

**PECULIARITIES OF INVESTMENT PROCESSES IN THE TRANSITION  
ECONOMIES OF CENTRAL AND EASTERN EUROPE**

The article investigates the characteristics and trends in processes of capital formation and investment in Central and Eastern Europe. The author has carried out a comparative analysis of the investment rate, net and gross investment ratio in the CEE countries and other regions of the world. The given analysis has revealed the following peculiarities of investment processes in the CEE countries:

— due to the low efficiency of human capital and related causes inherent to transition economies real GDP growth in CEE countries at the level of 7% (the average value for the period 2004-2007) requires increase in investment rate up to 28-30% of GDP. However, presently, most countries in the region have investment rates insufficient to retrieve pre-crisis growth rate;

— the share of net investments in the structure of gross fixed capital formation in the CEE region considerably exceeds identical indicators in the EU-15. The data shows that the net investment share has been steadily increasing since the 90's. Lagging revaluation of fixed assets appears to be typical for many transition economies; moreover, the situation is often complicated by lack of investment resources.

Sharp decline in investment resulted from the global economic crisis and growing deterioration of assets, particularly in Eastern Europe, is one of the most serious problems for the economies of the region. Therefore, further research should be done to investigate possible factors that affect the investment processes in the phase of economic recovery.