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Foreign Direct Investments in Trakia Economic Zone: Models and Economic Effects

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ABSTRACT

Foreign direct investment (FDI) is a key element of international economic integration. It creates stable and sustainable relationships between economies, leads to increased labor productivity, improved product quality, and competitiveness. FDI promotes the creation of new jobs (increases employment and positively influences competition in the labor market), contributes to the transfer of knowledge, technology and know-how between countries, and stimulates consumption. As part of the global economy, FDI has a number of effects on the host country's economy - stimulating integration into global value chains, modernization of production, and increasing regional competitiveness. When implementing foreign investments, not only positive developments and favorable effects can be observed, but also negative ones. In the countries of Central and Eastern Europe, FDI is not only a source of financing for economic growth, but also a prerequisite for introducing new technologies, know-how and modern market management into production. It allows the host country to gain time in absorbing such technologies and shorten the duration of economic transformations. This study examines the processes of attracting FDI within the Trakia Economic Zone (TEZ) – one of the leading industrial zones in Bulgaria and Southeastern Europe. The TEZ is distinguished as the first and longest-standing industrial zone in Bulgaria, establishing itself as a leading model for successful development and investment attraction. Trakia Economic Zone is the first public-private partnership in Bulgaria, supported by the government and the Ministry of Economy. It is one of the largest industrial and logistics complexes in Bulgaria, encompassing several industrial zones located around the city of Plovdiv. The report analyzes investment patterns, the profile of foreign companies, as well as the economic effects of FDI on the socio-economic development of the region.

Keywords: *Foreign direct investment, Trakia economic zone, economic effects, investment models*

INTRODUCTION

In Bulgaria, numerous regulatory documents have been created to stimulate local investment activity; however, the anticipated positive outcomes have not materialized. Although there are various concepts and strategies aimed at attracting foreign investment, as well as a significant number of associations, confederations, local development agencies, and other formal and informal entities, these

efforts have not succeeded in generating the desired level of investment activity. This suggests that the establishment of governance bodies and civil society organizations does not always guarantee effectiveness, particularly when their interaction is poorly balanced. As North (2000) notes, *institutions represent the rules of the game, while organizations are the players*. Nonetheless, merely adhering to formal regulations is insufficient; it must be complemented by creativity and innovation (Milkova, 2016).

Foreign direct investment (FDI) represents a key component of local policies and regional marketing strategies, as it has the capacity to reshape and transform regional systems, influencing not only the economic but also the social and cultural dimensions of a given territory. Policymakers acknowledge the benefits of FDI for national economic development, including the creation of employment opportunities, the transfer of advanced technologies, the introduction of managerial expertise, the development of technical skills, and access to new foreign markets (Aitken & Harrison, 1999; Hill, 2000; Harding & Javorcik, 2011).

In the academic literature, foreign investments are generally classified into two main types–direct and indirect (portfolio) investments. Direct foreign investments involve capital flows abroad aimed at enabling the investor to exert direct influence over a company's economic activities, with financial objectives and control potential being central considerations. In contrast, portfolio investments consist of acquiring foreign securities or other capital assets–such as shares, investment certificates, or fixed-income securities–without exercising direct influence over the targeted company. These are typically short-term in nature, undertaken primarily by private individuals, and driven by considerations of return and risk. Such investments are often speculative or focused on short-term yields from financial assets. Despite the growing importance of FDI in recent years, the scholarly literature still lacks a fully developed and systematized theory that explains why companies seek to expand their activities across national borders.

Existing theoretical frameworks address only certain dimensions of foreign direct investment (FDI), providing partial answers to questions such as why, how, where, in what manner, and in what form investors transfer their capital across national borders. This limitation stems from the dynamic nature of international economic integration processes, the diverse activities undertaken by transnational corporations (TNCs), and the wide variety of motives driving FDI. Some scholars adopt a macroeconomic perspective on the causes of capital flows, linking FDI to the balance of payments (J. M. Keynes, R. Harrod, E. Domar, 1959) and associating it with theories of foreign trade and comparative advantage (B. Olin, E. Heckscher, R. Vernon, V. Leontiev, 1979).

Other researchers focus on the behavior of investing firms themselves (St. Hymer, R. Caves, C. P. Kindleberger, 1970), developing microeconomic approaches. Macroeconomic theories of FDI, particularly within the neoclassical framework, regard capital as one of the factors of production, with its international movement determined by variations in returns or interest rates. Both classical and neoclassical perspectives emphasize the comparative advantages of nations, largely addressing the location decisions of TNCs. However, they often overlook a fundamental issue: why corporations choose to relocate production abroad rather than simply exporting finished goods, and how they succeed in competing with domestic firms in foreign markets.

Microeconomic theories, which gained traction in the second half of the twentieth century, argue that investment decisions abroad are not solely based on differences in marginal productivity or rates of return. Instead, they emphasize the role of unique tangible and intangible assets that confer competitive advantages on firms in international markets.

In Bulgaria, the legal framework for free economic zones was established in 1987 through Decree No. 2242, published in State Gazette No. 55 of 17 July 1987, accompanied by implementing regulations. The decree defined the procedures for creating free zones within the territory of the People's Republic of Bulgaria and set the conditions for conducting production, trade, and other economic activities within them. These zones were designed to stimulate entrepreneurial initiatives in manufacturing, service provision, trade, and other activities that diversify and expand exports. As a

policy tool for attracting investment, free economic zones offer substantial incentives, including customs and tax exemptions, for companies engaged in manufacturing, trading, or warehousing.

The present study seeks to examine the models for attracting and implementing FDI in the Trakia Economic Zone and to evaluate their influence on the region's economic development.

MATERIALS & METHODS

This section presents the data sources and methods used in the study to objectively assess foreign direct investment and their impact on TEZ.

Data Sources

Analysis of statistical data covers the dynamics of foreign direct investment in the **T**EZ through a quantitative assessment of their volume and their impact on key economic indicators such as value added and expenditure on acquisition of fixed assets. Statistical data are taken from the National Statistical Institute (NSI) and the TEZ.

The qualitative analysis in the study shows how FDI affects the local economy and infrastructure through the incentive and interest of investors, the efficiency of the resources used, and the socio-economic changes that occur in the region.

Quantitative analysis, through a regression method, allows for the establishment of statistical relationships between FDI and specific economic indicators - value added and costs of acquiring fixed assets.

The study also applied the **geospatial method**. It shows the location of the zone and the included industrial zones. The map included in the analysis shows the transport corridors that determine the logistical advantages and territorial dependencies in the zone.

LITERATURE REVIEW

The establishment and expansion of industrial parks and zones in Bulgaria constitute a significant driver of economic growth and a means of attracting investment. A stable and well-developed industrial sector plays a crucial role in boosting economic performance, generating employment opportunities, and enhancing the country's export potential. The progress of industrial zones in Bulgaria is closely linked to the overall macroeconomic environment and business climate, the availability of incentives for foreign investors, and the prevailing conditions for investment implementation. Factors such as infrastructure quality, the level of education, and the availability of skilled labor are equally decisive. Furthermore, economic diversification, a favorable business environment, and the provision of high-quality services contribute positively to the attractiveness of these zones.

Bulgaria benefits from a strategic geographic position in Southeastern Europe, serving as a key transit point between Europe, the Middle East, and Asia. Notably, five of the ten Pan-European Transport Corridors (PTCs) – IV, VII, VIII, IX, and X–pass through its territory (Figure 1). This advantageous location not only facilitates connectivity but also strengthens the country's competitiveness in attracting investment.

Economic zones have increasingly proven to be an effective mechanism for concentrating investment activities. Among the leading organizational approaches to their management is the public–private partnership (PPP) model. This approach represents a sustainable framework for investment, enabling strategic collaboration between the state and the private sector. Through PPPs, resources can be used more efficiently, risks can be shared, and long-term economic benefits can be achieved.

A public–private partnership (PPP) is generally understood as a long-term cooperative arrangement between public institutions and private entities, in which both sides participate in the joint development of products or services and share the associated risks, costs, and resources. This

model is particularly relevant to the establishment of industrial parks and zones, as their creation exhibits many of the defining characteristics of such partnerships.

The overarching objective of PPPs in this context is to attract private investment into sectors that are considered priorities for the national economy. Industrial zones and parks inherently require sustained collaboration between public authorities and private investors. In a successful partnership, risks are distributed between the parties: public partners typically cover the expenses for planning and design, legal and administrative procedures, and the construction of supporting infrastructure, while private partners assume responsibilities related to site-specific investments, production activities, recruitment and training of qualified personnel, and the provision of stable employment.

The effectiveness of a PPP depends on several critical factors, including the presence of a favorable investment climate, the economic feasibility of the project, an appropriate distribution of risks, a sound financial structure, a capable and reliable concession consortium, and the achievement of predefined objectives. Both parties base their decision to engage in the partnership on a thorough cost–benefit analysis, resulting in a long-term contractual relationship that satisfies mutual interests.

Following the repeal of the Public–Private Partnership Act, the framework for PPPs in Bulgaria has been incorporated into the Concessions Act. According to Article 22, paragraph 2, a public–private company may be established for the purpose of concluding a concession agreement, structured as a capital-based commercial entity. In such a company, the concessionaire acts as the "private partner," while the state, one or more municipalities, and/or a public enterprise designated by the grantor serve as the "public partner." A notable example of this model in practice is the Trakia Economic Zone, developed through close cooperation between local authorities and major private investors.

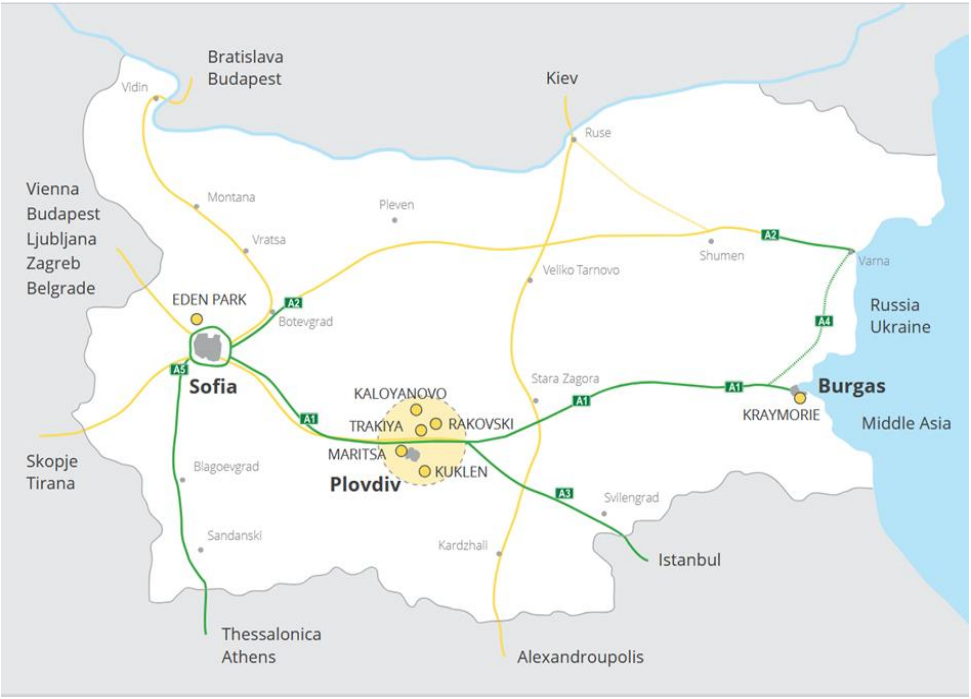

Figure 1. Main routes from Europe to the Middle East.
Source: Trakia Economic Zone https://tez.bg/

Trakia Economic Zone – profile and dynamics of FDI

The establishment and evolution of greenfield industrial parks in the vicinity of Plovdiv–consolidated in 2013 under the unified brand Trakia Economic Zone (TEZ)–represent a notable example of decentralized regional policy. Initially launched as a private initiative by the local

construction holding Sienit, the project gradually transformed into a specific public–private partnership involving nine municipalities from the Plovdiv region (Mollov, 2023). Today, TEZ encompasses several industrial zones hosting over 200 domestic and international companies, with private investments exceeding €3 billion over roughly 25 years. The zones have generated more than 30,000 jobs (TIZ, 2022). While the business profile of TEZ is diverse, a significant share of enterprises belong to the automotive sector, producing components for the global automotive industry. Machinery and equipment manufacturing, metal product production, the food industry, and logistics also have strong representation, alongside specialized industries such as bicycle production. Medium-tech sectors dominate, although several high-tech enterprises are also present.

The creation of these greenfield industrial zones was entirely a local undertaking, independent of national regional policy. The private construction company behind the initiative developed an integrated business model designed to attract investment by offering a comprehensive range of services to potential investors. These include legal support for enterprises, collaboration with municipalities to ensure expedited administrative procedures, spatial planning and land regulation, fast-track design and construction of core technical infrastructure, and the development of production facilities.

In this decentralized partnership model, municipalities contribute primarily by promoting the region as a competitive investment destination, facilitating swift administrative services, assisting with spatial planning and infrastructure projects, enhancing educational and social services, and supporting the recruitment of local labor for businesses.

Officially formed in 2013, the Trakia Economic Zone is recognized as a reliable partner to both foreign and domestic investors in establishing new ventures or expanding existing ones (Table 1). Its success is the result of cooperation between SIENIT HOLDING AD, partners from Italy and Israel, and one of Bulgaria's leading industrial enterprises, KCM 2000 AD. Legal consultancy is provided by Respect Consult Ltd., one of the country's foremost law firms. TEZ unites five industrial zones– Maritsa, Rakovski, Kuklen, Plovdiv Industrial Park, and Innovation Park. Its achievements have earned Plovdiv a place among the top three in the "Strategy for Attracting Foreign Direct Investment" category in the European Cities of the Future 2018/2019 ranking.

In 2014, the Municipality of Plovdiv joined forces with eight other local municipalities and several associations to advance the TEZ project. The effective public–private partnership model enables the zone to maintain strong coordination with local and national authorities, educational institutions, associations, and the business community, ensuring the seamless implementation of investment projects:

- Investment Bulgaria Agency (IBA);
- 9 municipalities /Plovdiv, Asenovgrad, Kaloyanovo, Kuklen, Maritsa, Parvomay, Rakovski, Rodopi, Stamboliyski/;
- Regional administration Plovdiv;
- German Fraunhofer Institute – Europe's largest community for science and business;
- Respect Consult;
- Education-Industry Board with the Ministry of Education and Science Cluster Trakia Economic Zone and Industry Watch;
- Cluster Trakia Economic Zone;
- Information and Communication Technologies Cluster Plovdiv;
- Green Synergy Cluster;
- Srednogorie Industrial Cluster;
- Automotive Cluster Bulgaria;
- Executive Agency for the Promotion of Small and Medium-sized Enterprises;
- Bulgarian-Chinese Association for Business Development;
- American Chamber of Commerce;
- German-Bulgarian Chamber of Industry and Commerce;
- Franco-Bulgarian Chamber of Commerce;
- Chamber of Commerce and Industry – Plovdiv;

- Bulgarian-Scandinavian Chamber of Commerce;
- Greek Business Council in Bulgaria;
- The Association of Business Clusters in Bulgaria;
- Telerik Academy School.

Table 1 Structure of FDI by sector. Source: *The Author, based on Trakia Economic Zone - https://tez.bg/.*

Sector	**Investors**
Production	Libherr (Germany), Schneider Electric (France), ABB (Switzerland), Mekalit Bulgaria
Automotive industry	Sensata (USA), Leoni (Germany), Magna (Canada) Malmar (Belgium), William Hughes (Great Britain), Willi Elbe Automotive Bulgaria
Logistics and distribution	DB Schenker, Kaufland, Lidl, PIMK
Food industry	Kaufland, Bella Bulgaria
High Technology/IT	Milara (USA), companies from the outsourcing sector

Conclusions:

• There is a clear diversification of the Trakia economic zone, characterized by a growing presence of enterprises in the field of information technology and automated production.

• There is increased interest in investments related to renewable energy sources and environmental technologies, which makes the TEZ a preferred location for so-called green investments.

• The developed transport and logistics infrastructure, combined with the availability of a qualified workforce and a scientific and educational base (including the universities in Plovdiv), are established as strategic advantages for sustainable development and the competitiveness of the area.

Statistical Analysis

The study was conducted on the 2021 database of three municipalities that are part of the Trakia economic zone: Plovdiv, Maritsa and Rakovski (Table 2). For each of them, relative shares (%) of:

• Foreign direct investment (FDI)
• Expenditures for acquisition of fixed assets (FIXED)
• Value added from economic activity were used

It analyzes how FDI and the costs of acquiring fixed assets (FIXED) affect the value added generated.

According to Todorova (2004), the calculation of the individual components in the analysis of the relationships between economic variables is carried out by applying standard statistical formulas for correlation analysis, allowing for quantitative measurement of the strength and direction of the dependence between the studied indicators.

A correlation analysis was performed using the Pearson coefficient (r), which measures the degree and direction of linear relationship between quantitative variables. The relationships are analyzed in pairs: FDI – Value Added (Figure 2); FDI – FIXED (Figure 3); FIXED – Value Added (Figure 4).

Table 2 Economy and investments in 2021. *Source: IME based on NSI database.*

Municipalities	Added value	Amount of foreign direct investment	Expenses for acquisition of fixed assets
Plovdiv	74%	75%	68%
Maritza	8,1%	14%	8%
Rakovski	3,3%	6,1%	4,6%

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- **FDI Analysis - Value Added**

r = 0.999, positive correlation

Calculation of individual components:

Municipalities	Amount of foreign direct investment $(x_i - \bar{x})$	Added value $(y_i - \bar{y})$	$(x_i - \bar{x}).(y_i - \bar{y})$	$(x_i - \bar{x})^2$	$(y_i - \bar{y})^2$
Plovdiv	43,3	45,53	1971,882	1874,89	2072,98
Maritza	-17,7	-20,37	360,372	313,29	414,94
Rakovski	-25,6	-25,17	644,35	655,36	633,53
			2976,35	**2843,54**	**3121,45**

$\bar{x}$ and $\bar{y}$ are average values;

x_i - values for FDI;

y_i - added value values.

Calculating averages: $\bar{x} = \Sigma x : n = 95,1:3 = 31,7$; $\bar{y} = \Sigma y : n = 85,4:3 = 28,46$

$r = \Sigma (x_i - \bar{x}).(y_i - \bar{y}) : \Sigma (x_i - \bar{x})^2 . \Sigma(y_i - \bar{y})^2 = 2976,35 : \sqrt{2843,56} . \sqrt{3121,45} = 2976,35 : 53,32.55,87 = 2976,35:2978,98 = 0,999$

r = 0,999

- **FDI Analysis – FIXED**

r = 0.998

Calculation of individual components:

Municipalities	**Amount of foreign direct investment** $(x_i - \bar{x})$	**FIXED** $(y_i - \bar{y})$	$(x_i - \bar{x}).(y_i - \bar{y})$	$(x_i - \bar{x})^2$	$(y_i - \bar{y})^2$
Plovdiv	43,3	41,13	1780,93	1874,89	1691,68
Maritza	-17,7	-18,87	335,32	313,29	356,08
Rakovski	-25,6	-22,27	570,11	655,36	495,95
			2686,36	**2843,54**	**2543,71**

$\bar{x}$ and $\bar{y}$ are average values;

x_i - values for FDI;

y_i – FIXED.

.

Calculating averages: $\bar{x} = \Sigma x : n = 95,1:3 = 31,7$; $\bar{y} = \Sigma y : n = 80,6:3 = 26,87$

$r = \Sigma (x_i - \bar{x}).(y_i - \bar{y}) : \Sigma (x_i - \bar{x})^2 . \Sigma(y_i - \bar{y})^2 = 2686,36 : \sqrt{2843,54} . \sqrt{2543,71} = 2686,36 : 53,32.50,44 = 2686,36:2689,21 = 0,998$

r = 0,998 → positive correlation

- **Analysis of FIXED – Value Added**

r = 0,999

Calculation of individual components:

Municipalities	**Added value** $(x_i - \bar{x})$	**FIXED** $(y_i - \bar{y})$	$(x_i - \bar{x}).(y_i - \bar{y})$	$(x_i - \bar{x})^2$	$(y_i - \bar{y})^2$
Plovdiv	45,53	41,13	1872,65	2072,98	1691,68
Maritza	-20,37	-18,87	384,38	414,94	356,08
Rakovski	-25,17	-22,27	560,54	633,53	495,95
			2817,57	**3121,45**	**2543,71**

Calculating averages: $\bar{x} = \Sigma x : n = 85,4:3 = 28,46$; $\bar{y} = \Sigma y : n = 80,6:3 = 26,87$

$\bar{x}$ and $\bar{y}$ are average values;

x_i - added value values;

y_i – FIXED.

$r = \Sigma (x_i - \bar{x}). (y_i - \bar{y}): \Sigma (x_i - \bar{x})^2. \Sigma(y_i - \bar{y})^2 = 2817,57 : \sqrt{3121,53}. \sqrt{2543,71} = 2817,57: 55,87.50,43 = 2817,57:2817,81 = 0,9999$

r = 0,9999 → positive linear relationship between value added and fixed assets.

RESULTS

The Plovdiv-Maritsa-Rakovski Center is characterized by a high level of economic development, driven mostly by the strong manufacturing industry in the peripheral municipalities and services in the Plovdiv Municipality. Over the past decade, it has experienced the fastest growth in added value among the 16 centers in the country. Unemployment is low in almost all municipalities, and employment is among the highest in the country. Wage growth is slower. The demographic picture in the center is relatively favorable compared to the rest of the country.

However, student achievement is low, and in places there are visible problems with illiteracy. With a production output of 20.1 billion BGN, or 36.4 thousand BGN per capita, in 2021 Plovdiv-Maritsa-Rakovski is the second largest economic center in the country. The growth of added value within the decade is the fastest among the 16 centers – 113%, mostly as a result of the accelerated development of industrial areas (Table 3).

Table 3 Key indicators for the economic center "Plovdiv - Maritsa - Rakovski". *Source: IME based on NSI database.*

Key indicators for the economic center "Plovdiv - Maritsa - Rakovski"	
Production output (2021)	20.1 billion BGN
Economic growth (2012 – 2021)	113,4%
Export earnings (2021)	9156 million BGN
Amount of foreign direct investment (2021)	1893 million BGN
Expenses for acquisition of fixed assets (2021)	2109 million BGN

The present correlation analysis shows the interrelationships between FDI, the value of acquired FIXED and the value added created within the TEZ, providing quantitatively substantiated evidence of the economic efficiency of investments. In this case, foreign capital contributes directly to the growth of the regional economy.

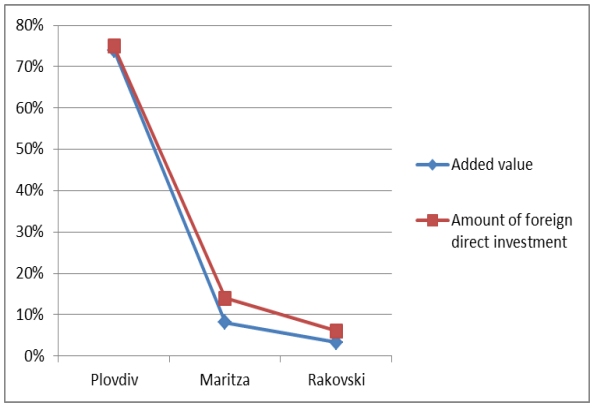

Figure 2. FDI – Value Added. Source: IME based on NSI database

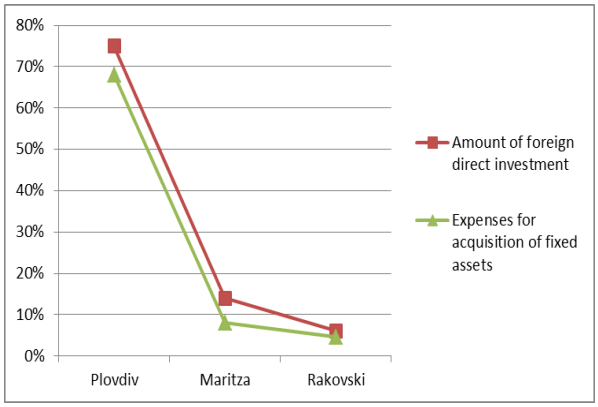

Figure 3. FDI – FIXED**.** Source: IME based on NSI database

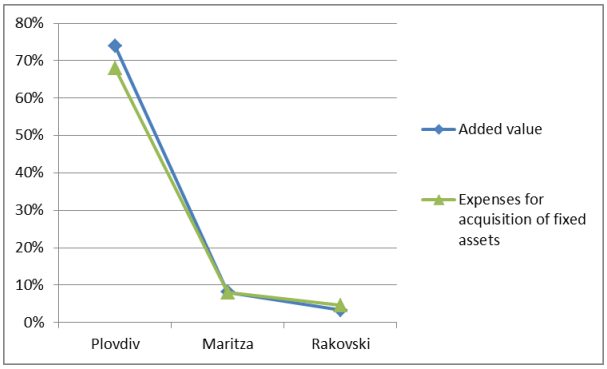

Figure 4. FIXED – Value Added. Source: IME based on NSI database

The amount of foreign direct investment accumulated in 2021 reached 1.89 billion euros, of which 75% is in Plovdiv, 14% - in Maritsa, and 6.1% - in Rakovski. Foreign capital is concentrated in industry (67%), real estate operations (14%) and trade, transport and tourism (9.8%). Expenditures for the acquisition of fixed assets in 2021 are relatively more evenly distributed, with 36% of the total BGN 2.1 billion in industry, 24% in trade, transport and tourism, 12% in real estate operations, and 9.9% in construction. And in this indicator of investment activity, the leader is the municipality of Plovdiv with 68%, followed by Maritsa with 8% and Rakovski, Rodopi and Asenovgrad with 4.6% each. Enterprises in the center realize the second highest export revenues in the country – over 9 billion leva, or 16.7 thousand leva per capita.

With a production output of 20.1 billion BGN, or 36.4 thousand BGN per capita, in 2021 Plovdiv-Maritsa-Rakovski is the second largest economic center in the country. The growth of added value within the decade is the fastest among the 16 centers – 113%, mostly as a result of the accelerated development of industrial areas (Figure 5). The largest employer in the center is St. George University Hospital with 2.7 thousand workers, followed by Liebherr-Hausgerete Maritsa with over 2 thousand employees, KCM and the transport company PIMK with 1.5 thousand employees each.

The leader in revenue for 2021 is Tabaco Trade with 930 million leva. According to the 2021 census data, the employment rate is among the highest – 65.1%, varying between 69.2% in Plovdiv and 48.5% in Krichim. The total number of employed people is 229 thousand, of which 144 thousand are in Plovdiv, 22 thousand in Asenovgrad, and 13 thousand in Rhodopes. Over the past 5 years, employment in the center has been shrinking, with the number of employed people decreasing by 1.3% compared to 2017. The employment structure closely follows that of value added, with 38% of workers in manufacturing, 19% in trade, and 6.9% each in transport and healthcare.

The use of correlation analysis shows that the Trakia Economic Zone successfully converts investments into economic development. Even in just one year (2021), there is a clear correlation between investments and the achieved added value.

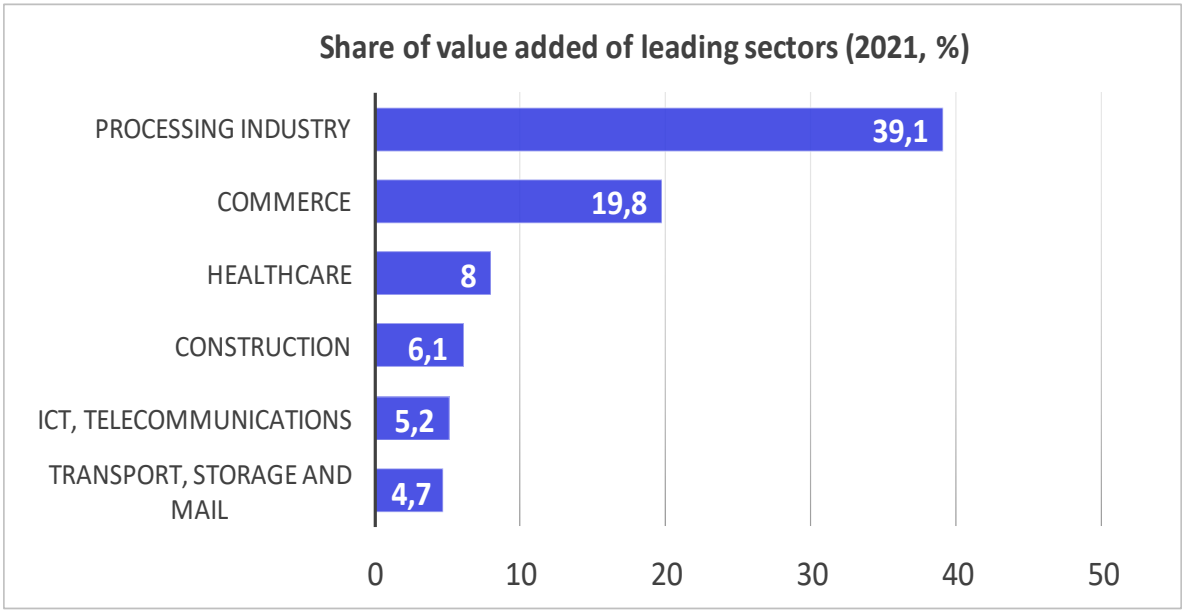

Figure 5. Share of value added of leading sectors (2021, %). Source: IME based on NSI database

DISCUSSION

Foreign direct investment (FDI) policy in Bulgaria should adopt a selective and strategically targeted approach, prioritizing investments in sectors that offer high value-added potential, technological innovation, and strong export orientation. Such investments should be capable of integrating into local supply chains and creating sustainable linkages with small and medium-sized enterprises (SMEs), thereby amplifying positive spillover effects such as technological diffusion, managerial expertise transfer, and workforce upskilling. A well-calibrated FDI policy should also account for the changing global investment landscape, where competition for capital is intense, and investors increasingly value political stability, efficient administration, and predictable legal frameworks.

The systematic and transparent application of fiscal and financial incentives – whether in the form of tax breaks, accelerated depreciation schemes, or preferential access to infrastructure – can enhance investor confidence. Predictability in investment conditions is critical, as frequent legislative changes or inconsistent policy application can deter potential investors. Equally important is the reduction of non-financial barriers to investment, such as excessive bureaucracy, outdated regulatory procedures, and delays in legal dispute resolution. Ensuring effective property rights protection and improving the quality of administrative services will lower transaction costs for both foreign and domestic businesses, making Bulgaria a more competitive destination.

Infrastructure remains a cornerstone of FDI attractiveness. Accelerating the development of industrial zones in proximity to major regional centers with significant human resource potential can bridge existing gaps. Linking FDI projects with local SMEs can create a multiplier effect, increasing industrial competitiveness and generating employment, especially in emerging regional economies. The Trakia Economic Zone (TEZ) serves as a compelling case study in this regard, demonstrating how a well-structured public–private partnership can mobilize resources, reduce investment risks, and align the interests of multiple stakeholders.

Since its inception in 1996, TEZ has evolved into the largest and most sustainable industrial complex in Southeastern Europe, attracting over 200 companies, securing more than €3 billion in

investments, and generating upwards of 50,000 jobs. Its governance model – characterized by effective collaboration between local and national government, industry associations, academic institutions, and the private sector – illustrates the benefits of coordinated action. Furthermore, TEZ's sectoral diversification, including high-tech manufacturing, logistics, and renewable energy projects, highlights the importance of adaptability in investment strategies to meet evolving global economic trends.

CONCLUSION

Foreign direct investment plays an important role in the economy of any country.

Progress in sustainable development requires more international investment in infrastructure, energy, water and waste management, environmental and climate protection, health and education, as well as investment in productive capacity to create jobs and increase incomes (Vranchev, 2020).

FDI and European Structural Funds are of great importance for financing important economic and social activities. However, they cannot be a "panacea" for all economic and social problems of Bulgaria if there are no clear objectives regarding economic priorities and a strategy for sustainable economic and social development, which is based on good European practices and the EU innovation strategy (Christova-Balkanska, 2012). The accumulation of FDI in Bulgaria influence positively the growth in GDP, boost ahead the development of the economy and restraint the leakage of labor force abroad in some years. FDIs of quality and reinvestments make Bulgarian labor market much more attractive for young fellows.

• There is a distinct diversification of the Trakia economic zone, characterized by a growing presence of enterprises in the field of information technology and automated production.

• The developed transport and logistics infrastructure, combined with the availability of a qualified workforce and a scientific and educational base (including the universities in Plovdiv), are established as strategic advantages for sustainable development and the competitiveness of the area.

This report examines foreign direct investment in the Trakia economic zone, emphasizing the investment model – public-private partnership and its economic effects. FDI plays a key role in the development of the region, generating positive impacts on the economy, infrastructure and social structure.

Plovdiv is the place where the new Bulgarian industry is developing most rapidly and is an attractive point for foreign direct investment.

The Trakia Economic Zone represents a sustainable model for integrating FDI into the regional development of Bulgaria. The implementation of public-private partnership, cluster organization and individualized investment services leads to many benefits for both investors and the local economy. The TEZ is being established as evidence of the applicability of territorially oriented strategies for attracting FDI, emphasizing the importance of targeted institutional frameworks, adequate infrastructure and educational symbiosis between business and academic institutions.

Foreign direct investment remains a central pillar of economic development for Bulgaria, with the potential to drive industrial modernization, enhance productivity, and support regional development. To fully harness these benefits, a coherent strategy that combines targeted sectoral priorities, infrastructure development, and institutional reform is essential. Sustainable progress requires not only attracting new investments but also ensuring the retention and reinvestment of existing capital through stable policy frameworks and supportive business ecosystems.

The analysis of TEZ underscores several critical success factors: a diversified industrial base capable of absorbing and applying new technologies; a strong logistics and transport network; an available and qualified labor force supported by higher education institutions; and a governance model based on public–private partnerships that align the interests of investors with local and regional development goals. These elements have positioned TEZ as a benchmark for other regions aiming to integrate FDI into their economic growth strategies.

The strategic challenge for Bulgaria is to replicate and adapt this model to other regions, thereby reducing territorial disparities and promoting balanced national development. This entails expanding industrial zone infrastructure, fostering industry–academia collaboration to meet evolving labor market demands, and ensuring policy continuity that builds long-term investor trust.

In conclusion, TEZ demonstrates that territorially focused investment strategies – grounded in strong institutional frameworks, modern infrastructure, and active stakeholder collaboration – can generate substantial economic, social, and technological benefits. When supported by consistent policy and regional planning, such initiatives can serve as catalysts for sustainable development, enhancing Bulgaria's position in the global investment landscape and ensuring long-term competitiveness in an increasingly interconnected economy.

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