

INVESTMENT ACTIVITY IN INDUSTRY OCTOBER 2020

The investment business inquiry¹ of NSI carried out among industrial enterprises in October 2020 shows that the entrepreneurs expect the investments in the current year to be with 20.9% less in comparison with the previous 2019.

According to the main industrial groupings² the highest relative share in investments in 2020 is expected to form the industries producing intermediate goods (36.4%), followed by energy and water-related industries (27.5%) and industries producing non-durable goods (18.2%) (Annex, Figure 1).

By the business inquiry data, a decrease of the volume of investments in industry over 2021 by 7.6% compared to 2020 is predicted, as about 40% of the enterprises do not plan any expenditures on acquiring fixed assets over the next year. In the structure by main industrial groupings, the energy and water-related industries formed the highest relative share - 37.6%. They are followed by the industries producing intermediate goods and industries producing non-durable goods with 35.7% and 14.6% respectively (Annex, Figure 2).

According to the direction of investments in 2021, the highest share is expected to be these for increase of production capacity - by 34.5% of the total amount of investments in industry. On the second place by 29.4% share are the planned investments for replacement of worn-out equipment followed by these for protection of the environment, safety measures, etc. - by 19.7% and for mechanization or automatization of existing production processes and for introduction of new technologies - by 16.4%.

As regards the factors that may influence on managers' decisions for investments in 2021 prevail the positive assessments on impact ('stimulating' or 'very stimulating') for 'demand of production'³, 'financial resources or expected profits'⁴ and 'technical factors'⁵. In the group 'other factors'⁶ 23.7% of the respondents indicated their influence as 'stimulating', 27.5% answer that the factor does not impact and 34.9% of them abstain from assessment (Annex, Figure 3).

¹ 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.

² The classification 'Main industrial groupings' include production of durable goods, production of non-durable goods, energy and water related industries, production of intermediate goods, production of capital goods and others.

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 and etc.

Annex

Figure 1. Distribution of expected investments in 2020 by main industrial groupings

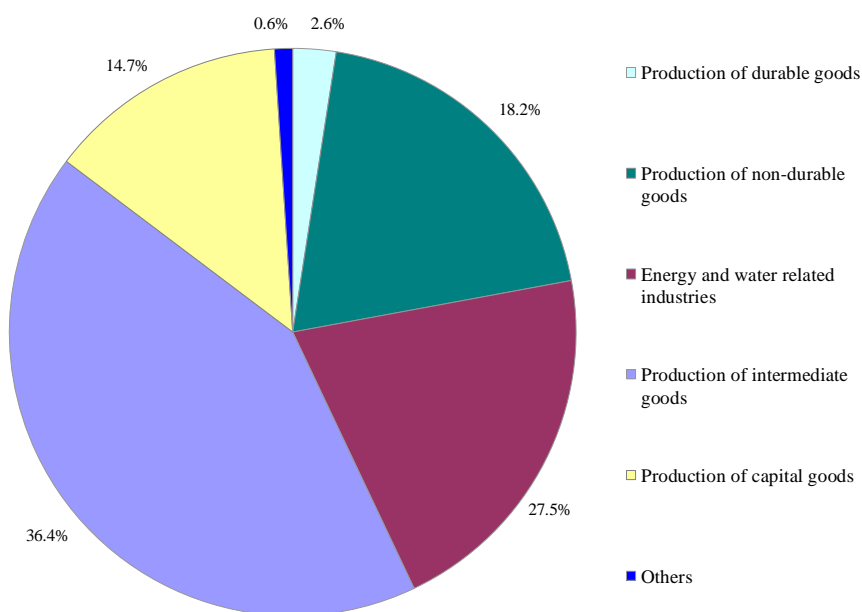


Figure 2. Distribution of planned investments in 2021 by main industrial groupings

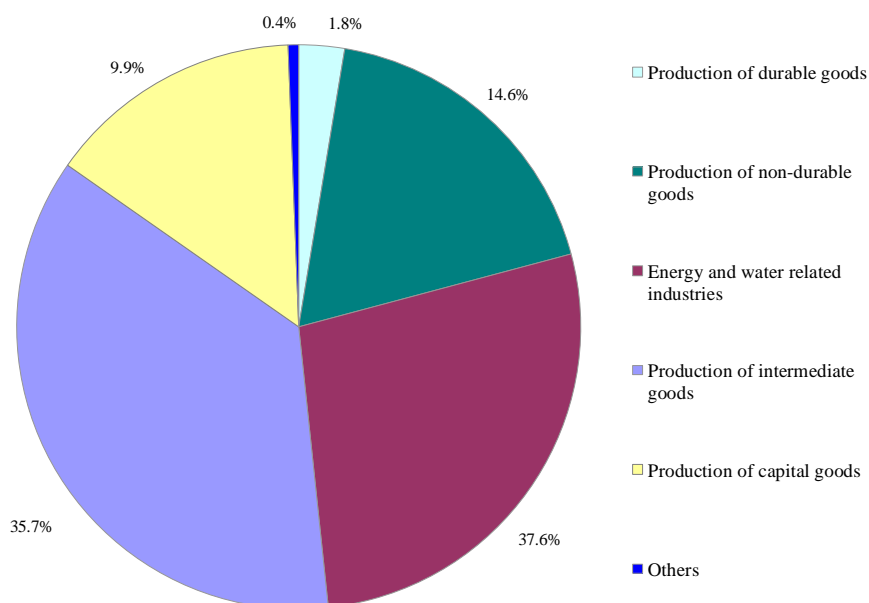


Figure 3. Assessment of the factors in fluencing the investment decisions in 2021 (Relative share of enterprises)

