



Continuing to Increase Investigation in Uzbekistan and Actively Attract Foreign Investment as a Factor of Sustainable Economic Growth

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ABSTRACT

The article outlines the approaches to investment policy in the country, the system of investment attractiveness and financial support for entrepreneurship and increasing investment activity, attracting foreign investment as one of the sources of funding.

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In the current conditions of transformation of the national economy, the implementation of active investment activities as a leading factor in the innovative development of the economy is becoming a requirement of the times. One of the important sources of investment activity is foreign investment, the advantage of its development is that it is mainly intended for effective investment projects. The implementation of the "open door" policy in attracting foreign investment to the country's economy plays an important role in ensuring the integration of the Republic of Uzbekistan into the world community and its position in the world market. On this basis, it is envisaged to establish mutually

beneficial foreign economic relations and regularly attract foreign investment using the experience of developed countries.

In this regard, the role of the Council of Foreign Investors under the President of the Republic of Uzbekistan, established with the support of the European Bank for Reconstruction and Development, provides direct communication with investors operating in the country.

In particular, the investment policy in the Republic is carried out on the basis of a program formed by the Cabinet of Ministers of the Republic of Uzbekistan. This program envisages the appropriate use of its resources in financing the investment.

As part of the implementation of investment policy, a number of legal frameworks have been created, including the Law of the Republic of Uzbekistan "On Investments and Investment Activities" adopted on December 25, 2019, and this law is the regulatory framework governing this policy. Article 3 of the new law describes the sources and procedures for investment financing and investment policy as follows. "Investment policy is a set of interrelated measures aimed at ensuring the necessary level and structure of investment in the economy of the Republic of Uzbekistan and its individual sectors, increasing investment activity of investment entities to find sources of investment and identify priority areas for their use" [1].

As a result of such legal norms created in our country and the effective investment policy pursued, a favorable economic and legal environment for investment is being created for foreign investors. Foreign investors are helping to implement the policy of radical structural changes in the economy, accelerate the process of modernization of equipment and technology, primarily in the development of the processing industry. Foreign companies and international organizations are participating in major investment projects in the chemical, gas, oil and agricultural industries of the country.

A number of economists consider the active attraction of foreign investment as a factor of sustainable economic growth. In particular, according to LV Stakhova, "no country in the world has been able to achieve development and economic growth without attracting foreign investment" [2]. Or, O.S. According to the research conducted by Sukharev, SV Shmanev, AM Kuryanov, "At the initial stage of the reform, the introduction of foreign investment in the national economy was assessed as the future of entrepreneurship" [3]. MK Pardaev, AN Khalikulov, G. Jumaeva, economists of the Republic, comment on the attraction of foreign investment in the country's economy as follows:

"In a situation where domestic sources of investment are limited, it is especially important to attract foreign investment, especially for countries in transition." [4]

That is why this work has become one of the priorities of the economic policy of our country.

The objectives of investment policy include attracting foreign investment, facilitating the issuance of soft loans from extra-budgetary funds to support small and private businesses, and providing practical assistance to entrepreneurs in the introduction and installation of new technologies. In addition, the country pays great attention to the practical support of investment project initiators in business entities. The most striking example in this direction is the work of the Government Commission on Export and Investment Development, established in 2020, whose tasks include close cooperation with entrepreneurs and exporters, analysis of problems associated with the pandemic, as well as solving the problems of each business entity. developing and implementing fast and efficient solutions based on an individual approach.

As a result of the activities of members of the Government Commission on the ground in 2021, the activities of more than 98,000 enterprises in the country were studied in a targeted manner, resulting in

6,235 problems of 5,902 enterprises. resolved in close cooperation with diplomatic missions abroad.

Although foreign investment is not the main determinant of economic factors in the growth of the investment share of business structures, it has its influence as an important factor. The analysis of the use of foreign investment in the economy and its impact on growth in the current period of transition of the Republic is of great interest.

As part of the investment policy, the amount of investment in fixed assets for financing in the Republic of Uzbekistan in 2020 will reach 202.0 trillion soums. soums. Investments were financed mainly by borrowed funds (65.4%), including loans from the state, banks and other borrowed funds, foreign investments and loans, as well as own funds of enterprises and individuals (34.6%). This figure is 8.2% lower than in 2019.

In 2020, 86647.0 billion. UZS or 42.9% of investments in fixed assets were disbursed through foreign investments and loans. In the structure of total foreign investments and loans, foreign investments amounted to 32847.0 bln. soums and the remaining 53799.8 bln. soums at the expense of foreign loans.

Analysis of the problems of attracting and using foreign capital shows that this area of activity requires the government to create and maintain a favorable investment climate on a regular basis, the formation of more effective mechanisms and incentives to encourage investment. This is because attracting foreign investment to businesses is a practical tool for economic development.

An analysis of the strengths and weaknesses of investment in the Uzbek economy shows that its strengths and weaknesses make it possible to attract foreign investment. The investment advantages of the Uzbek economy include the adequacy of the labor force and its compatibility with the level of specialization, the great potential of the fuel and energy and raw materials complexes, the availability of industrial equipment. In addition to these advantages, there are a number of weaknesses that are also encountered in the economic, financial, organizational, and legislative spheres. These include the rapid change in the norms and rules in place in the markets during the transition period; lack of sufficient market infrastructure to attract foreign investment ; severance of economic relations with neighboring countries and the implementation of protectionist policies; failure to launch investment projects quickly; financial impossibility of manufacturers to implement innovation and high technology, etc. Therefore, the inflow of foreign capital today is not regular. In our opinion, a number of issues need to be addressed in order for this process to be well organized:

- availability of a favorable economic environment for attracting foreign investment, including tax, financial and non-financial incentives;
- Establishment of bodies, investment, financial and other organizational structures authorized to perform certain tasks in the investment mechanism, which embodies the national characteristics of the formation and observance of rules generally accepted and recognized in world practice for attracting and working with foreign capital;
- It is necessary to issue special foreign investment loans in the securities market and give it an investment direction, ie to use its superior financial resources for investment purposes;
- Attracting foreign capital in economically viable industries and productive business projects.

It is necessary to regularly form a set of investment projects that are more profitable to invest in the implementation of the tasks and provide high economic efficiency in the short term. At the same time, it is necessary to give priority to scientific and technical small business projects. To implement these projects, it is necessary to allocate guaranteed funds and develop a mechanism for their effective use.

Only in this case, we can expect positive results from the use of these funds.

In high-risk conditions, the state can increase investment and investor interest by providing guarantees, and this can be an effective way to attract foreign capital as well. This is because foreign investors are closely monitoring the political situation in the country. However, the use of a single state guarantee in private investment does not mean that favorable conditions have been created for the investment process. There will also be many restrictions on the use of warranties. First, the state can guarantee the investor's capital investment from political risk (i.e., changes in tax policy, legal norms, foreign trade policy). Political risks should be distinguished from commercial risks, as they are associated with sudden changes in prices, product demand, and so on. These risks are completely devoid of government influence, and attempts to protect investors can lead to a tragic disadvantage: in this case, the amount of budget liability to investors may be so large that there is no real possibility to pay the amount specified in the guarantee agreement. and can become an ordinary goose. It is well known that in practice, commercial risk is the main limiting factor in making investment decisions.

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