



## INVESTMENT ACTIVITY IN INDUSTRY<sup>1</sup>

The investment business inquiry<sup>2</sup> of NSI carried out among industrial enterprises in October 2015 shows that the entrepreneurs expect to make 32.6% less investments in the current year in comparison with the previous 2014.

According to the main industrial groupings the highest relative share in expected investments in 2015 is taken by the energy and water-related industries (33.7%), followed by industries producing intermediate goods (31.9%) and industries producing non-durable goods (20.4%) (Annex, Figure 1).

By the business inquiry data a decrease of the volume of investments in the industry over 2016 by 2.4% in comparison with 2015 is predicted, as about 36% of the enterprises do not plan any expenditure on acquiring fixed assets over the next year. In the structure by main industrial groups again the energy and water-related industries formed the highest relative share - 39.4%. They are followed by industries producing intermediate goods and industries producing non-durable goods with 32.4% and 15.7% respectively (Annex, Figure 2).

According to the direction of investments in 2016 the highest share is expected to be these for replacement of worn-out equipment - by 29.3% of the total amount of investments in industry. On the second place by 29.1% share are the planned investments for an increase of production capacity followed by these for mechanization or automatization of existing production processes and for introduction of new technologies - 24.2% and for protection of the environment, safety measures, etc. - by 17.4%.

As regards the factors 'demand of production'<sup>3</sup>, 'financial resources or expected profits'<sup>4</sup> and 'technical factors'<sup>5</sup>, that may influence on managers' decisions for investments in 2016 prevail the positive assessments on impact - 'stimulating' or 'very stimulating'. In the group 'other factors'<sup>6</sup> 24.7% of the respondents indicated their influence as 'stimulating', 38.4% of them abstain from assessment and 24.8% answer that the factor does not impact (Annex, Figure 3).

<sup>1</sup> Since April 2011 the NSI has started publishing the business survey data according to the new Classification of Economic Activities (NACE.BG 2008) (NACE Rev. 2). All of the time series have been recalculated according to the Classification and are comparable throughout time.

<sup>2</sup> Since May 2002 all business surveys have been co-financed by the NSI and the European Commission according to the agreement signed between these two institutions. NSI has undertaken to conduct the surveys according to the Harmonized EU Programme. Any notice or publication of NSI reflects the author's view and the Commission is not liable for any use that may be made of the information contained therein.

<sup>3</sup> This heading covers the capacity utilization rate and the sales prospects.

<sup>4</sup> This heading covers the availability of resources for investment (and their cost) together with the return on investment and the lack of opportunities for the company to use its resources more profitably than by investment (especially by purely financial operations).

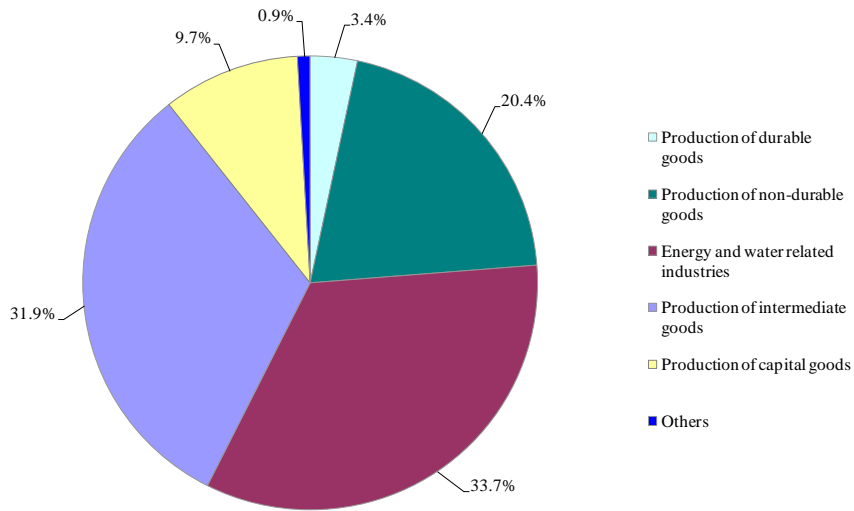
<sup>5</sup> The main ones are technological developments, the availability of labour and its attitude towards the new technologies, as well as the technical conditions set by the public authorities before they grant the investment permit.

<sup>6</sup> This may include the policy of the public authorities, especially with regard to taxation, and whether or not production can be transferred abroad and etc.

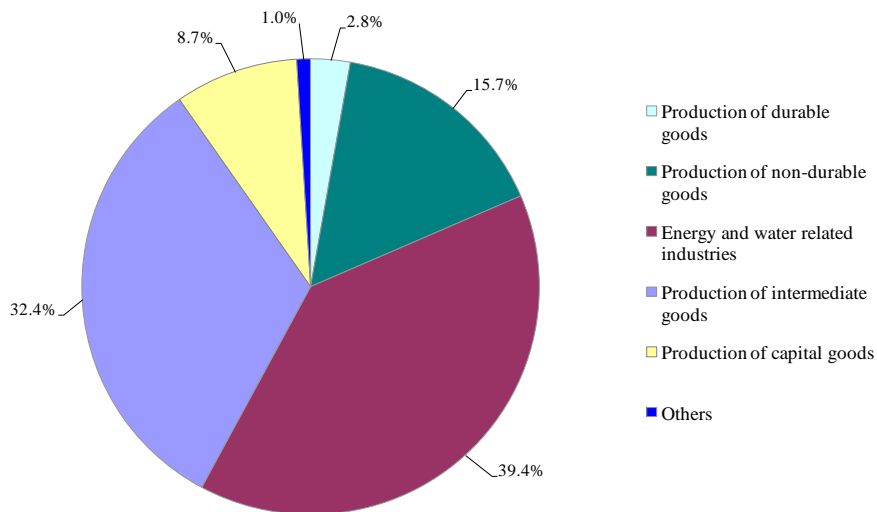


Annex

**Figure 1. Distribution of expected investments in 2015 by main industrial groupings**



**Figure 2. Distribution of planned investments in 2016 by main industrial groupings**





**Figure 3. Assessment of the factors in fluencing the investment decisions in 2016 (Relative share of enterprises)**

