

FOREIGN DIRECT INVESTMENTS AND EXPENDITURE ON ACQUISITION OF TANGIBLE FIXED ASSETS

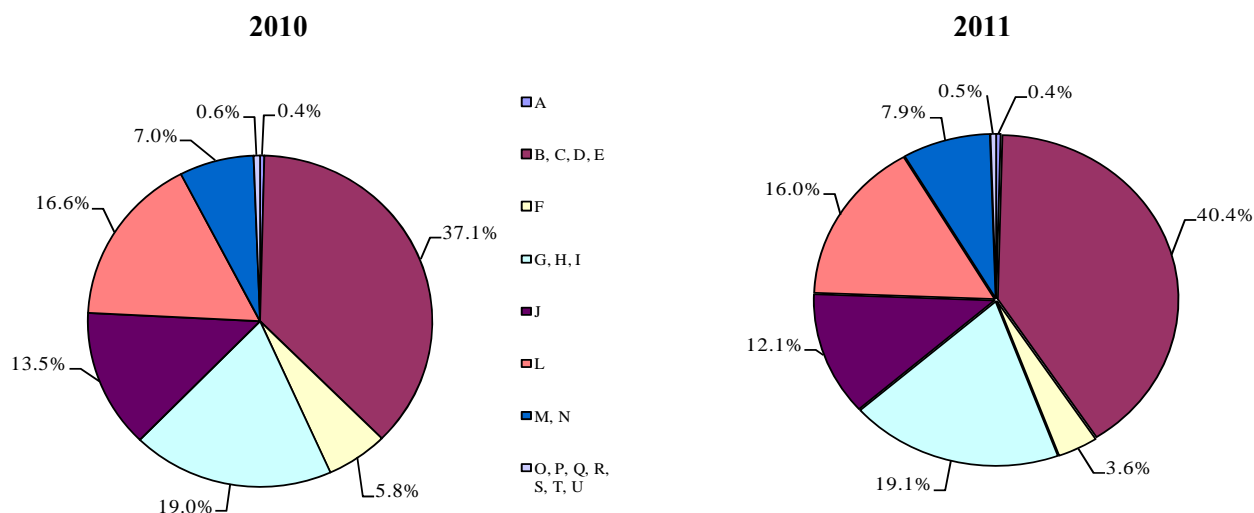
1. Foreign direct investments

According to preliminary data the foreign direct investments in the non-financial sector as of 31.12.2011 amounted to EUR 21 616 Million and fell by 2.2% compared to 2010.

The largest volume of the foreign investments was made in Industry - EUR 8 741 Million and Service sector (Wholesale and retail trade; repair of motor vehicles and motorcycles; Transport, communication and services; Accommodation and food service activities) - EUR 4 121 Million.

In 2011 these activities formed 59.5% of the total foreign direct investments, as their relative share increased by 3.4 percentage points over the previous year. The foreign direct investments in Construction sector fell by 40% compared to 2010 and amounted to EUR 775 Million.

Figure 1. Structure of the foreign direct investments in non-financial enterprises by economic activity as of 31.12.



A - Agriculture, forestry and fishing

B, C, D, E – Manufacturing; Mining and quarrying and other industry

F - Construction

G, H, I - Wholesale and retail trade; repair of motor vehicles and motorcycles; Transport, communication and services; Accommodation and food service activities

J - Information and communication

L - Real estate activities

M, N - Professional, scientific, technical; Administration and support service activities

O, P, Q, R, S, T, U - Other services



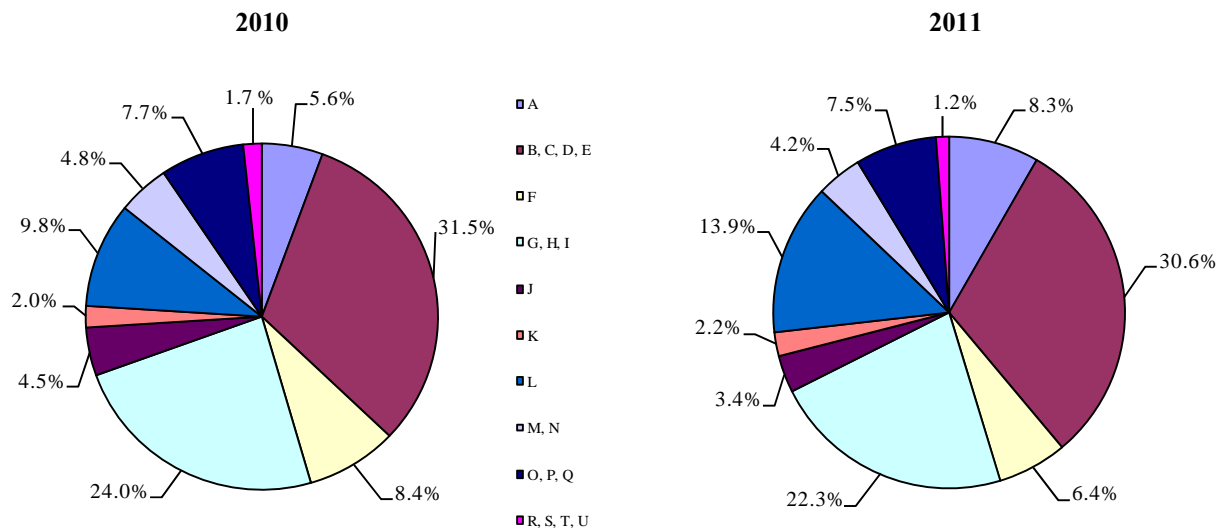
2. Expenditure on acquisition of tangible fixed assets

According to preliminary data in 2011 the actual expenditure on acquisition of tangible fixed assets in all sectors of the economy amounted to BGN 17 763 Million, as was reported an increase of 9.5% compared with the previous year.

The largest volume of investments on tangible fixed assets was invested in the sector of Industry - BGN 5 428 Million and in the Service sector (Wholesale and retail trade; repair of motor vehicles and motorcycles; Transport, communication and services; Accommodation and food service activities) - BGN 3 961 Million. In 2011 these sectors formed 52.9% of total expenditure on fixed assets.

The investment in fixed assets in the Construction sector reached BGN 1 147 Million, or by 16.2% less than 2010.

Figure. 2. Structure of the expenditure on acquisition of tangible fixed assets in 2010 and 2011 by economic activity



A - Agriculture, forestry and fishing

B, C, D, E - Manufacturing; Mining and quarrying and other industry

F - Construction

G, H, I - Wholesale and retail trade; repair of motor vehicles and motorcycles; Transport, communication and services; Accommodation and food service activities

J - Information and communication

K - Financial and insurance activities

L - Real estate activities

M, N - Professional, scientific, technical; Administration and support service activities

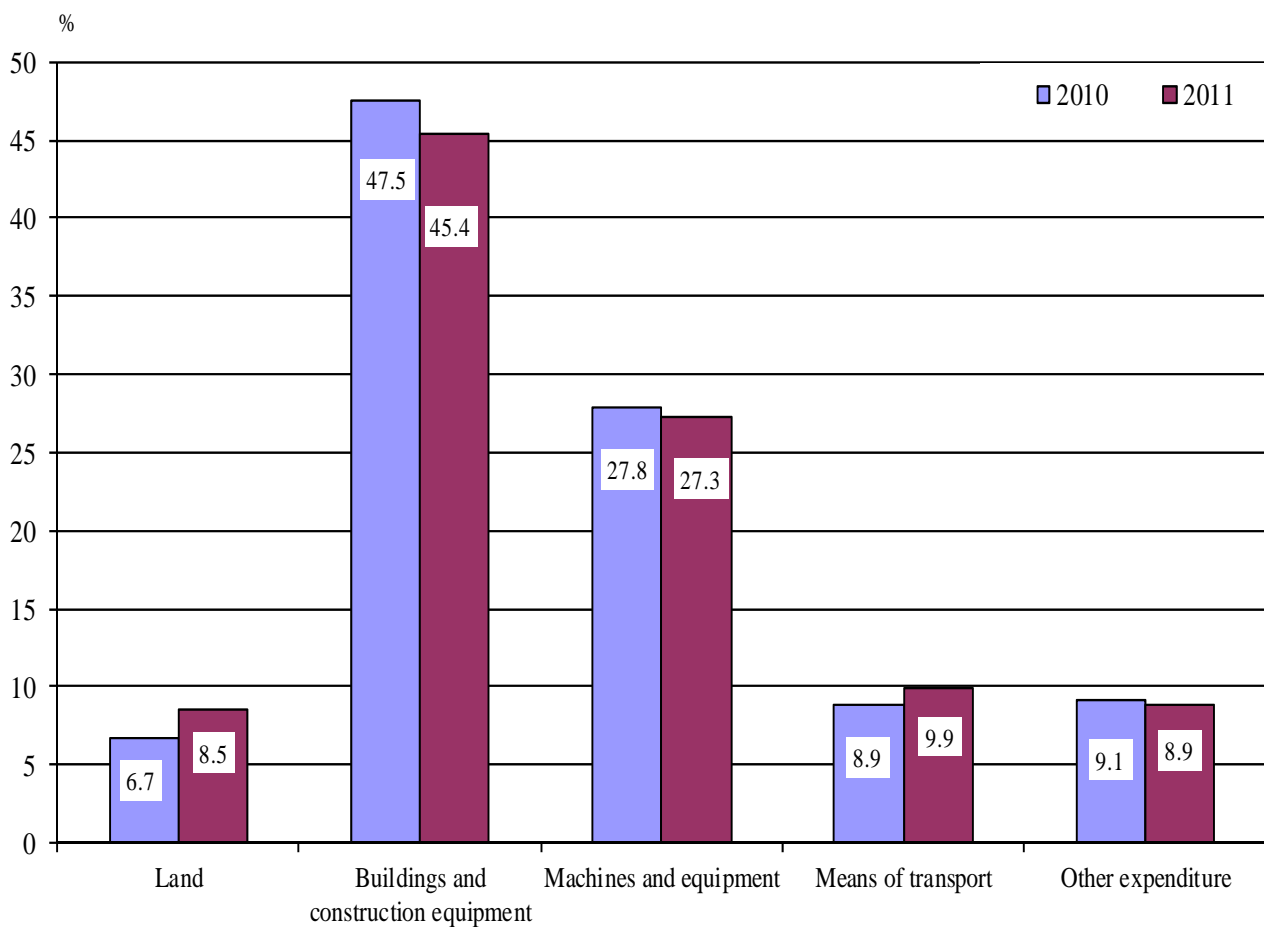
O, P, Q - Public administration, defense, Education, Human health and social work activities

R, S, T, U - Other services



In 2011 the structure of expenditure on acquisition of tangible fixed assets by kind was changed. The investments made for buildings and construction equipment decreased by 2.1 percentage points and accounted for 45.4% of the total volume of investments on tangible fixed assets for the current year. However, the expenditure for the purchase of land increased by 1.8 percentage points and the costs incurred for the acquisition of means of transport - by 1.0 percentage points, which formed 8.5% and 9.9% respectively of total investments of tangible fixed assets.

Figure. 3. Structure of the expenditure on acquisition of tangible fixed assets by kind in 2010 and 2011





Methodological notes

Foreign direct investment is an investment, which includes long-term relationship, referring to a significant degree of influence of a resident of a foreign economy (foreign direct investor) on the management of an enterprise - resident of the Bulgarian economy (investment enterprise). Direct investment comprises not only the initial transaction establishing the relationship between the investor and the enterprise but also all subsequent transactions between them.

The volume of the foreign direct investment in the investment enterprise is defined as a sum of:

- The foreign share in the equity capital of the enterprise;
- Plus the amount of the unpaid part of long and short-term loans and trade credits granted by the foreign investor to the investment enterprise as of 31.12. of the surveyed year;
- Minus the amount of unpaid part of the long and short-term loans and trade credits granted by the investment enterprise to the foreign investor as of 31.12. of the surveyed year.

The expenditure on acquisition of tangible fixed assets during the period under review include the actual costs: land purchase and building construction, construction equipment and mechanisms through order and produced by own account, for delivery and installation of tangible fixed assets, for machinery, equipment and means of transport, for geological and hydrological prospecting, for research and design related to construction and other expenditure, connected with acquiring tangible fixed assets.

The current maintenance cost of existing tangible fixed assets are not included in the volume of expenditure on acquisition of tangible fixed assets.