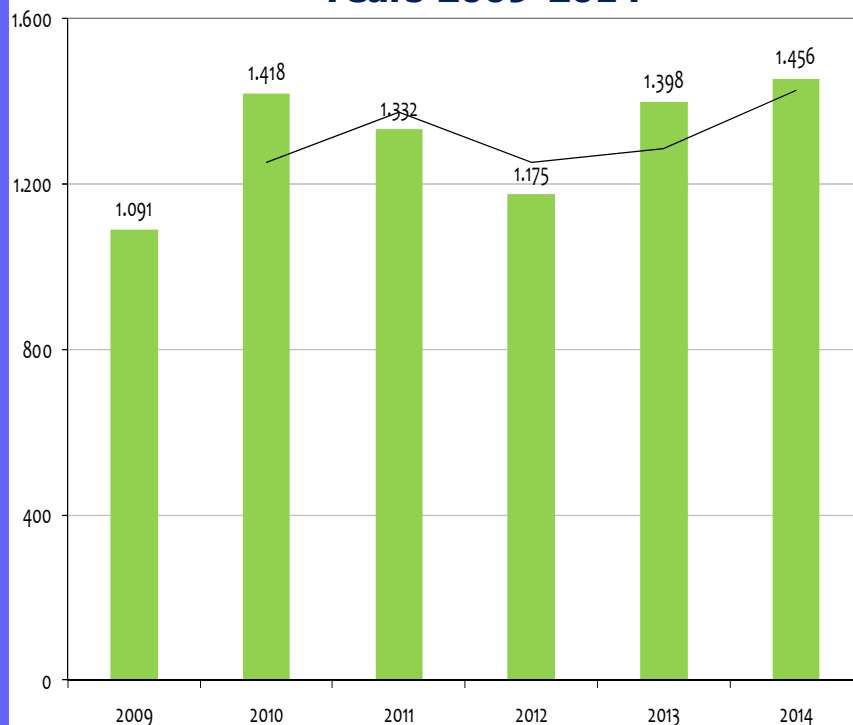
\*\* in 2012 the New Service Directive introduced a new type of legal form, "natural person", which is not included in the chart in order to make possible the comparison with the previous years.

Source: elaboration by Unioncamere Veneto on data from Infocamere-Movimprese

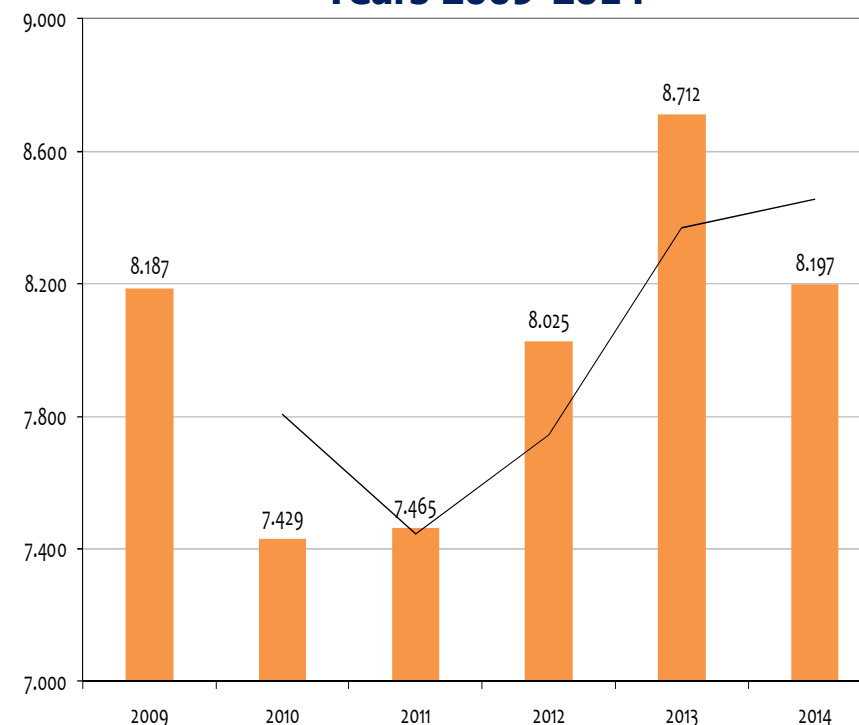
**ACTIVE ENTERPRISES: -3 thousand in 2014 (-0.7%)**



### Veneto. Bankruptcies and compromises. Years 2009-2014



### Veneto. Dissolutions and liquidations. Years 2009-2014



Source: elaboration by Unioncamere Veneto on data from Infocamere-Movimprese

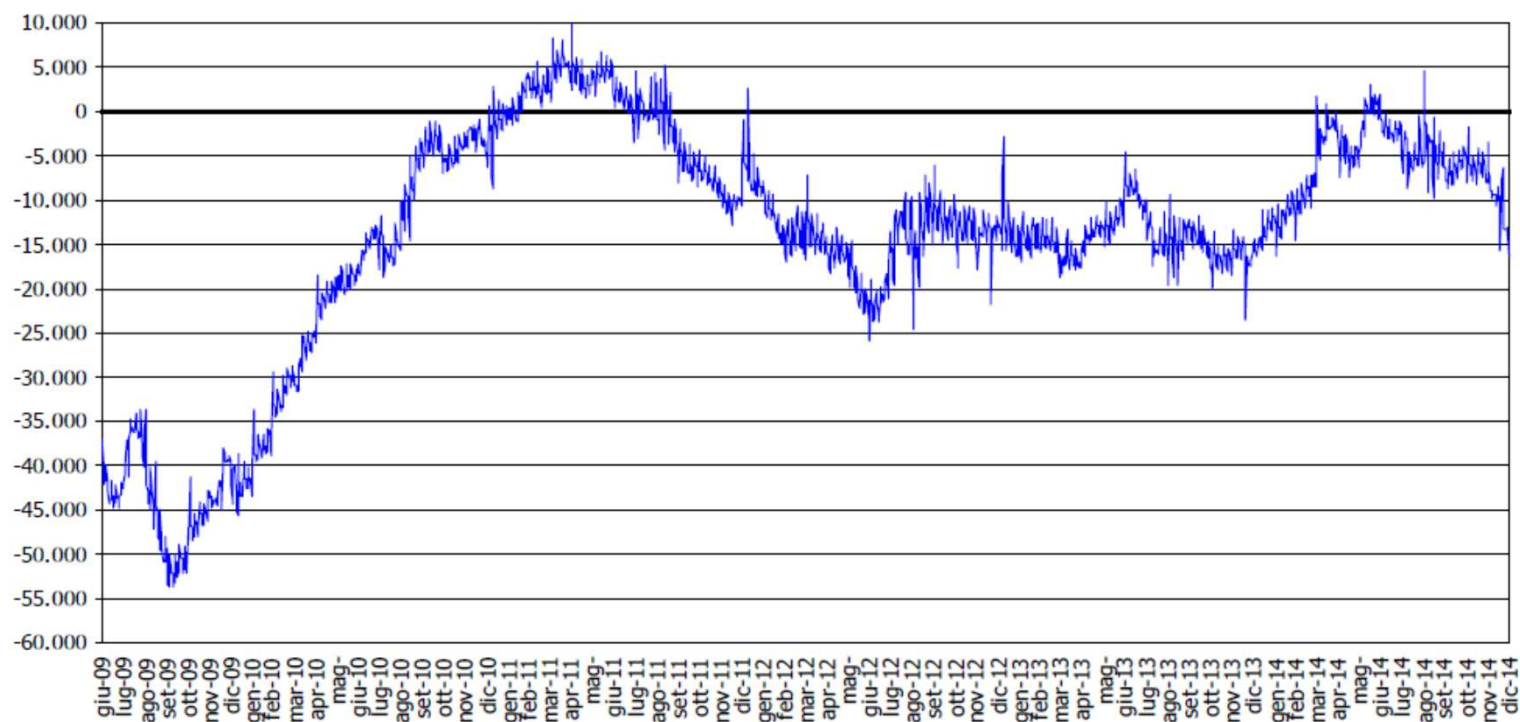
**Fewer companies went into liquidation/dissolution (8,197, -5.9%), while 1,456 companies (+4.1%) were involved in insolvency proceedings: bankruptcies (1,261) and compromises.**

**Between 2008 and 2014 the regional entrepreneurial system lost a total of 23 thousand enterprises.**

# Negative trend of regional employment increasing again: 16.200 jobs lost in 2014

Hirings increase (+7.5%), but so do terminations (+7.5%)

**Veneto. Employment positions\***  
(tendential variation in 12 months, daily data). Jun. 2008 – Dec. 2014



\* Al netto del lavoro domestico e del lavoro intermittente.

Fonte: elab. Veneto Lavoro su dati Silv (estrazione 25 gennaio 2015)

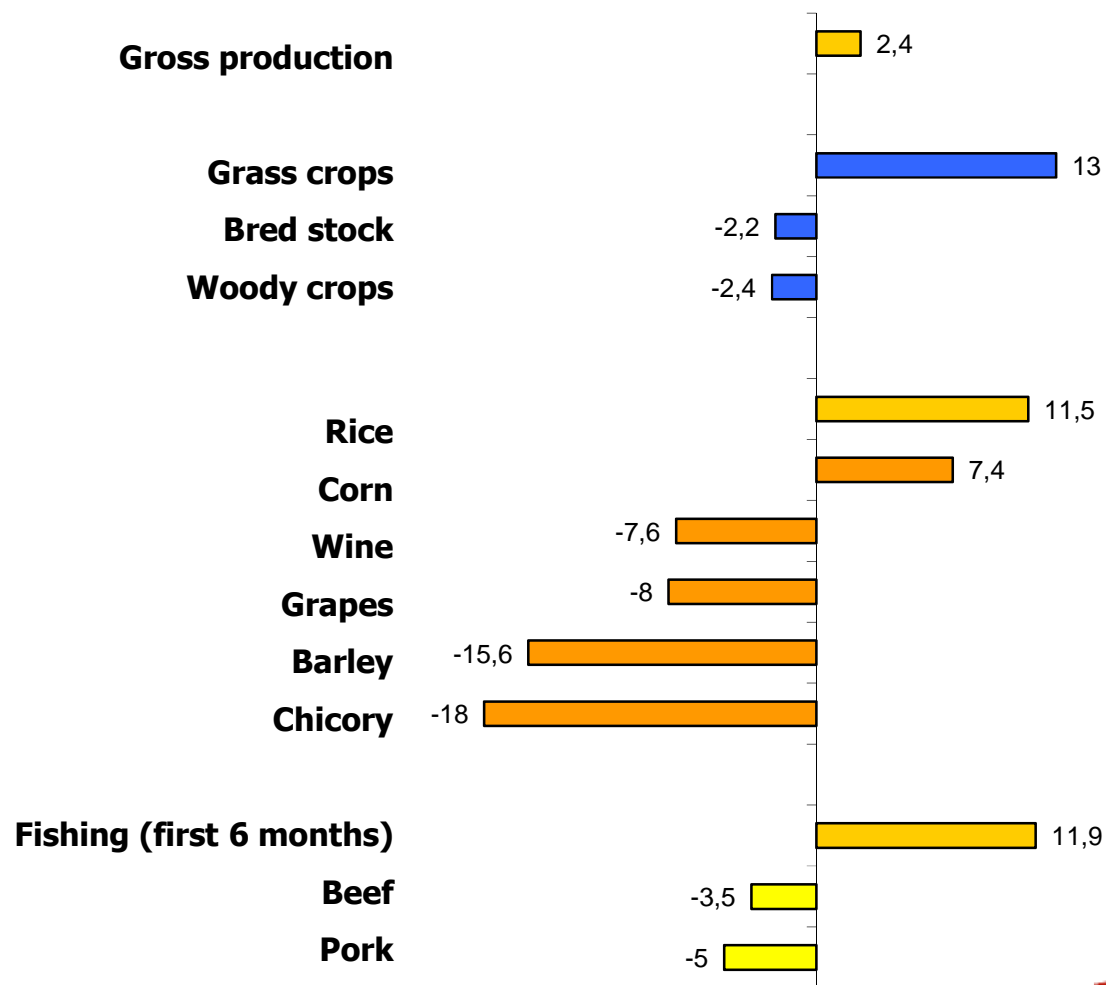
Net of domestic and temporary employment

Source: Elaboration by Veneto Lavoro on data from Silv (retrieved on 20 January 2015)

2014 marked a positive year for the agricultural sector.

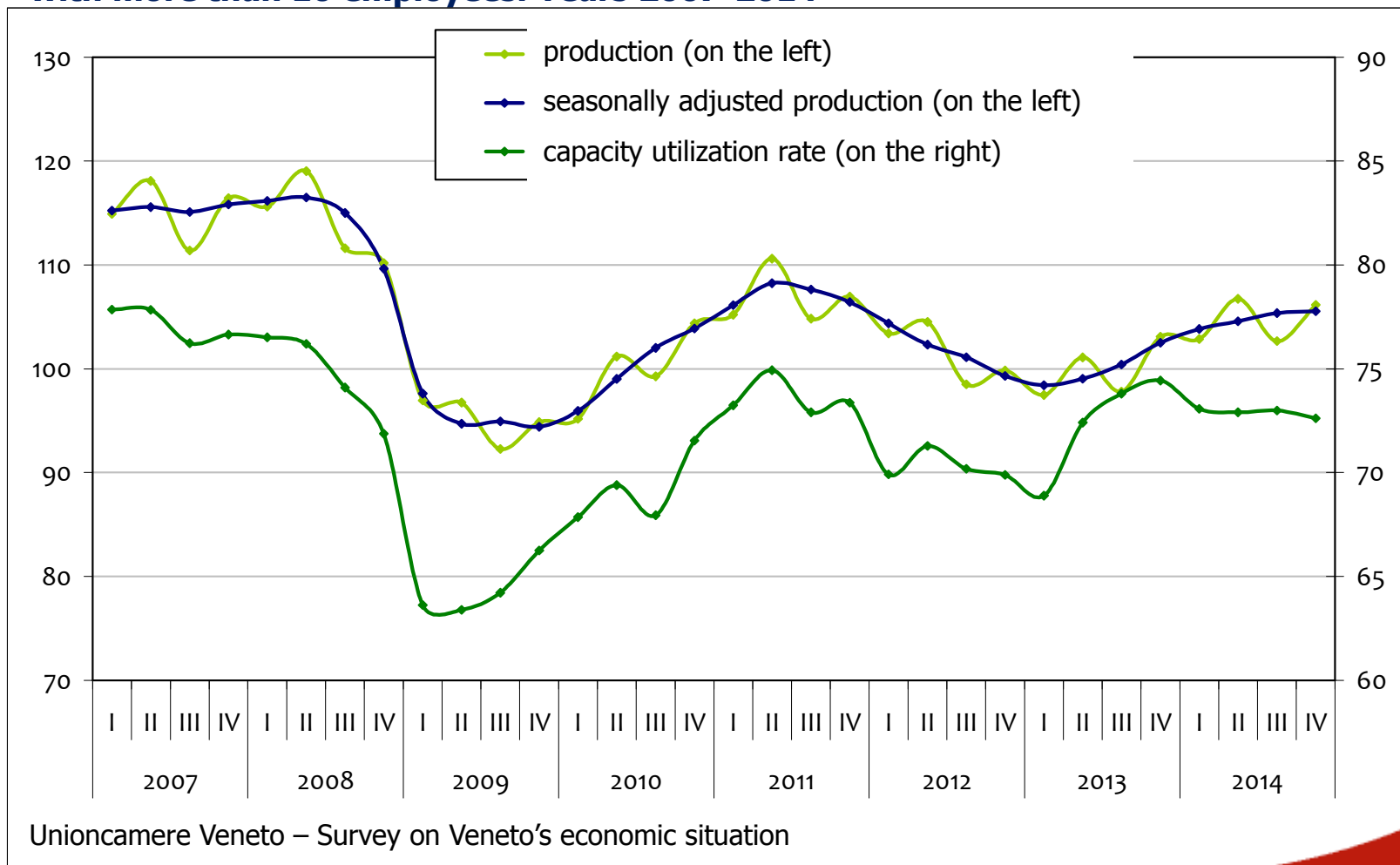
The gross production reached 5.6 billion, increasing by 2.4% since 2013

Veneto. Agricultural gross production (stable prices, % variation from previous year).  
Year 2014

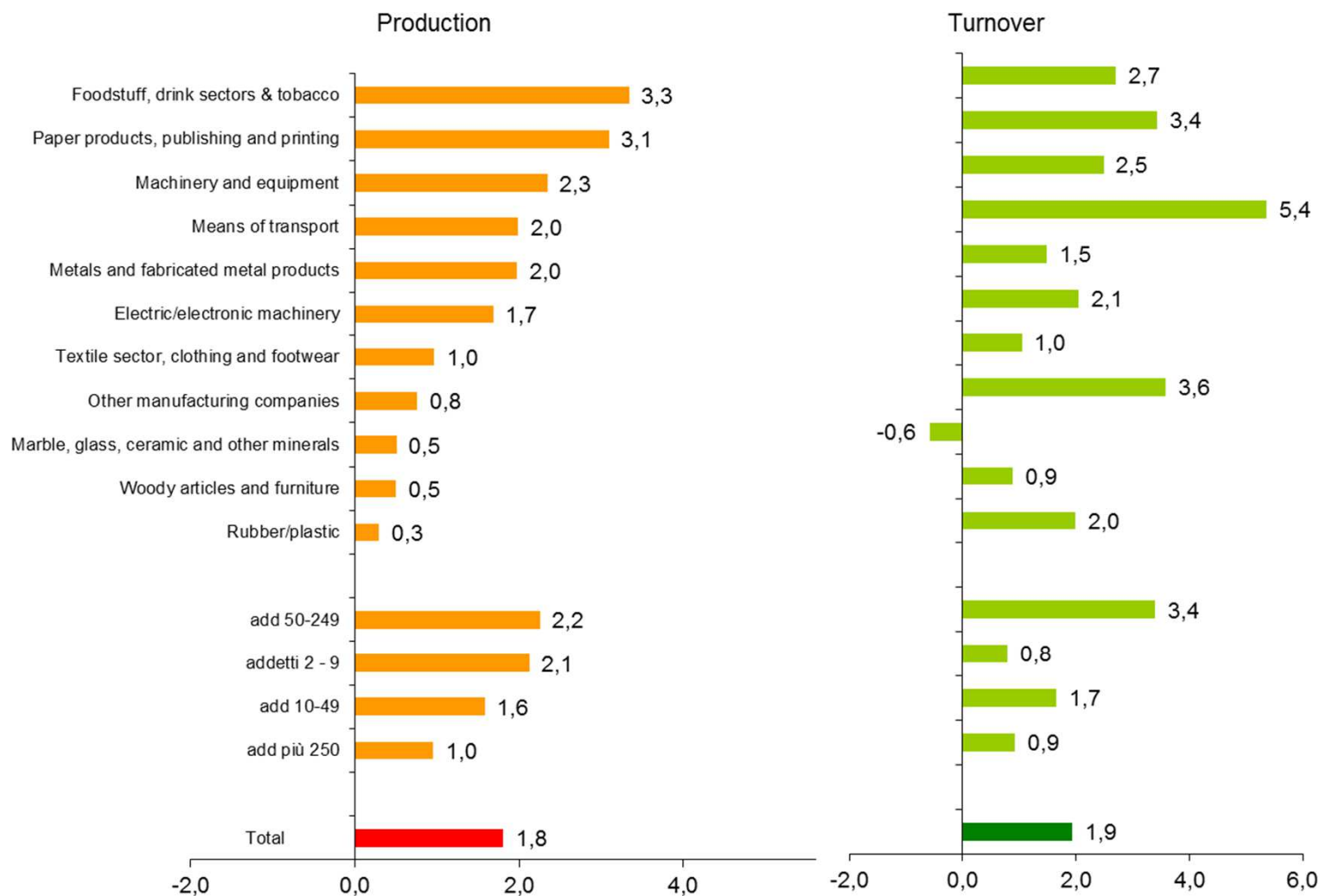


Positive year for **industrial production** (1.8% annual average), with a seasonally adjusted average change of +0.7%. Compared to 2013, the **capacity utilization rate** increased by 0.5% reaching 72.9%.

**Veneto. Industrial production and capacity utilization rate of manufacturing companies with more than 10 employees. Years 2007-2014**

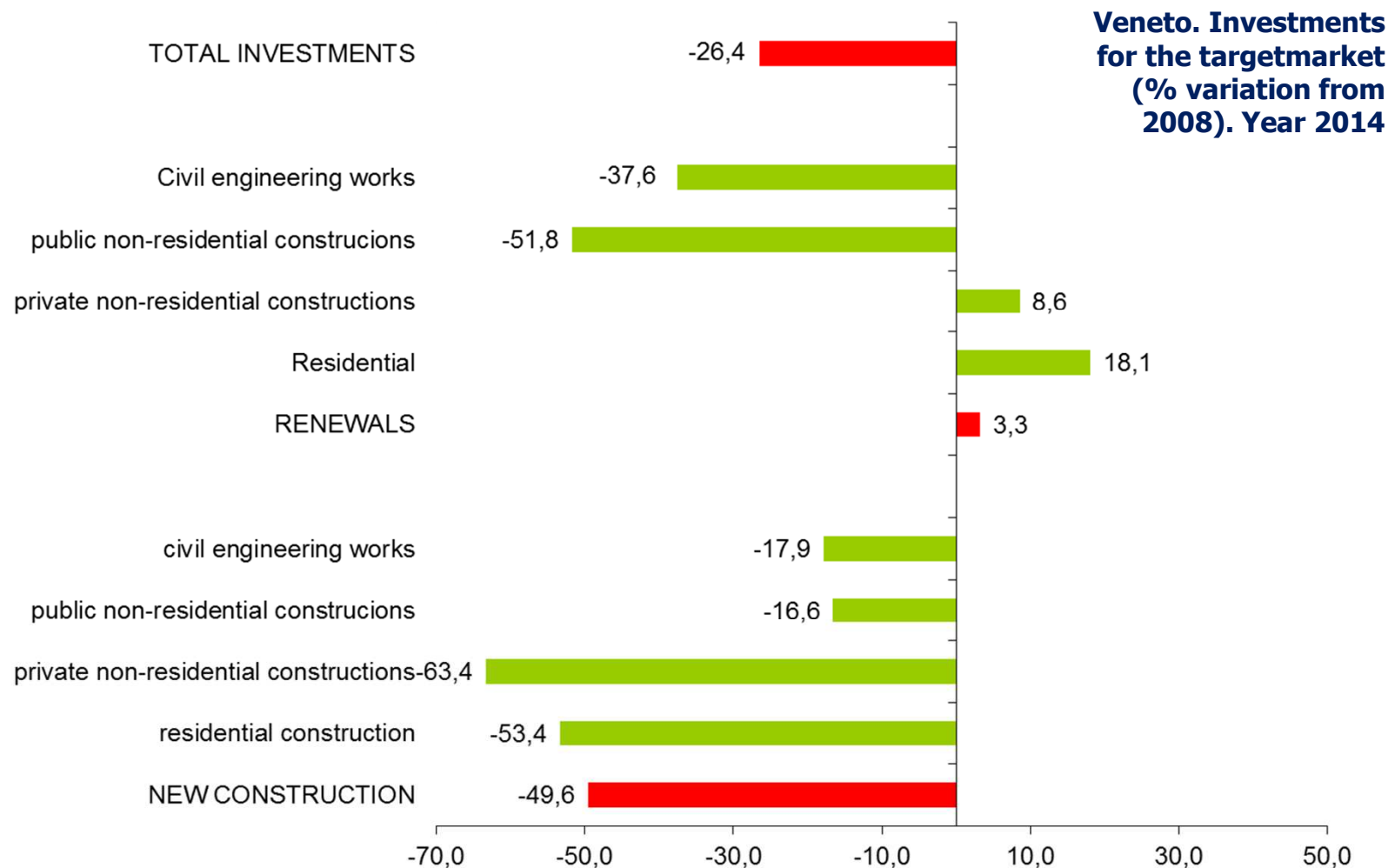


## Veneto. Production and turnover divided by sector and company size. Year 2014



Source: Unioncamere Veneto – Survey on Veneto's economic situation

The construction sector registered a **further reduction**,  
losing about €0.7 bn (-5.9%)

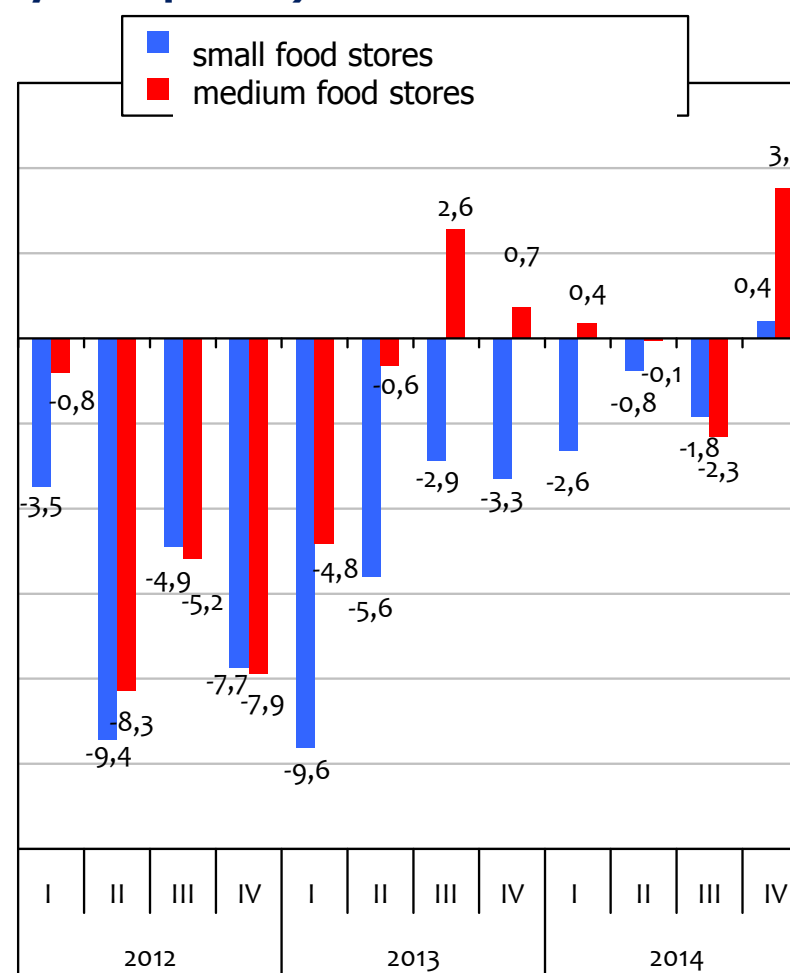
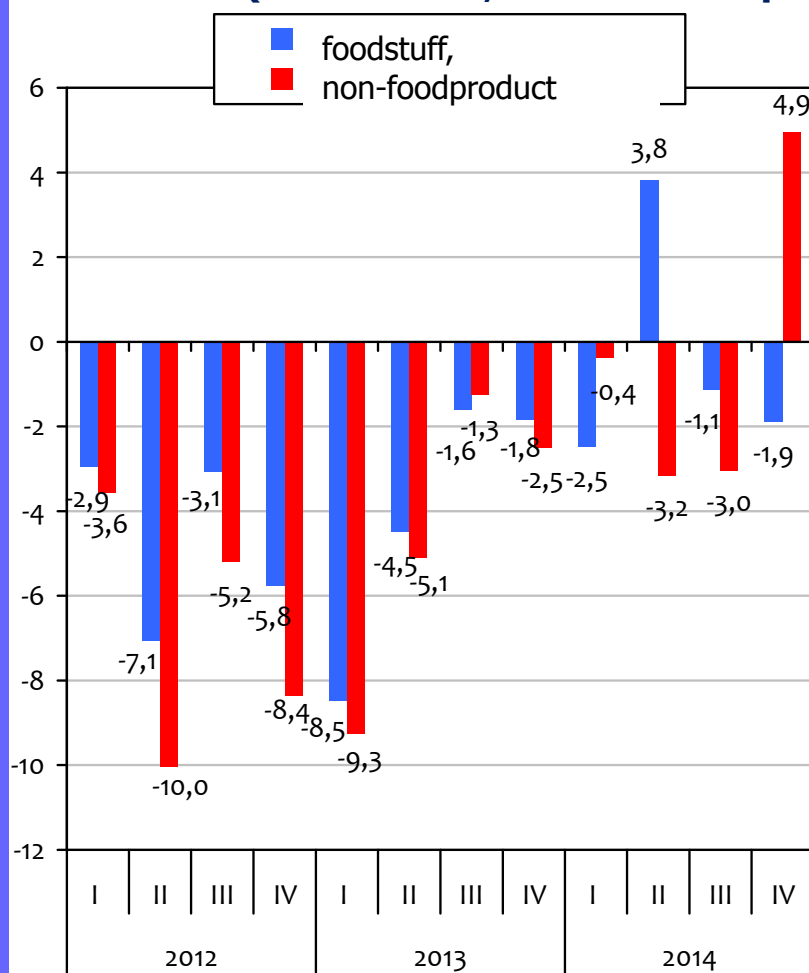


Source: elaboration and estimates by CRESME Osservatorio CEAV – Unioncamere del Veneto



The balance of the retail sector **remains negative** (-1% annual average), yet improving compared to 2013 (used to be -2.2%)

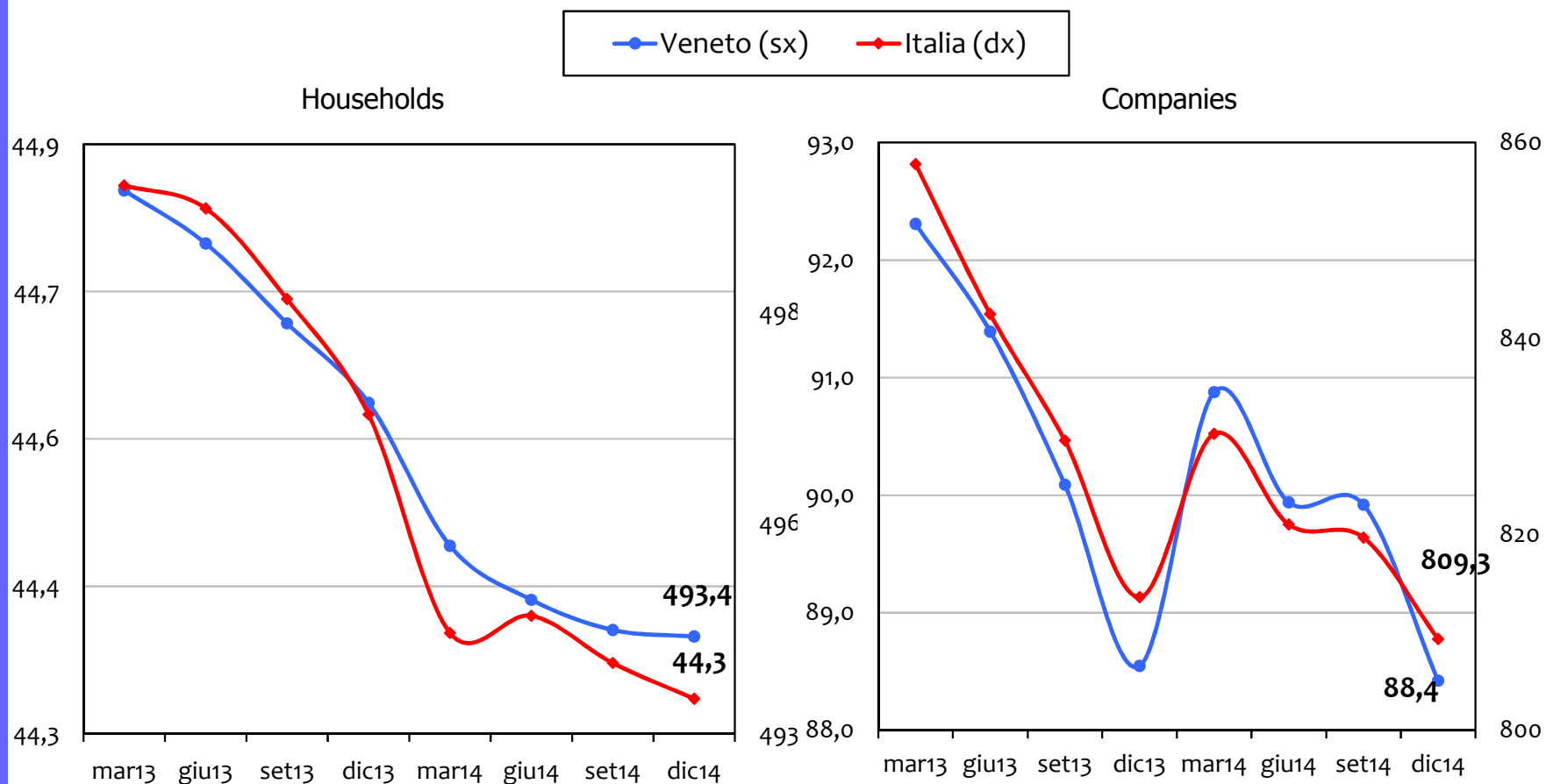
**Veneto. Sales rate in the retail sector, divided by type of sold article and company size. (% variation, based on the previous year's quarter). Years 2012-2014**



Source: Unioncamere Veneto – Survey Veneto's economic situation

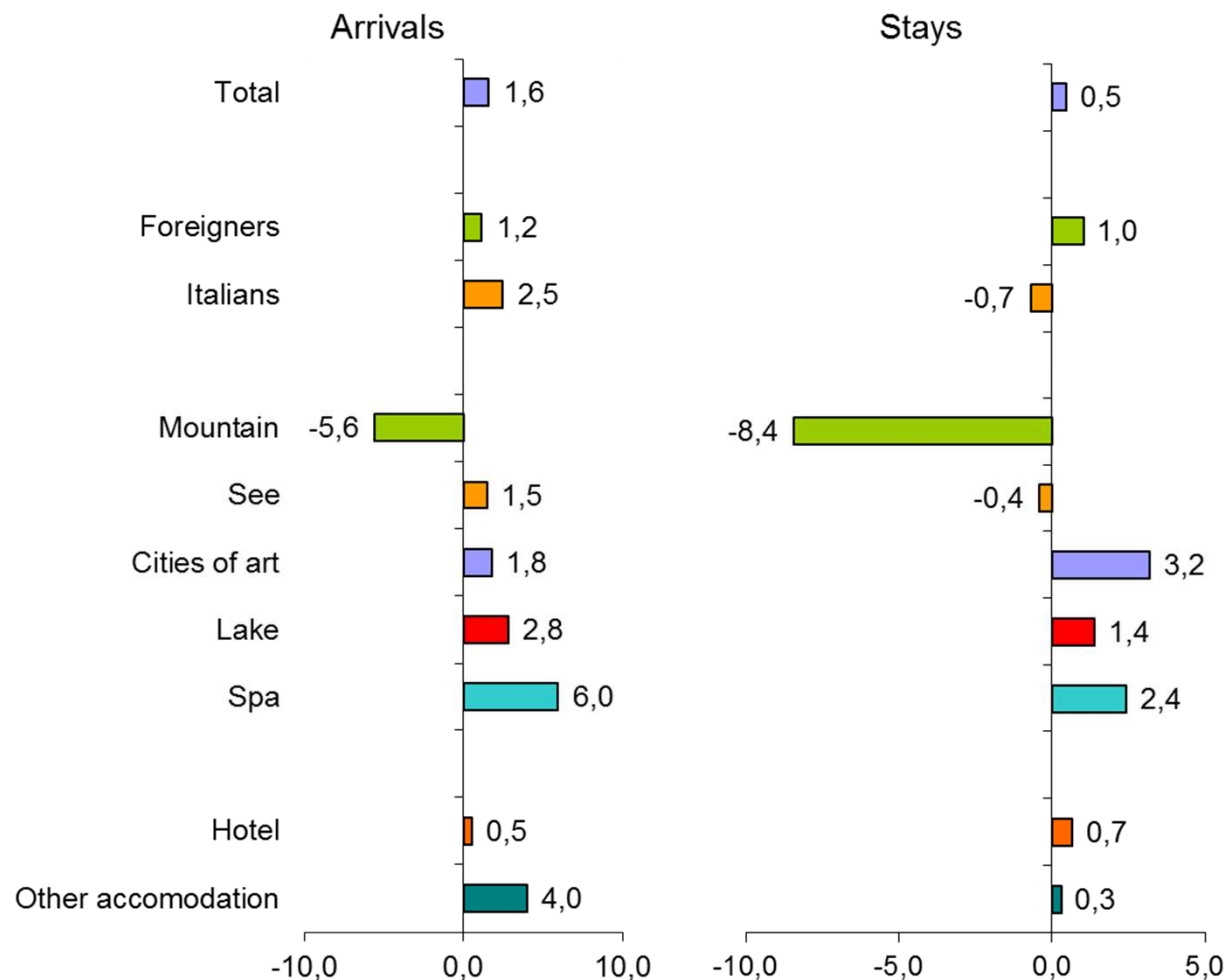
## Loans experience a halt across 2014 (-0.3%)

Italy and Veneto. Bank assets to companies and households (expressed in billion €).  
March 2013 – December 2014



Source: Unioncamere Veneto on data from the Bank of Italy

The regional tourism sector registered a **positive trend** in 2014: **+1.6%** arrivals (used to be +1.1%) and **+0.6%** stays (used to be -1.3%).

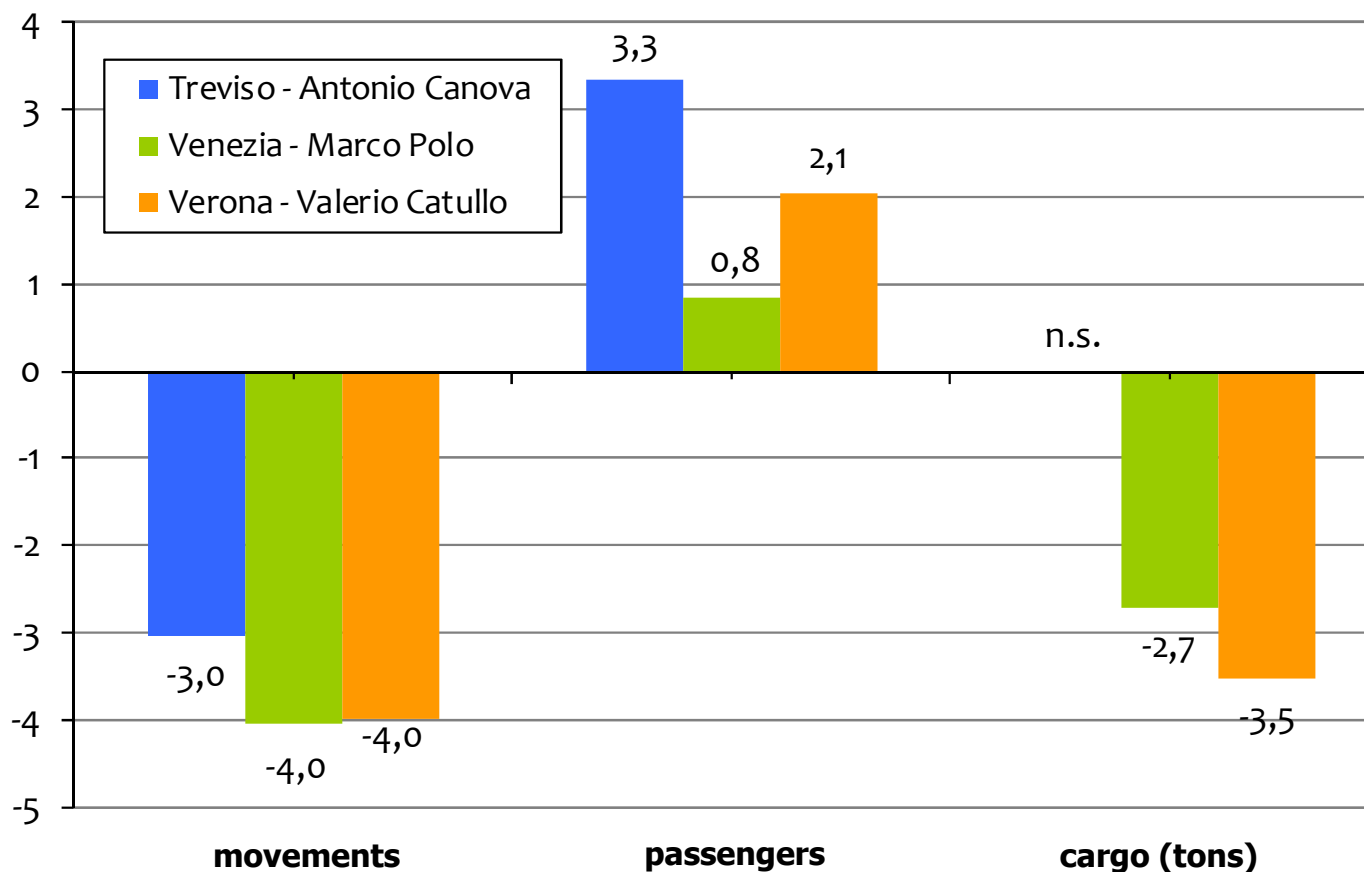


*Veneto. Presences and arrivals divided by origin, area and accommodation facility (% variation from previous year). January-October 2014*

Source: elaboration by Unioncamere del Veneto on data from Veneto region (SIRT)

The recovery registered in the production levels had no positive effect  
on regional transport flows

Data on airport traffic (movements, passengers and goods). Year 2014

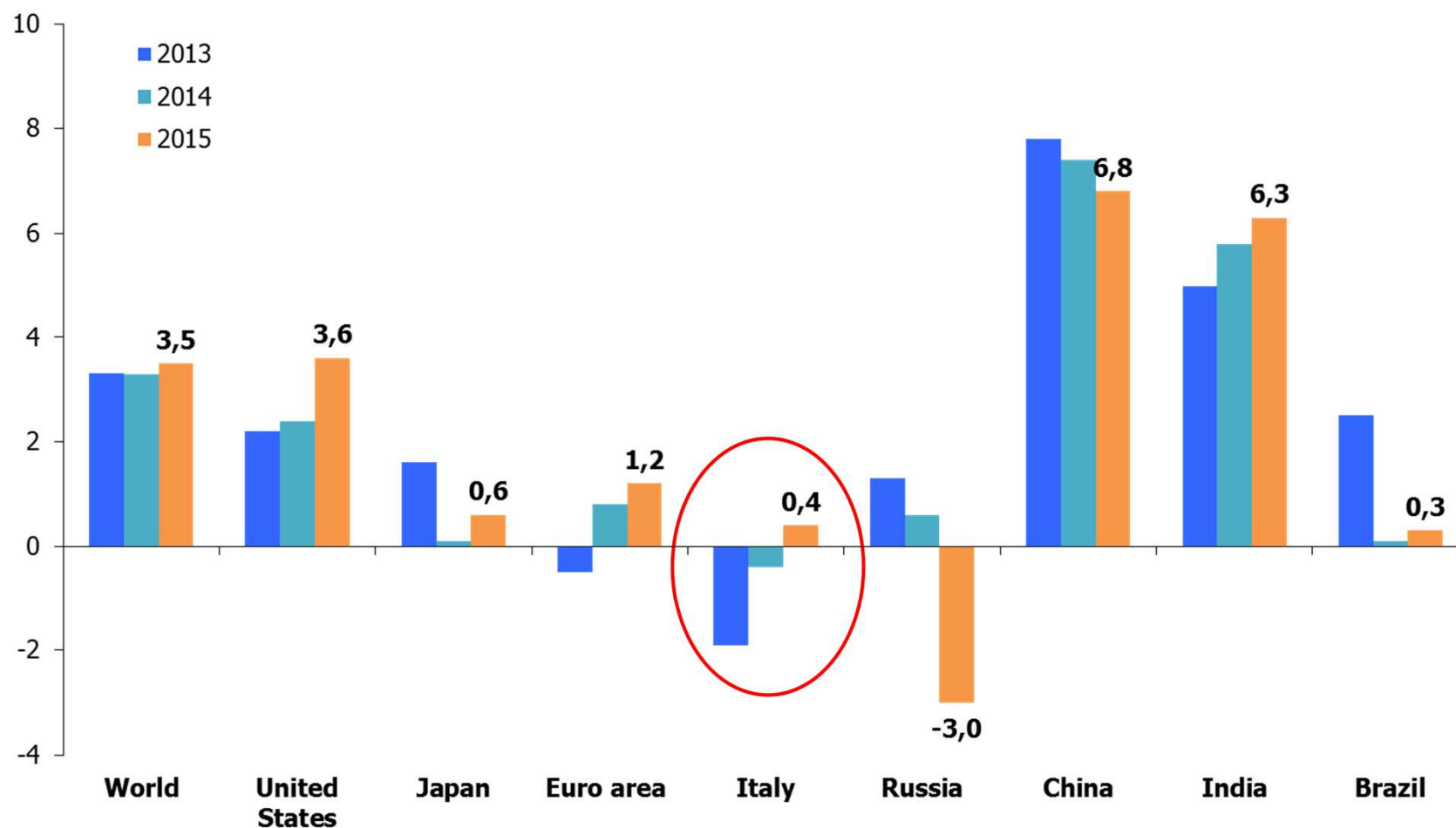


Source: elaboration by Unioncamere Veneto on data from Assaeroporti

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**WORLD.** Expected in 2015 a stabilization of the economic cycle (+3.8%) and a light strengthening of world trade (+3.5%).

**GDP rate of change. Years 2013-2015**



Source: elaborated by Unioncamere Veneto on IMF data (WEO Update, January 2015)

Predictions for 2015 suggest a slow recovery of the Italian economy.

The growth of the national GDP is expected to swing between a cautious +0.4% (IMF) and an optimistic +2.1% (Confindustria)

	2013	2014	2015	2016
<b>Italy's GDP</b>				
<b>ISTAT</b> Nov 2014	-1,7	-0,4	0,5	1,0
<b>Government</b> Oct 2014	-1,7	-0,3	0,6	1,0
<b>EU Commission</b> Feb 2015	-1,9	-0,4	0,6	1,1
<b>Bank of Italy</b> Jan 2015	-1,9	-0,5	0,6	1,3
<b>Ref.</b> Jan 2015	-1,9	-0,4	0,7	1,1
<b>Prometeia</b> Feb 2015	-1,9	-0,4	0,7	1,4
<b>Confindustria</b> Jan 2015	-1,8	-0,4	2,1	2,5
<b>OECD</b> Mar 2015	-1,9	-0,4	0,6	1,3
<b>IMF</b> Jan 2015	-1,9	-0,4	0,4	0,8
<b>Veneto's GDP</b>				
<b>Istat</b> Jun 2014	-1,5	-	-	-
<b>Prometeia</b> Feb 2015	-2,5	0,1	1,1	1,7
Source: elaboration by Unioncamere Veneto on cited sources				

**Italy and Veneto. Rate of change of the real GDP: comparison of forecasts. Years 2013-2016**

# Encouraging factors with a positive influence on the Italian economy (1)

- **Weak euro, fall of oil price, greater credit availability, additional tourism due to Expo.** These are all factors contributing to an upward revision of the Italian GDP's growth, expected to reach **+0.7%** (estimated by Prometeia).
- After a slightly positive increase in 2014, **private consumption** will now grow at a livelier pace, also due to more income availability. However, household purchase decisions remain careful, as recovery signals are weak, especially concerning employment.
- Factors that had previously held back the growth of **investments in capital goods** (difficulty of access to credit, economic weakness) have now reduced. Recovery is expected in 2015, although relatively weak due to the consequences of last year's negative performance.

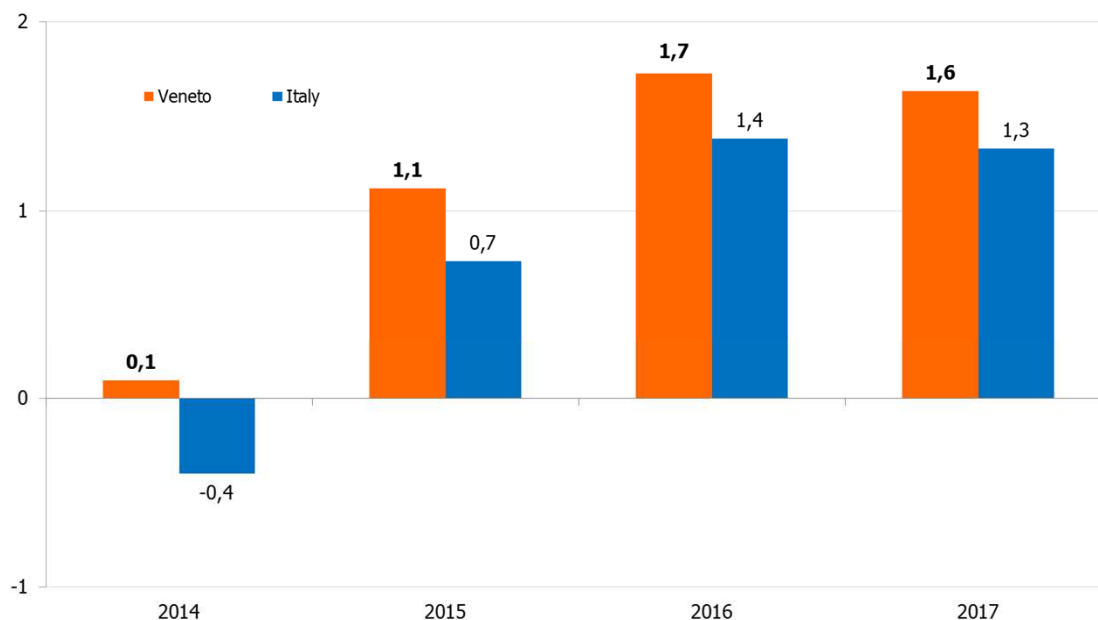


## Encouraging factors with a positive influence on the Italian economy (2)

- The trend regarding **construction investment** will remain negative in 2015, even though some positive signals are making their way (a recovery regarding transfers of real estate and an increase in new mortgages)
- Although very gradual, a **recovery in employment** is already to be seen this current year, due to tax benefits (i.e. for new employees) and a more positive economic situation.
- Also the **unemployment rate** is expected to decrease slowly. The increase in employment will come along with an increase in supply by those who had quit the labor market and are now willing to enter it again, since the greater demand.
- Still influenced by the growing GDP, the recovery is expected to improve between 2016 and 2017. **Leading sectors will be exports and consumption**, while the recovery in the investments will be slower.

# Veneto's economy: ready to start anew after a long crisis

**Italy and Veneto. Trend of the gross domestic product**  
(chain-linked volumes, % variation from previous year)



Source: elaboration by Unioncamere Emilia-Romagna and Unioncamere Veneto on Prometeia data (Feb 2015)

The latest forecasts suggest that the regional economy should enjoy a period of recovery, after remaining stable across 2014.

The regional GDP will tend to grow at a **+1.1%** rate, almost half a point above the national average (+0.7%).

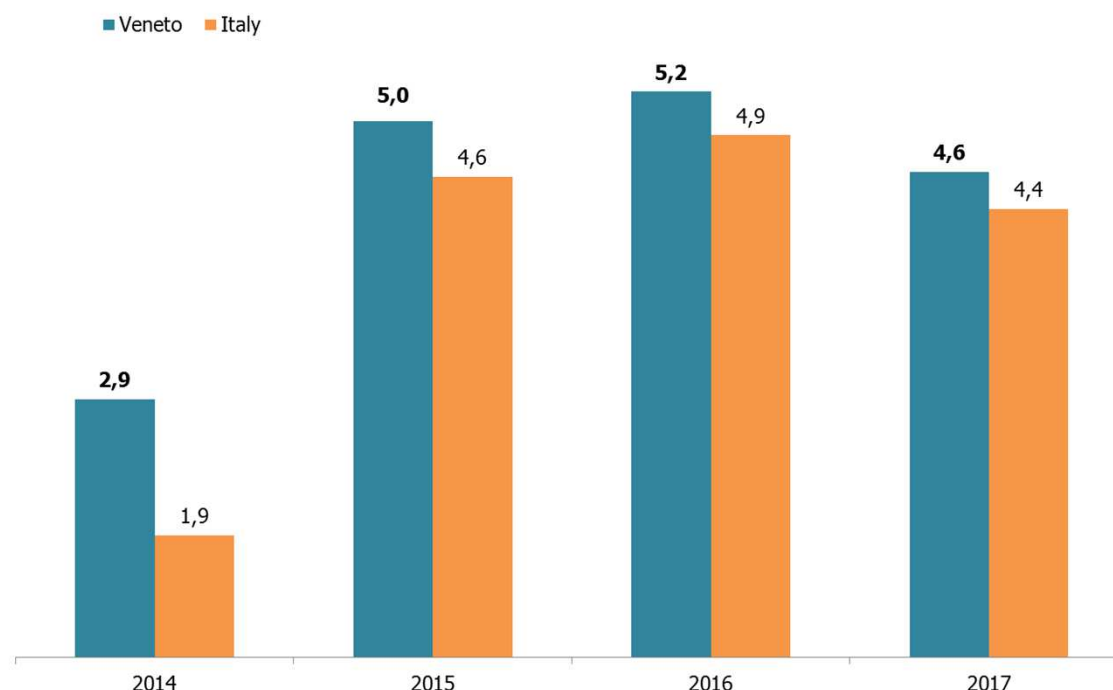
In the following two years, the growth should stabilize at **+1.7%** in 2016 and **+1.6%** in 2017.

## Veneto begins a new chapter: +1.1% in 2015

- In 2015 Veneto's **economic growth is expected to increase (+1.1%)**, which will allow the region to maintain a difference of almost half a point with the national growth.
- This current year, Veneto's growth will proceed at the same pace with the whole **Northeast** (+1%). Only in 2016 the GDP will reach positive figures also in the main southern regions.
- In 2016-2017 the recovery is expected to stabilize in the whole country, although not at the same pace. Leading regions will be Lombardy and Emilia-Romagna (between 1.6-1.8%), closely followed up by Piedmont and Veneto. In the South the growth rate is expected to be about half the rate in the North.

# Exports: main lever of development, supported by the weak euro

Exports of good in Veneto and Italy  
(chain-linked volumes,  
% variation from annual average values)



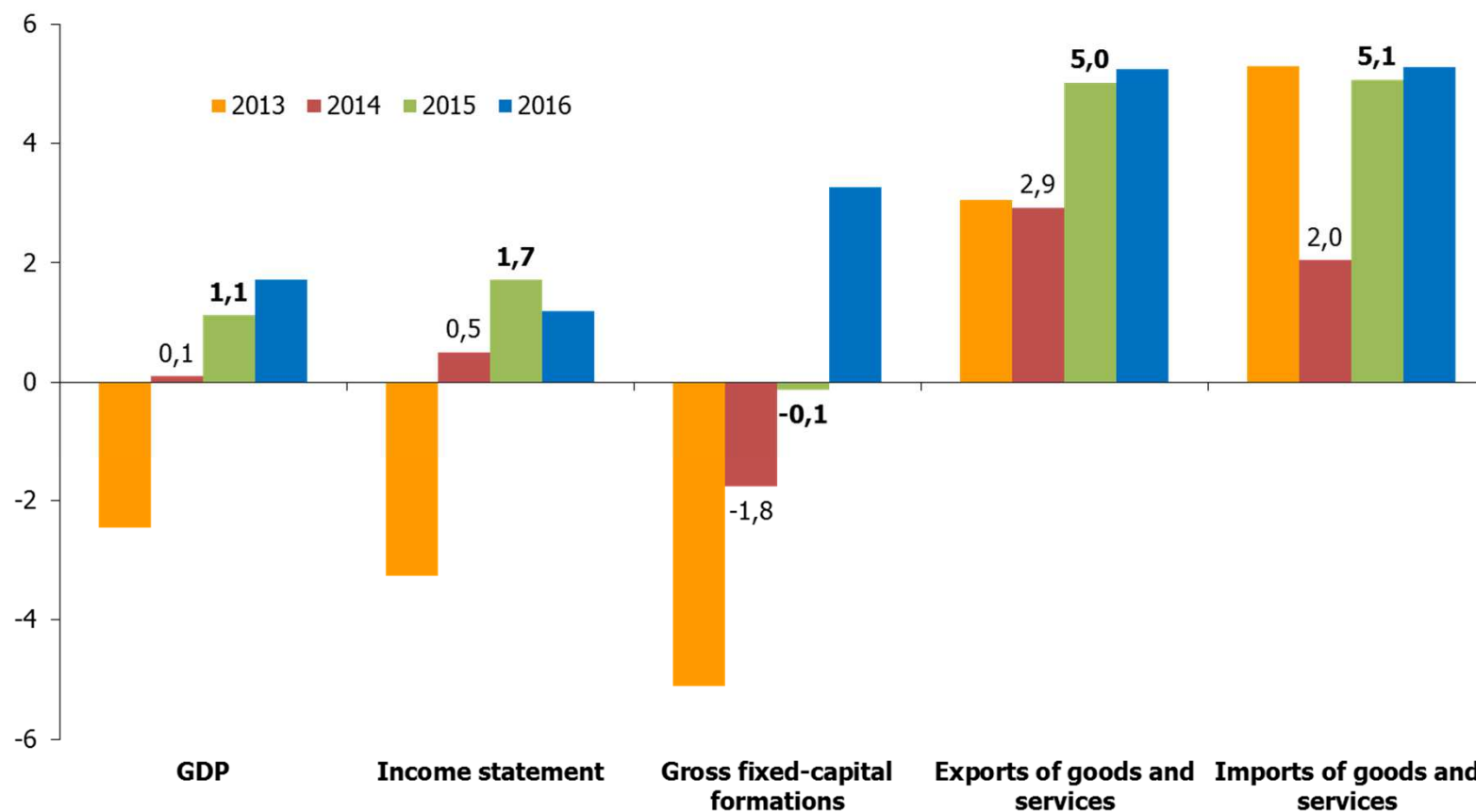
Source: Unioncamere Emilia-Romagna and Unioncamere Veneto on data from Prometeia (Feb 2015)

- A positive contribution to the regional economic activity in 2015 will be found in exports, more **dynamic** compared to the national average (+4.6%)
- **Risks:** geopolitical tensions, financial volatility, deflation, low growth potentials, scarce presence in the Asian emerging countries
- **Opportunities:** weak euro, low oil price, low interest rates

In 2015 the growth of the regional economy (+1.1%) will be determined by its exports (+5%) and by an upturn in consumption (+1.7%)

## Veneto. GDP and financial performance (% variation from previous year).

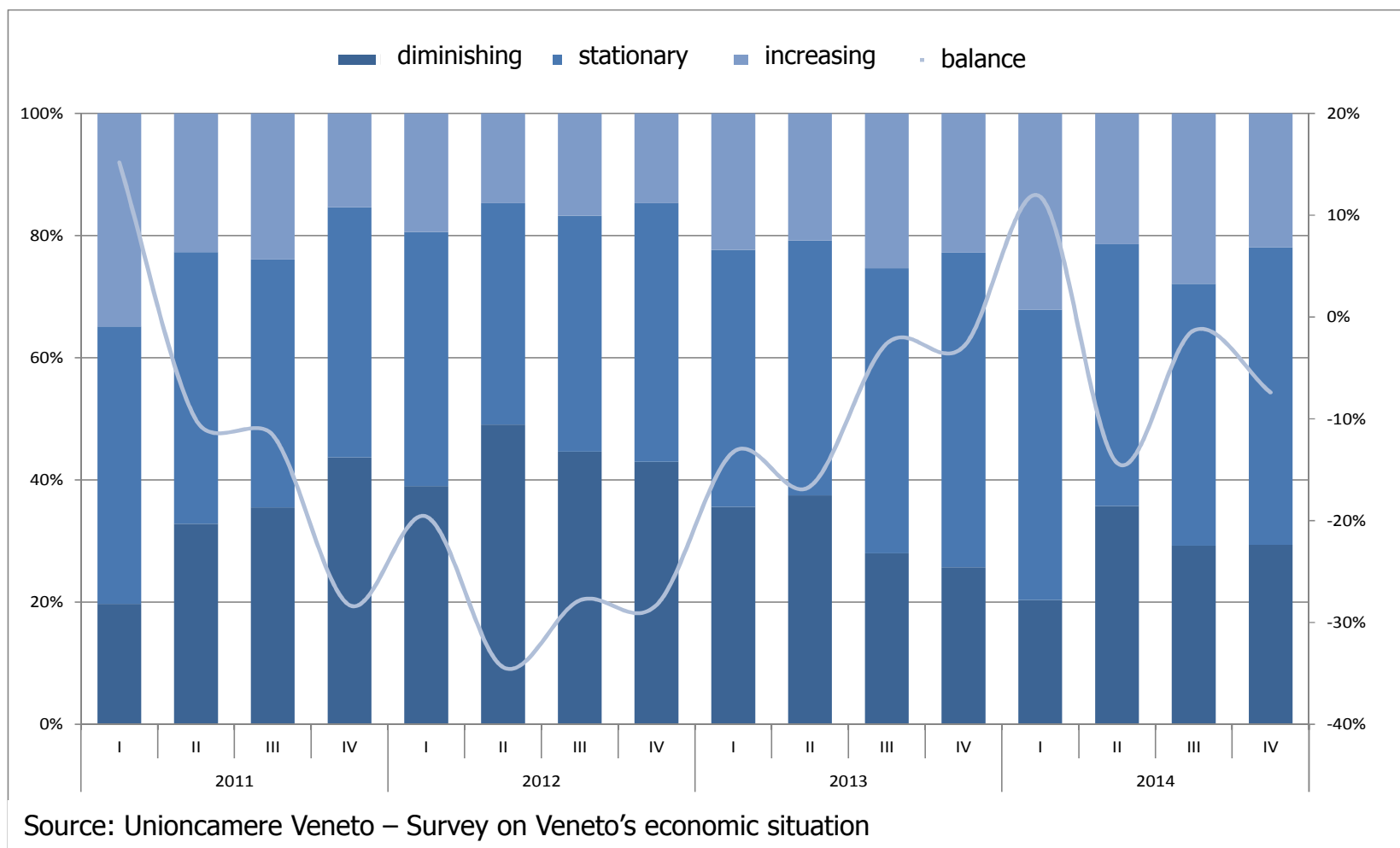
Years 2013-2016



Source: elaboration by Unioncamere Emilia-Romagna and Unioncamere Veneto on data from Prometeia (Feb 2015)

**Entrepreneurs' expectations** for the next three months are still uncertain.

## Three-month forecast of the industrial production (balance % responses)





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Veneto

# Thank you for your attention!

**For requests or information:**

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Venice, 30 March 2015