
Foreign Investment to Increase the Investment Attractiveness of the Republic of Uzbekistan

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Abstract: The article provides an analysis of studies on the impact of foreign direct investment on the country's economic growth.

Keywords: foreign investment, economy, transformation, export, increase.

It is important for the investor to assess the investment attractiveness of the country, taking into account its potential. Today, the priority is to ensure the continuous improvement of the favorable investment climate in Uzbekistan. At the same time, the main task of the state is to create a favorable investment climate for raising capital and increase its attractiveness.

The interest in attracting foreign investment to the national economy requires any state to develop its own investment policy. This is a policy determines the specific direction of attracting foreign investment, as well as the system of incentives for their attraction and determines the legal order of investment activities.

In the Address of the President of the Republic of Uzbekistan Sh. M. Mirziyoev to the Oliy Majlis, said: "World experience shows that a country that pursues an active investment policy has achieved sustainable growth of its economy. That is why investment is the driver of the economy, in Uzbek, the heart of the economy. We will achieve rapid development of our economy only through the active attraction of investments, the launch of new production facilities. Positive results in the economy provide an opportunity systematically address the problems that have accumulated in the social sphere. It is on this basis that we all deeply understand this and work we must establish. In order to attract foreign investment, we must take measures fully demonstrate the investment potential of our country, which is one of the most pressing issues in our daily lives" [1].

Over the past few years, Uzbekistan has gone through an accelerated transformation of the economy and increasingly featured in the international community as one of the symbols of openness, innovation and determination to remove various barriers to business and investment.

For the effective implementation of the Law of the Republic of Uzbekistan "On Investments and Investment Activities", a 4-level mechanism of interaction between public authorities and investors, consisting of the Ministry of Investments and Foreign Trade, deputy heads of khokimiyats and diplomatic missions abroad and commercial banks, is successfully functioning, which allows you to quickly respond to all requests of investors and to properly monitor the effectiveness of the implementation of measures provided for by law [3].

In this vein, it is important to note the role of the Council of Foreign Investors under the President of the Republic of Uzbekistan, created with the support of the European Bank for Reconstruction and Development, which provides a direct dialogue with investors operating in the Republic.

Also actively supported the development of the institution of international arbitration courts, which ensure the rule of law and the proper fulfillment of the obligations, assumed by the state and local investors, which is an important and backbone component of the country's investment climate.

At the same time, world practice and experience show that simple tools – the provision of preferences or the publication of new declarative norms, can no longer solve the problems that hinder the investment and innovation activity of businesses. The liberation of entrepreneurial activity is required to activate private investment. We need a constant dialogue with business, painstaking work to identify and overcome barriers that impede the development of certain sectors. In this regard, active work carried out in the following areas.

First, in order to maintain consistently high economic growth rates, it is necessary to form a sustainable and competitive model of the country's economy, in which the prevailing share of banking system assets should be in the hands of private investors.

Secondly, the active phase is the stimulation of investment activity through the development of public-private partnerships and project financing to ensure the accelerated growth of investment in infrastructure, which is also one of the key factors in increasing investment attractiveness and sustainable economic growth.

Thirdly, the processes of interaction between investors and the state are being optimized completely eliminate bureaucratic barriers and obstacles in the implementation of investment projects through digitalization and contactless provision of public services. The quality of the organization of work with appeals and requests from foreign investors improved to ensure maximum transparency and prevent corruption.

Fourth, there is a decrease in transaction costs, which lead to the flow of labor and capital from the legal to the shadow sector of the economy.

Fifth, an investment policy strategy is being developed, focused on individual, the most promising sectors for Uzbekistan, capable of becoming points of technological breakthrough and laying the foundation for the development of the country's productive forces for the next 20-30 years [2].

Given the fact that the investment climate affects almost all areas of the country's activities, the range of reforms covered all areas, including economic, institutional, educational, healthcare, agriculture, water supply, energy, transport and others.

Much attention paid to the practical support of entrepreneurs and initiators of investment projects. The most striking example in this direction was the activities of the Government Commission for the Development of Exports and Investments, created in 2021. Whose tasks are to work closely with entrepreneurs, exporters, analyze the problems they faced in connection with the restrictions caused by the pandemic, as well as develop, and implementation of prompt and effective solutions based on an individual approach to each business entity.

Because of fieldwork of the members of the Commission, following the results of last year, the activities of more than 98 thousand enterprises studied in a targeted manner. as a result of which 6235 problematic issues of 5902 enterprises were identified, each of which was worked out and resolved in close cooperation with the relevant ministries, departments, commercial banks, local authorities and diplomatic missions of the Republic abroad.

According to the main trends and indicators of socio-economic development of Uzbekistan and forecasts for the coming years, one of the priorities is to create a more favorable investment climate in the country, first of all, to increase foreign direct investment, create

reliable guarantees for foreign investors and strengthen their confidence.

The economy of Uzbekistan, which has been dynamically developing over the past few years, has great potential for attracting foreign investment, especially direct investment, in the face of a shortage of domestic investment, which gives access to new technologies and increase the competitiveness of products.

Along with the growth in the inflow of foreign investments, there is a problem of the “quality” of investments. That is attracting investments aimed at creating and developing new efficient industries redirecting investment flows from the extractive sector to the sector of high value-added and high-tech industries, and increasing the competitiveness of the national economy.

A necessary condition for strengthening the competitive position of the country and expanding the inflow of foreign direct investment is the diversification of forms of attracting FDI and optimizing their use. Attracting foreign investment in the economy of Uzbekistan with the aim of developing and modernizing the production and infrastructure sectors, technical and technological renewal of production, on the one hand, and with the necessary guarantees for investors, on the other, can be implemented through public-private partnership mechanisms. The favorable situation for the economy of Uzbekistan, which has developed because of a prolonged increase in prices for goods exported by the country during 2019-2021, contributed to the accumulation of significant capital, part of which directed to the formation of the Reconstruction and Development Fund of the Republic of Uzbekistan. The funds of the Fund for Reconstruction and Development of the Republic of Uzbekistan directed, among other things, to the implementation of the largest infrastructure projects jointly by the state and foreign business.

To date, the Government of Uzbekistan has approved for implementation with the provision of funds from the Fund for Reconstruction and Development of the Republic of Uzbekistan more than 34 projects of great socio-economic importance for various regions of the country, in the amount of 780 million dollars, primarily those facilities that are being built jointly with foreign partners [1].

Public-private partnership, thus, allows the implementation of expensive projects with the involvement of private investors and without excessive burden on the country’s budget [3].

A promising direction for stimulating the inflow of capital is the removal of unnecessary restrictions on their activities in the economy of Uzbekistan. When implementing a long-term investment policy, Uzbekistan relies a greater extent on fiscal, i.e. tax and customs benefits. However, attention paid to increasing information openness about the opportunities and conditions for investing in the regions and sectors of the economy of Uzbekistan. Measures already being taken in this direction. In particular, the Comprehensive Program adopted, corresponding to the methodology developed by the World Bank and aimed at further liberalization, simplification, reduction in cost and transparency of all procedures related to doing business in the country [2].

Uzbekistan faces the difficult task of attracting foreign investment to the country, while ensuring that it meets the requirements of foreign investors and directs the attracted capital to achieve national goals and ensure economic development. Foreign direct investment can serve as a mechanism to increase the competitiveness of Uzbekistan in the global economy with existing competitive advantages and the introduction of new ones. An important condition for increasing the inflow of foreign direct investment is the implementation of a state policy aimed at creating stable conditions for the functioning of foreign investors in the national economy. Achieving this goal will contribute to increasing national competitiveness

and more active integration of our country into the international economic.

Uzbekistan is making great efforts to create a favorable investment climate, providing foreign investors with various financial benefits and rights, and forming a market infrastructure. At the same time, the following measures, in our opinion, will provide an opportunity further improve the investment climate:

- increase the value of the soum;
- ensuring the inviolability of property, further enhancing the protection of investors' rights, stabilizing bank interest rates;
- scientific improvement of the tax system, taking into account the gradual implementation of reforms;
- put an end to cases of administrative command;
- Increasing the prestige of joint stock companies and their liquidity in Uzbekistan, the ability to attract foreign investors, the development of the securities market.

In conclusion, it is important to study the experience of developed countries, the path taken, the laws adopted by the country to improve the investment climate, the decisions made, and the application of the developed methods and techniques to attract more investment to Uzbekistan. . Indeed, the application of the accumulated experience, taking into account the specifics of the country, leads to a reduction of risk, the prevention of ambiguity, the provision of high efficiency.

References

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