



## FOREIGN DIRECT INVESTMENTS AND EXPENDITURE ON ACQUISITION OF TANGIBLE FIXED ASSETS

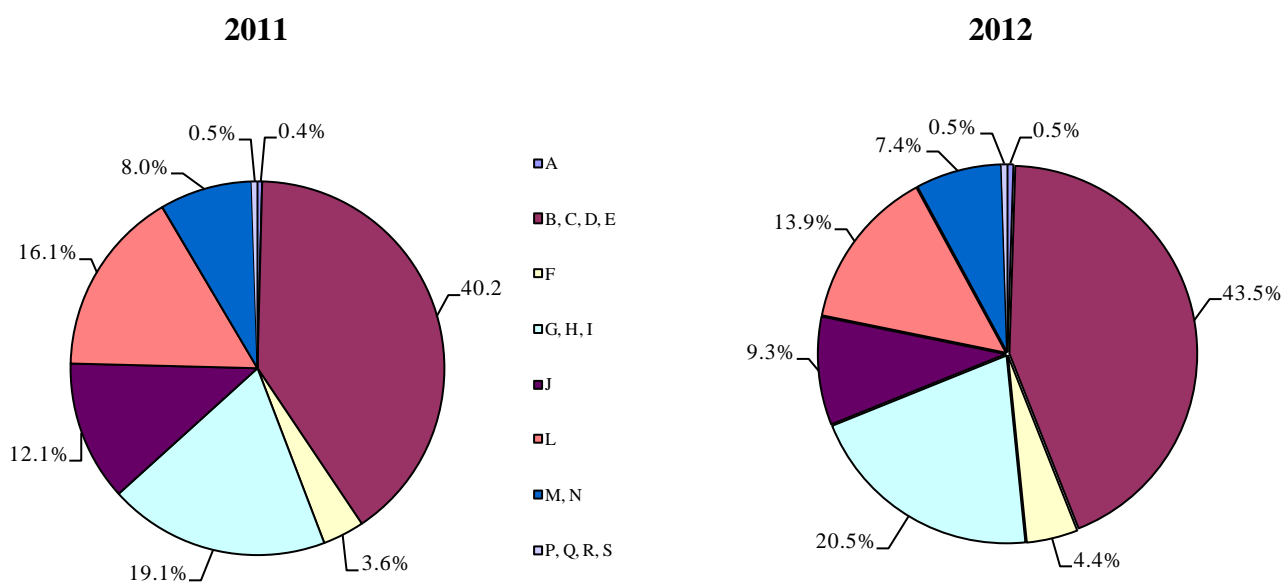
### 1. Foreign direct investments

According to preliminary data the foreign direct investments in the non-financial sector as of 31.12.2012 amounted to 21 623 million Euro and fell by 0.1% compared to 2011.

The largest volume of the foreign investments was made in Industry - 9 400 million Euro and Service sector (Wholesale and retail trade; repair of motor vehicles and motorcycles; Transport, communication and services; Accommodation and food service activities) - 4 442 million Euro.

In 2012 these activities formed 64.0% of the total foreign direct investments, as their relative share increased by 4.7 percentage points with comparison with the previous year. The foreign direct investments in Construction sector amounted to 956 million Euro or by 22.9% more as compared to 2011.

**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

P, Q, R, S - Other services

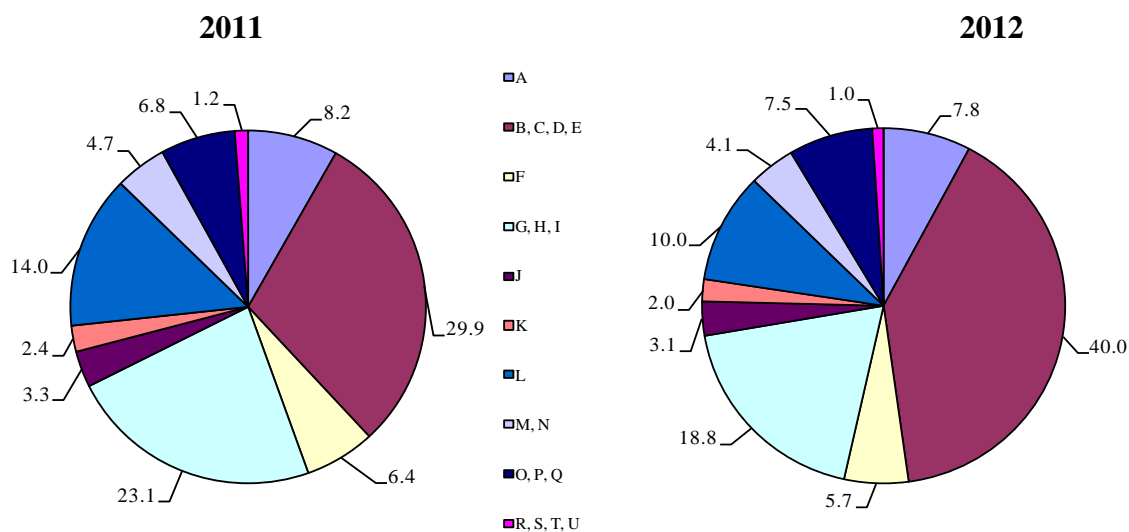


## 2. Expenditure on acquisition of tangible fixed assets

According to preliminary data in 2012 the actual expenditure on acquisition of tangible fixed assets in all sectors of the economy amounted to 18 957 million Levs, as was reported an increase of 5.8% compared with the previous year.

The largest volume of investments on tangible fixed assets was invested in the sector of Industry - 7 570 million Levs and in the Service sector (Wholesale and retail trade; repair of motor vehicles and motorcycles; Transport, communication and services; Accommodation and food service activities) - 3 582 million Levs. In 2012 these sectors formed 58.8% of total expenditure on fixed assets. The investment in fixed assets in the Construction sector reached 1 089 million Levs, or by 5.0% less than 2011.

**Figure. 2. Structure of the expenditure on acquisition of tangible fixed assets in 2011 and 2012 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

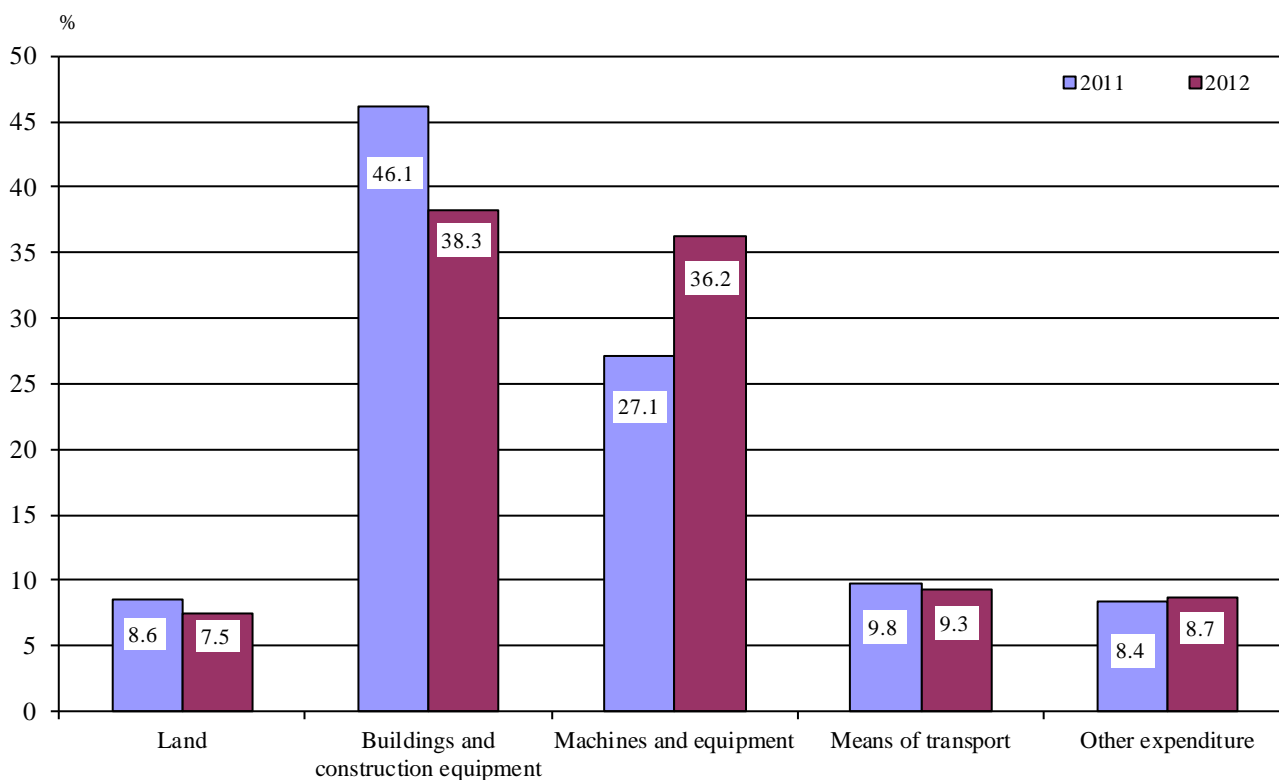
O, P, Q - Public administration, defense, Education, Human health and social work activities

R, S, T, U - Other services



In 2012 the structure of expenditure on acquisition of tangible fixed assets by kind changed. The relative share of investments for machines and equipment increased by 9.1 point, and reached 36.2% compared with the previous year. At the same the expenditure for the purchase of land decreased by 1.1 points and the costs incurred for the acquisition of buildings and structures construction equipment - by 7.8 points, and of transport by 0.5 points which formed 7.5%, 38.3% and 9.7% of total investments of tangible fixed assets.

**Figure. 3. Structure of the expenditure on acquisition of tangible fixed assets by kind in 2011 and 2012**





## 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.



Annex

Table 1

Expenditure on acquisition of tangible fixed assets by economic activity

(Million Levs)

Economic activity groupings (A10)	2009	2010	2011	2012 <sup>1</sup>
<b>Total</b>	<b>21274</b>	<b>16218</b>	<b>17914</b>	<b>18957</b>
Agriculture, forestry and fishing	841	915	1470	1480
Manufacturing, mining and quarrying and other industry	6581	5104	5361	7570
Construction	2174	1369	1147	1089
Wholesale and retail trade, transportation and storage, accommodation and food service activities	4431	3887	4143	3582
Information and communication	575	733	600	592
Financial and insurance activities	464	320	424	374
Real estate activities	3459	1592	2498	1878
Professional, scientific, technical, administration and support service activities	1291	775	833	779
Public administration, defense, education, human health and social work activities	1129	1255	1215	1428
Other services	329	268	223	185

<sup>1</sup> Data are preliminary.