



INVESTMENT ACTIVITY IN INDUSTRY¹

The investment business inquiry² of NSI carried out among industrial enterprises³ in the second half of October 2011 shows that the industrial entrepreneurs expect to make 20.0% less investments in the current year in comparison with the previous 2010.

According to the product orientation of industrial activities the highest share in expected investments over 2011 is taken by the energy and water-related industries (44.0%), followed by industries producing intermediate goods (27.3%) and industries producing food products and beverages (10.9%).

By the business inquiry data an increase of the volume of investments in the industry over 2012 by 17.4% in comparison with 2011 is predicted. About 43% of respondents do not plan any expenditure on acquiring fixed assets over the next year. The energy and water-related industries again form the highest relative share - 44.3%. They are followed by the industries producing intermediate goods (35.5%) and the industries producing food products and beverages (8.0%).

According to the direction of investments in 2012 the highest share is taken by those in mechanization and automatization of existing production processes and in introduction of new technologies - 34.6% of the total amount of expected investments in industry in 2012. The investments for an increase of production capacity have a share of 27.9% and those in replacement of worn-out equipment - by 24.4% respectively. The remaining 13.1% of investments in 2012 are intended for preservation of the environment, safety measures, etc.

With regard to the factors “demand of production”⁴, “financial resources and expected profits”⁵ and “technical factors”⁶, which influence the decisions for investments in 2012, on average about 27% of respondents do not give an assessment. Among the remaining entrepreneurs who have an opinion the positive assessments prevail. The group “other factors”⁷ has the greatest share of absence of opinions - 50.3%.

¹ In April 2011 the NSI 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.

² Since May 2002 all business surveys are 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.

³ The survey is representative for the country. The enterprises observed cover 90% of the annual turnover in industry.

⁴ This heading covers the capacity utilization rate and the sales prospects.

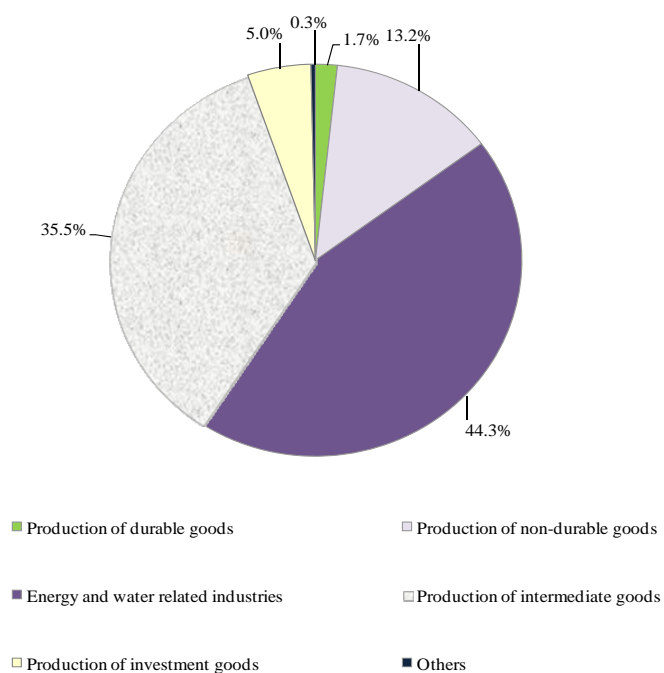
⁵ This heading covers the availability of resources for investment (and their cost) together with the return on investment and the lack of opportunities for the company to use its resources more profitably than by investment (especially by purely financial operations).

⁶ 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.

⁷ This may include the policy of the public authorities, especially with regard to taxation, and whether or not production can be transferred abroad.



**Figure 1. Distribution of planned investments in 2012
by main industrial groupings**



**Figure 2. Expected growth rates of investments
by main industrial groupings**

