



INVESTMENT ACTIVITY IN INDUSTRY

The investment business inquiry¹ of NSI carried out among industrial enterprises² in the second half of October 2010 indicates that the industrial entrepreneurs expect to make 26.4% less investments in the current year in comparison with the previous year.

According to the product orientation of industrial activities the highest share in expected investments over 2010 is taken by the energy and water-related industries (52.3%), followed by industries producing intermediate goods (26.3%) and industries producing food products and beverages (10.7%).

The business inquiry registers expectations about an increase of investments in 2011 by 18.1% in comparison with 2010. About 44% 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 - 55.7%. They are followed by the industries producing intermediate goods (26.5%) and the industries producing food products and beverages (7.7%).

According to the direction of investments in 2011 the highest share is taken by those in mechanization and automatization of existing production processes and in introduction of new technologies - 31.5% of the total amount of expected investments in industry in 2011. The second place is taken by the investments in replacement of worn-out equipment - 27.9%, and those in extension of production capacity have a share of 26.6%. The remaining 14.0% of investments in 2011 are intended for preservation of the environment, safety measures, etc.

With regard to the factors “demand of production”³, “financial resources and expected profits”⁴ and “technical factors”⁵, which influence the decisions for investments in 2011, 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”⁶ has the greatest share of absence of opinions - 50.9%, 17.1% of enterprises give a positive assessment, and 22.8% respond that the factor does not influence their decisions.

¹ 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.

² The survey is representative for the country. The enterprises observed cover 90% of the annual turnover in industry.

³ This heading covers the capacity utilization rate and the sales prospects.

⁴ 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).

⁵ 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.

⁶ 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 2010 by product orientation of industrial activities

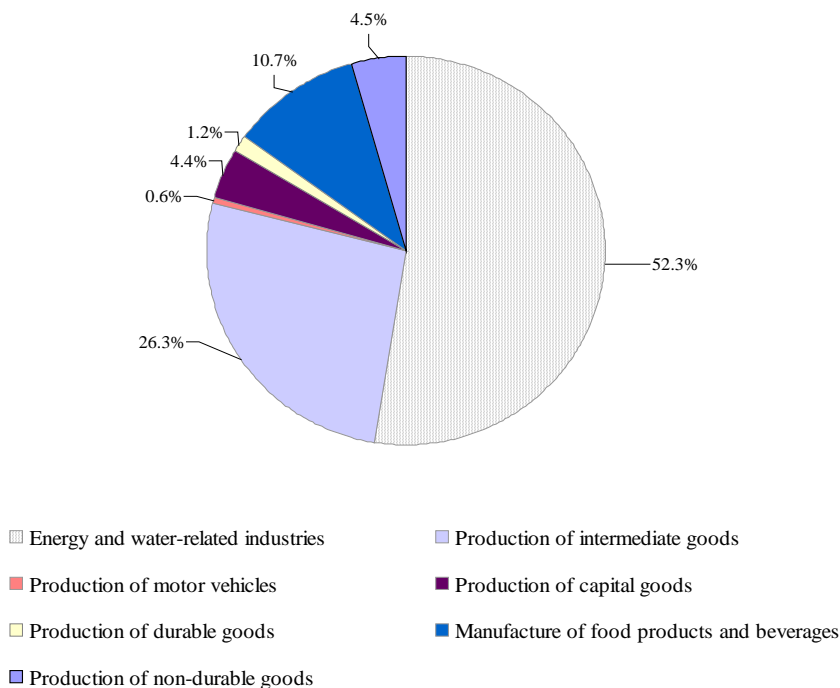


Figure 2. Distribution of planned investments in 2011 by product orientation of industrial activities

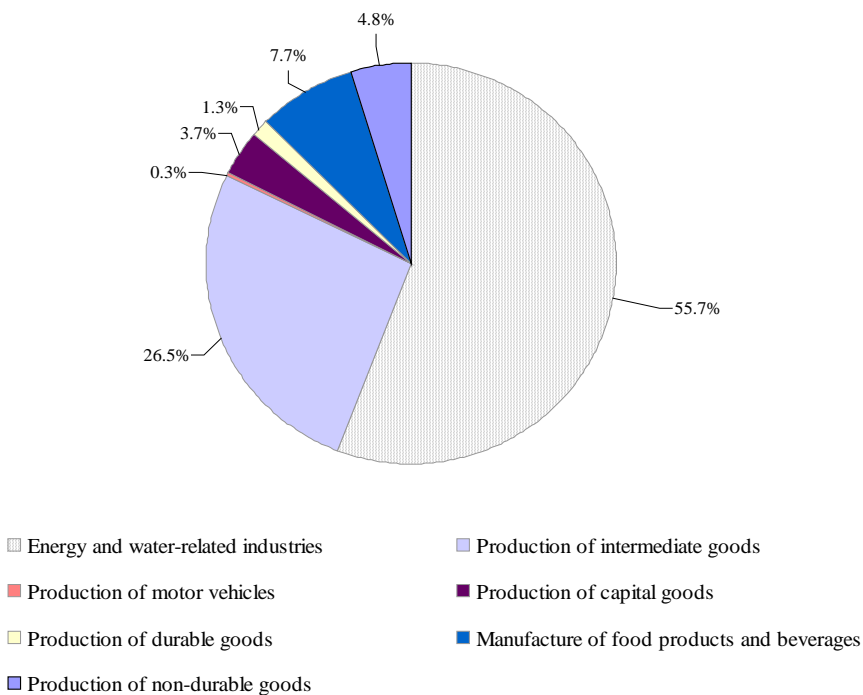




Figure 3. Expected growth rates of investments

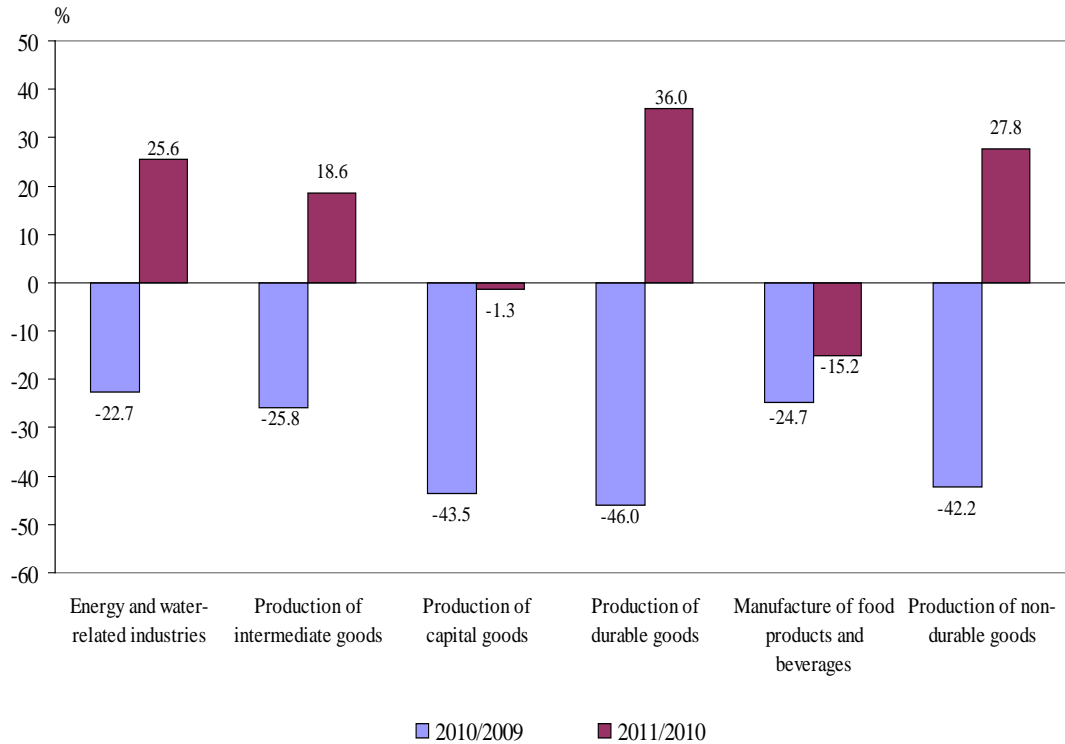


Figure 4. Assessment of the factors influencing the investment decisions in 2011

(Relative share of enterprises)

