

INVESTMENT OPPORTUNITIES IN SOUTHEAST EUROPE

Sorin DIMITRIU, Dragos MARCU
University POLITEHNICA of Bucharest

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Abstract

Southeast Europe is now in a moment of change and provocation generated by the new European context. In this new context, this region is a challenge for investors, and also an opportunity. This paper, tries to analyze investment opportunities in this region, taking into account the general economic evolution of countries.

1. THE ECONOMICAL CONTEXT IN SOUTHEAST EUROPE

Southeast Europe is now in a moment of change and provocation generated by the new European context. An analysis of the evolution of GDP shows the positive trend in this region.

Table 1.1. Evolution of GDP

Country	Evolution Of GDP (BLN Euro)			
	2002	2003	2004	2005
Albania	4.8	5.1	6.1	6.7
Bosnia and Herzegovina	5.9	6.3	7.5	8.1
Bulgaria	16.5	17.7	19.6	21.4
Croatia	24.5	26.2	28.4	30.9
Greece	131.3	141.7	153.5	165.3
Macedonia	4.0	4.1	4.3	4.6
Moldova	1.6	2.0	2.6	2.9
Montenegro	1.3	1.4	1.5	1.6
Romania	43.3	46.0	62.11	78.1
Serbia	15.13	16.58	18.92	19.47
Slovenia	23.49	24.6	26.0	27.8
Turkey	166.5	150.8	162.7	258.0

The evolution of Southeast Europe economy has a positive trend in all the countries of this region, but with some differences between them:

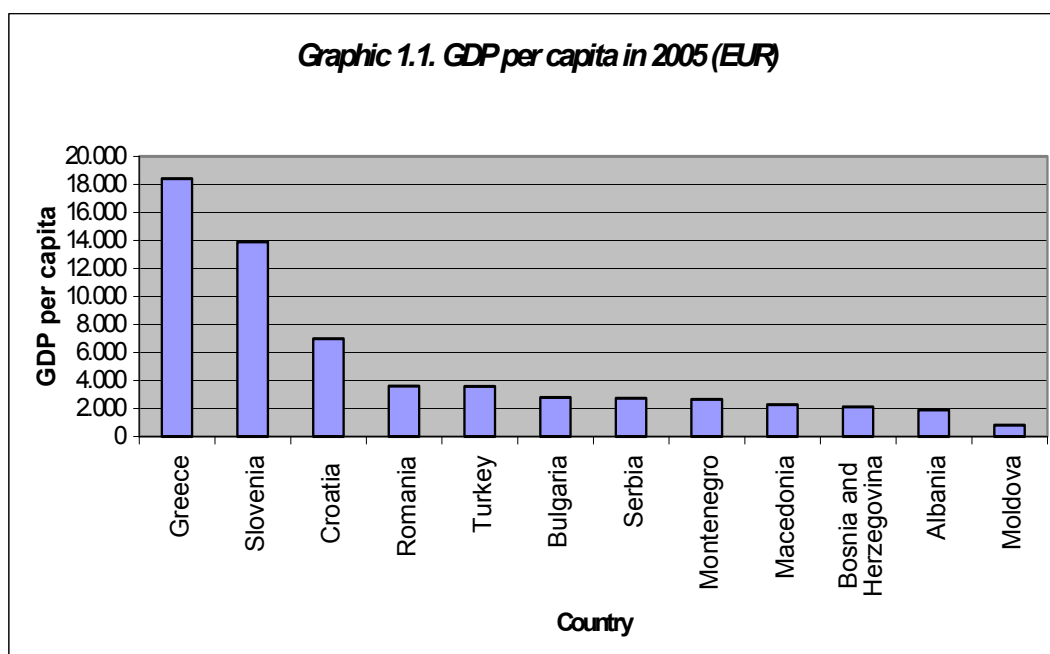
- The media of GDP evolution is a growth of 12.78% per year;
- Moldova and Romania have the most important evolution of GDP with a growth of 27.8 respective 26.79 percent in this period;
- Macedonia and Slovenia are the countries with the lowest evolution of GDP;
- Analyzing the evolution of GTP in this region we presume that those countries, with some exception represent opportunities of investment for companies.

Another important element in an investment opportunity analyze is the quality of life. The most common element to show the quality of live in one country is the GPP per capita. A centralized situation we have in table 1.1. – GDP per capita.

Table 1.2. GDP per capita

Country	GDP per capita (EUR)			
	2002	2003	2004	2005
Albania	1,364	1,433	1,723	1,891
Bosnia and Herzegovina	1,556	1,642	1,950	2,095
Bulgaria	2,101	2,249	2,515	2,771
Croatia	5,507	5,906	6,397	6,972
Greece	15,100	16,400	17,300	18,400
Macedonia	1,981	2,025	2,128	2,277
Moldova	459	548	721	812
Montenegro	2,107	2,311	2,465	2,638
Romania	1,996	2,119	2,862	3,599
Serbia	2,016	2,181	2,664	2,730
Slovenia	11,866	12,461	13,103	13,896
Turkey	2,364	2,126	2,240	3,577

- The situation of GDP per capita shows differences between countries and a general trend of growth;
- The differences between countries are visible and show different economical context;
- Greece and Turkey are the leaders of life quality in this region as we can see in graphic 1.1.



Main element in analyzing investment opportunity in a country or region is the situation of foreign investment, and the trend of Foreign Direct Investments (FDI). The situation of this indicator is presented in next table.

Table 1.3. Foreign Direct Investments

Country	FDI (mln)			
	2002	2003	2004	2005
Albania (USD)	135.0	178.0	341.8	264.5
Bosnia and Herzegovina (EUR)	308.9	169.1	618.3	242.7
Bulgaria (USD)	969.7	2.096,9	3,443.4	2,222.6
Croatia (EUR)	1,196.6	1,790.4	986.1	1,381.4
Greece (EUR)	53.4	585.9	1.088.4	-
Macedonia (USD)	81.0	97.5	163.2	112.5
Moldova (USD)	132.98	78.29	150.90	225.29
Montenegro (EUR)	182.9	213.6	111.1	382.8
Romania (EUR)	1,212	1,946	5,183	5,197
Serbia (EUR)	501.9	1,197.1	776.7	1,224.0
Slovenia (EUR)	1,700	300.3	662.1	426.6
Turkey	1,137	1,752	2,847	9,681

- Foreign Direct Investments has a nonlinear distribution in this region. Turkey is the proffered destination for FDI;
- There are fluctuations in the evolution of this indicator but the trend is generally positive.

2. MOST ATTRACTIVE DOMAINS FOR INVESTMENTS

2.1. Tourism

The tourism, represent one of the most attractive sector in southeastern Europe.

This domain is very attractive in:

- Bosnia and Herzegovina (geographic position, fascinating natural beauties variety of attractions);
- Greece (according to World Tourism Organizations, Greece ranks among the top 15 tourism destination);
- Macedonia (Summer and winter tourism, eco-tourism and cultural tourism),
- Moldova (rural tourism, national tour, wine path tour, business tourism – the favorable geographic location);
- Montenegro (tourism is a strategic sector for the country's economic development)
- Romania (rural tourism, variety of attractions, eco-tourism and cultural tourism);
- Serbia (the tourism industry directly employs around 8% of the active population of Serbia);
- Turkey (is one of the most popular destination in Mediterranean region and its performance in terms of tourism revenues is substantially above the world average).

2.2. Agriculture and Food proceeding

- Albania (is rich in herb and spices. About 30% of the European medicinal flora is found in Albania);

- Bosnia and Herzegovina (there are over 1.5 million hectares of agricultural land in B&H, divided between crop growing and livestock breeding);
- Macedonia (the agribusiness sector is of great significance for the economy, accounting for 15% of GDP);
- Montenegro (represents one of the territories in Europe where to a large extent nature has been preserved);
- Serbia (fruits, vegetables and organic products).

2.3. Business services sector

- Albania (the Albanian business services sector is a distinct feature in the country's economic live);
- Bulgaria (is in the list of leading outsourcing destination for technical support and shared services among countries in Eastern Europe);
- Croatia (with its highly developed telecommunication infrastructure, stable and transparent fiscal and legal environment, highly educated and multilingual workforce).

2.4. Automotive sector

- Bosnia and Herzegovina (is destined to become the supply-base for Volkswagen in Southeast Europe);
- Bulgaria (has recently become a desired destination for automotive parts manufacturers due the reasonable operational costs and the tendency for original equipment manufacturers to move eastwards);
- Romania (is well positioned to attract further FDI in the automotive industry thanks to its combination of skilled and cheap labor);
- Serbia (the great potential of the sector in its current operational under-capacity, combined with competitively priced and experienced labor);
- Slovenia (there are over 185 companies in sector, hiring over 24,500 employees).

As a conclusion, we can say that, the Southeaster Europe represent an attractive zone for investment, in different activities sectors, with a great potential of development.

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