2016: a year of moderate growth for the Veneto region

Unioncamere Veneto | Economic and Social Research Centre

Venice, 18th March 2016
World economic growth is slowed down by currencies, stock markets and oil prices: GDP +3.1%, trade volume +2.6%

A PRECARIOUS BALANCE:
- geopolitical tensions in North Africa and the Middle East;
- Russian embargo (-3.7%);
- financial market turmoil and depreciation of Asian currencies;
- decreasing prices and decrease in international demand;
- lower growth in developing Countries (Brazil -3.8%, China +6.9%);
- deceleration of advanced economies (USA +2.5% e EMU +1.5%).

Sources: IMF, World Economic Outlook Database, January 2016
Italian GDP is finally growing after 3 years of contraction: +0.8% 

**GDP GROWTH** Chain-linked volumes 
Years 2000-2015 

+6.0% imports  
+0.5% household consumption  
+0.8% gross fixed capital formation  
+4.3% exports  

In 2015, regional GDP grew below expectations: +0.8%
Positive trends for household consumption and capital investment, while external demand is slowing down

- +1.4% acceleration in household expenditure
- +0.7% awakening in gross fixed capital investment
- +2.4% slowdown in external demand
After 4 years of contraction, retail sales finally grew (+2.9%)
Disposable income and household expenditure grew

- +0.4% **household disposable income** (20,395 €/year)
- +8.2% **household expenditure** on durable goods (2,533 €/year)
- +15.3% **vehicles registered** (121,207 on 2015)

Source: Unioncamere Veneto on data from Osservatorio Findomestic, Unrae and Istat
Recruitment skyrocketed, employment did not

Veneto Lavoro, Silv
+36,600 new jobs (the balance recorded -10,900 in 2014)
+12.3% recruitments (+81% permanent, +73% transformations)
+5.2% terminations

Istat, Rfl
-1.7% total number of self-employed workers
-0.3% total number of employed workers
63.6% employment rate (stable)
7.1% unemployment rate (slightly decreasing)
Less births, more deaths, an ageing population: -12,000 people in 2015

- **Resident population is decreasing**: 4.9 million (-0.24%), 4.4 million Italians and 502,000 foreigners
- **Peak in mortality rates**: 49,663 deaths (+8.1%)
- **Negative record of births**: a negative rate of natural increase (-2.1‰) is flanked by a decreasing birth rate (8‰)
- **Population is growing older**: over 65s account for 22% of the total pop. and the average age is 44.8
- **Emigration continues to grow** (net migration rate 1.2‰), immigration decreases and internal mobility slows down (net internal migration rate 0.2‰)

Source: Unioncamere Veneto on data from Istat – Demographic indicators – 2015 outlook
Positive figures for the building sector

Veneto. Turnover of the building sector
(Annual percentage change)

Source: Unioncamere Veneto - VenetoCongiuntura
47.7% of manufacturing businesses set-aside resources for tangible and intangible investments

Investments made by manufacturing businesses with more than 10 employees, by type (% on the total amount of businesses that invested in 2015, multiple choice)

- Machinery and plants: 84.8% in 2014, 86.7% in 2015
- Office automation: 42.0% in 2014, 42.8% in 2015
- Training and human resources: 26.4% in 2014, 29.6% in 2015
- Research and development, patents, trademarks: 26.4% in 2014, 28.8% in 2015
- Real estate for industry and business: 23.4% in 2014, 25.6% in 2015
- Renewable energy, energy saving: 17.4% in 2014, 20.8% in 2015
- Purchase of shares and bonds: 10.2% in 2014, 11.0% in 2015
- Non-industrial property: 6.2% in 2014, 10.1% in 2015

Source: Unioncamere Veneto - VenetoCongiuntura
External demand is (apparently) recovering: exports grew by +5.3% in 2015

Positive balance of trade:
15.6 billion €
+588 million €

Annual percentage variation 2015/2014

- Clothing industry -1.8%
- Knitwear -4.7%

+ Food products +13.7%
+ Eyewear +12.7%
+ Chemicals +11.7%
+ Beverages +10.0%
+ Machinery +6.0%
+ Furniture +5.6%
+ positive changes for all the other sectors

Source: Unioncamere Veneto on data from Istat
Regional manufacturing exports are supported by global demand

Veneto - Export of manufacturing products. Annual percentage variation 2015/2014:

- Non EU European Countries -8.5%
- East Asia +8.2%
- Central Asia +8.4%
- Central and South America +5.8%
- Africa +9.5%
- Middle East +9.8%
- EU 28 +5.4%
- North America +15.2%
- Central and South America +5.8%

- BRICS

- Oceania +2.2%
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Source: Unioncamere Veneto on data by Istat
The industrial sector is keeping pace: production +1.8%, turnover +2.3%, internal demand +1.9%, external demand +3.1%.
Industrial production grew in almost all sectors

Veneto. Industrial production per sector, average 2015
(annual % change)

Source: Unioncamere Veneto - VenetoCongiuntura
The balance between registrations (+0.3%) and closures (-3.7%) is positive again (+1,500)
The entrepreneurial ecosystem is growing: +3,000 new capital companies

Limited liability companies and Joint stock companies
- Terminations: 3,682
- Registrations: 6,775
- Change: +3,093

Partnerships
- Terminations: 3,362
- Registrations: 2,841
- Change: -521

Sole proprietorship
- Terminations: 19,042
- Registrations: 17,742
- Change: -1,300

Other forms
- Terminations: 345
- Registrations: 574
- Change: +229

Source: Unioncamere Veneto on data from Infocamere-Movimprese
More than 20,000 businesses lost between 2010 and 2015

Bankruptcies and pre-bankruptcy compositions

Dissolutions and liquidations

The total number of dissolution and liquidation proceedings decreased (7,721, -5.8%)
Non-performing loans are rising, both for businesses (+15%) and households (+7.3%).

Source: elaborated by Unioncamere Veneto on data from Banca d’Italia

* data available only up to September 2015
Adverse summer climate affected regional crops

- **5.7 billion Euros gross agricultural output** (-1%)
- **68,498 agribusinesses** (-1.4%), **3,376 food companies** (+1.8%)
- **62,551 total employees in the agricultural sectors** (-0.7%)
- **Trade deficit decreased by half (-464 mln): exports grew (+12.4%) more than imports (+1.4%)**

Source: Veneto Agricoltura, Istat, Infocamere-Movimprese
The regional tourist industry ranks 1st in Italy and 6th in Europe

- **Record of 17.2 million** annual arrivals, +6.1% especially in the mountains and lakesides

- **63.2 million** overnight stays (+2.2%) especially in art cities and lakesides

- **2/3** of the tourists were foreigners (mainly from Germany, Austria and the Netherlands)

- Total spending by tourists was **11.3 billion Euros**: 6.3 billion spent by Italians and 5 by foreigners (CISET estimate)

Source: Veneto Region Data Processing- Regional Statistical System on ISTAT data Source
Passenger and cargo traffic are increasing

Venice-Treviso Airport:
3° Italian hub after Rome and Milan, 11.1 mln passengers (+3.8%), 100,000 movements (+5%); 51,000 tons of freight exchange (+14.7%)

Verona airport:
2.6 million passengers (-6.6%), mainly due to political instability in North-Africa and the depreciation of the Ruble. Nevertheless, 30,000 tons of cargo are managed by Catullo Spa in Brescia airport

Port of Venice:
25 million tons of goods (+15.3%), 3,402 ships (+1.2%), 1.7 million passengers (-9.8%)

Source: Save spa, Catullo spa, Port of Venice
Despite a positive start, 2016 is not expected to be an easy year. Stability is undermined by:

- Turmoil in financial markets
- Weak external demand
- Low interest rates and (imported) deflation
- Recovery supported by household consumption
- Low business confidence
The Veneto region is experiencing a steady although moderate growth

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<td>GDP</td>
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<td>HOUSEHOLD CONSUMPTION</td>
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Source: elaborated by Unioncamere Veneto on data from various sources
Business *mood* is changing, except for constructions

Veneto. Business confidence in the first quarter of 2016 (% opinions)

Source: Unioncamere Veneto - Survey VenetoCongiuntura (4,000 cases)
Thank you for your attention!

For any additional information please contact: centrostudi@ven.camcom.it

Venice, 18th March 2016