



WAYS TO ATTRACT FOREIGN INVESTMENTS TO THE UZBEKISTAN ECONOMY AND USE THEM EFFECTIVELY

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Abstract: The article examines the processes associated with attracting foreign investments to the national economy and improving the ways of their effective use. The impact of factors on the efficiency of the country's investment activities affecting the processes of attracting and using foreign investment has been evaluated. The existing shortcomings have been identified within the framework of ways to attract and effectively use foreign investment. Scientific proposals and practical recommendations on improving the system of attracting foreign investments to the national economy have been formed.

Key words: investment activity, investment potential, investment attractiveness, competitive advantage, investment efficiency, investment risk, market mechanism.

Introduction

Investments, including foreign investments, play an incomparable role in the rapid development of the economy of Uzbekistan and the introduction of innovations in production, as well as in ensuring macroeconomic stability and high rates of economic growth in the economy. Increased attention to investments has led to the development of investment activity in our country to date. A broad and comprehensive analysis of the specific achievements and successes achieved in this regard, important practical conclusions based on this, and among the most pressing issues that we need to pay attention to in the future, it should be noted that in determining the priority areas of our country's development and development programs, of course, the main attention is paid to foreign investments.

In his Address to the Oliy Majlis, the President of the Republic of Uzbekistan, Sh.M. Mirziyoyev, emphasized: "World experience shows that a country that has pursued an active investment policy has achieved stable growth of its economy. Therefore, it is no exaggeration to say that investment is the driver of the economy, or, in Uzbek terms, the heart of the economy. We will achieve rapid development of our economy only by



actively attracting investments and launching new production capacities. Positive results in the economy create an opportunity to systematically solve the problems accumulated in the social sphere. We must all deeply understand this and organize our work on this basis. Taking measures to fully demonstrate the investment potential of our country in order to widely attract foreign investment should be one of the most pressing issues in our daily lives," recognizing the crucial importance of foreign investment in the development of the economy and the urgency of attracting it.

Analysis of literature on the topic

A number of research studies within the framework of attracting foreign investments to the national economy and forming ways of their effective use are of particular importance in the scientific research of foreign economists S. Liesbeth, M. Miet. According to the researchers, the process of economic liberalization in transition countries is an important factor in improving the system of attracting foreign direct investment. The attraction of technologies and knowledge to national enterprises through direct capital accumulation and technological know-how ensures stable rates of economic growth.

The research of P. Mihaela, A. Vakar, and H. Helian examines the institutional mechanism of attracting foreign investment to the national economy. According to the results of the study, it is noted that institutional qualitative changes in the country's economy have a positive impact on the system of attracting direct foreign investment.

V.D. Andrianov's scientific studies have studied the theoretical foundations of the investment potential of the national economy, the concepts within the framework of the investment potential have been theoretically summarized, and the feasibility of using the system of financial privileges to increase it has been emphasized.

M. V. Charaeva's scientific studies have studied the conceptual basis of financial management processes of real investments of organizations. Features of strategic financial management of real investments in the conditions of innovation-oriented economy are described.

T.V.Uskovao's scientific research shows that the task of ensuring high rates of economic growth is of strategic importance, that its solution requires a transition from raw materials export to an innovative model of the economy, and that investments are of primary importance in this regard.

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M.M. Prusak emphasizes that ensuring real conditions for modernization of the economy and economic growth requires the activation of investment activity both in the state as a whole and in the regions.

N.G. Karimov studies the processes related to the introduction of a stable tax legislation system and the formation of a program for attracting foreign investment to the economy, taking into account macroeconomic, legislative and administrative conditions and opportunities for foreign investment enterprises.

U.S. Nodirkhanov, through his scientific research, studies methods for increasing investment activity at the regional level, assessing the investment climate in the regions, and the processes of forming a favorable investment climate with state support for preferential investment projects.

The scientific research of D.Gozibekov and E.Nosirov examines the processes associated with the effective implementation of measures to reduce the tax burden, sharply increase the role of stock markets, and form a favorable investment and business environment for the wide attraction of private foreign investments in increasing investment potential.

The research of D.Sh.Bababekova and B.O.Tursunov substantiates the role of active investment processes in the formation of a competitive economy, foreign experience in creating a competitive economy through active investments, and the possibilities of its effective use.

The research of F.U.Umarov analyzes the organizational and economic mechanisms and specific features of expanding the scale of investment attraction in relevant sectors and areas of the economy.

The research of A.Burkhanov studies the scientific and theoretical aspects of attracting foreign investment to the regions, substantiates the problematic aspects of attracting foreign investment to the regions, and develops proposals aimed at eliminating them.

R.H. Bozorov's scientific research studies the factors, characteristics of the investment environment, the direct dependence of attracting foreign investments on the participation of the national economy in international indices. The above studies, aimed at substantiating ways to attract foreign investments to the national economy and their effective use, studied the possibilities of ensuring active rates of investment processes



and economic growth by creating macroeconomic conditions. Among the factors that positively affect the growth of investment volumes, the processes associated with the high position of private property, the presence of a competitive environment, and the role of a solvent consumer market were not studied.

Research methodology

Existing scientific research on ways to attract foreign investments to the Uzbek economy and their effective use has widely used the methods of studying the experience of foreign countries, comparing and analyzing statistical and economic data, logical thinking, scientific abstraction, grouping of information, analysis and synthesis, induction and deduction.

Analysis and results.

The economy's demand for investment, the lack of funds allocated for investment, require the effective use of investment resources. Because more profit can be obtained as a result of the effective use of invested capital. In the management and evaluation of investment projects, a financial and economic analysis of the country proposing this project is a necessary component. In order to develop the investment activities of the national economy and improve their financing, it is necessary to pay special attention to the issues of studying and improving the financing experience of foreign countries with developed economies and using the positive achievements in their practice.

Based on the above, in order to increase the efficiency of investment absorption in the economy of our country, financial issues related to the investment environment and problems of financing investment activities are being systematically resolved. The effectiveness of the investment activity strategy for the long term, the generality of investment resources, the methods, means and forces of influence used by state authorities for the placement of investments within the sector and enterprise are changing. The structural direction of this process includes the following elements:

- compliance of the investment activity strategy with tactical and strategic management criteria;
- interrelationship between various elements of investment activity management factors that are implemented to achieve the goal;
- management resources, material, technical, financial, social, institutional, and other resources used with the selected management method and goal achievement.



A well-thought-out investment policy is of great importance in ensuring the rapid pace of economic development and maintaining macroeconomic stability in our republic. After all, investments, as an important factor of economic development, provide for the modernization of production, stimulation of technical and technological innovations and innovations, creation of new jobs and increase in the income of enterprises. The importance of the issue can be seen in the fact that over the years an investment policy has been pursued aimed at steadily increasing investment flows. Indeed, in recent years, the scale of measures aimed at increasing the volume of investments has increased significantly, both legally and practically. In particular, as a result of the active investment policy being pursued, positive growth in the dynamics of investment flows is observed in our republic.

Uzbekistan is also opening the way for the management and development of investment projects based on its economic strategic goals. The fact that in 2020, 202.0 trillion soums were allocated from total financing sources for the development of economic and social sectors in the Republic of Uzbekistan is the basis for our opinion on this matter. Centralized investments 39310.2 billion soums Total investments allocated to fixed capital 202,000.1 billion soums Decentralized investments 162,689.9 billion soums Foreign loans under the guarantee of the Republic of Uzbekistan 22,467.1 billion soums Foreign investments and loans allocated to fixed capital 86,647.0 billion soums Direct foreign investments and loans 64,179.9 billion soums.

In 2020, a decrease in investment activity was observed, and the volume of investments in fixed capital amounted to 91.8% compared to 2019. In 2020, 202.0 trillion soums were invested in fixed capital. 39310.2 billion soums, or 19.5% of the total volume of investments, were invested in fixed capital, which is 8.0% less than in 2019. Accordingly, 162689.9 billion soums, or 80.5% of the total volume, were invested in decentralized financing sources. In 2020, 51911.3 billion soums were invested in fixed capital from the own funds of enterprises and organizations, which amounted to 25.7% of the total volume. 18,077.8 billion soums or 8.9 percent were appropriated from public funds.

Direct foreign investment accounted for 28,740.5 billion soums, down 5.3% compared to 2019, accounting for 14.2% of total investments. In 2021, a total of more than \$10 billion was absorbed, including \$8.1 billion in direct foreign investment. As a



result, 318 large and more than 15,000 regional projects were implemented, creating more than 273,000 jobs. New enterprises have the potential to generate more than \$1 billion in exports and \$530 million in imports. Of course, the coronavirus pandemic is still having a serious impact on economic processes. Despite this, consistent growth in exports is being achieved. In particular, in 2020, the volume of exports in our country exceeded \$9 billion, while in 2021 it amounted to \$12 billion. It is noteworthy that the share of finished and semi-finished products has increased significantly.

The highest growth rates of fixed capital investments were observed in unsecured and other foreign investments and loans by sources of financing. Compared to 2019, this figure amounted to 163.2 percent. Such high growth was achieved due to the organization of cement production, the production of electronic gas meters, drugs in the form of infusions and injectable mixtures. A number of projects related to the construction of gold-bearing deposits in the territory of the Auminzo Amantoy deposits, stages I-II, the reprocessing of the "Muruntau" quarry (stage V), the construction of a complex for the processing of technogenic waste (stages I-II), and the construction of the Tashkent Metal Plant served to ensure high growth rates of investments. Injecting investments into the country's economy, mobilizing investment projects in lagging sectors remains one of the most important issues of our republic. At the same time, it should be recognized that our republic is not working at the required level with foreign investors who have the potential to invest in our economy. In particular, in real time, there is no possibility to obtain the necessary and necessary information on the vast opportunities for investment in Uzbekistan, as well as on the comprehensive, favorable conditions and guarantees created for investors. In this regard, it is advisable to improve the social and political environment of the country when attracting investment projects, introduce various preferences, low tax rates, as well as organize training of qualified personnel, advanced training, and, of course, adhere to the national "Uzbek model" for future contracts. It is necessary to create a special fund or an economically significant institution for managing investment projects.

It is necessary to prepare the sites for investors from an infrastructure point of view. Such an economic policy is practically not implemented in our country. However, it is an important mechanism that provides the region with a competitive advantage. Only at the final stage of the investment agreement are regional leaders ready to discuss

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budget allocations for the preparation of industrial sites. Since the infrastructural preparation of new industrial sites requires significant costs, it is difficult to expect the emergence of regions that will carry out such preparation in the near future until specific investors appear or until an agreement is signed with an investor.

Conclusions and suggestions.

The main goal of the investment policy implemented in our country in recent years is to export the products or services of enterprises established with the participation of foreign investments. For this, the reorganisation of the activities of enterprises established on the basis of our local enterprises, non-participation in them, that is, participation in decision-making by the parties based on the share of shares, and most importantly, increasing the competitiveness of the products or services of enterprises with foreign investments in the foreign market are of great importance. In our opinion, the implementation of the above recommendations in practice will allow for the active attraction of investment projects to the national economy and the stability of the investment climate. The use of various methods of attracting foreign investors is already bearing fruit. The most important factor in achieving rapid and balanced economic growth, implementing deep structural changes and diversifying the economy is an active and clearly targeted investment policy. Uzbekistan has been able to create a unique investment climate, and the country's wealth in resources and the wide opportunities for establishing enterprises for their extraction, processing, and modernization of existing ones have created the basis for the influx of foreign investors. Also, in determining the effectiveness of investments in a particular sector;

- increase the quantity and quality of investments in the development of science, education and culture;
- promote targeted innovation-investment strategies based on the acquisition of basic innovations;
- study and assessment of the technological level, scientific potential, and inventions of existing production facilities that require state support;
- accelerate the formation of a favorable business environment, as it is necessary to increase the effectiveness of the mechanism for attracting foreign investments for the development of enterprises of the building materials industry of Uzbekistan.



In our opinion, it is appropriate to ensure the practical implementation of the following tasks in order to attract foreign investments to the economy and improve the system of their effective use:

- state insurance of investors' investments, formation of software platforms aimed at evaluating the existing conditions and possibilities of attracting foreign investments in the regions;
- improving the regulatory framework for attracting investments to the regions and providing tax preferences for their development, wide benefits for increasing the share of tax revenues remaining in the region;
- to ensure the practical implementation of the tasks of restructuring the internal structure of industrial sectors, directing foreign investments to the production of industrial products and advanced technologies for the production of high-quality industrial goods;
- use of different models of legal regulation methods for state support of investment activities, formation of digital investment services system in the unification of legislation on investment activities;
- use of the public-private partnership mechanism that provides international technology transfer for investment projects, optimization of the effective project risk management system in the introduction of an integrated system of investment project management, etc.

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