

## CREATING A FAVORABLE ENVIRONMENT FOR ATTRACTING FOREIGN INVESTMENT AND STRENGTHENING ITS LEGAL FRAMEWORK

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### ABSTRACT:

**This article examines the impact of foreign investment on the national economy of Uzbekistan, the creation of favorable conditions for attracting investments and doing business, strengthening the legal guarantees for the protection of the legitimate interests of entrepreneurs.**

**KEYWORDS: Foreign investment, direct foreign investment, investor, fixed capital investment, centralized investment, decentralized investment, foreign investment.**

### INTRODUCTION:

At present, in the changing conditions of global economic growth, Uzbekistan is seeking to carry out deep structural reforms that will facilitate large-scale investment in the national economy. The process of economic renewal and growth is determined by the volume and composition of investments, the quality and timing of their implementation. Foreign investment plays a special role in the development of the country, improving the living standards and welfare of the population.

Therefore, it plays an important role in stimulating the economy, enriching the market with new and quality products, creating additional jobs and increasing export potential. Therefore, in recent years, the provision of

favorable conditions, additional opportunities and benefits for foreign investors in our country has become a priority. A legal framework for this is being developed. Extensive work has been done in our country in the field of entrepreneurship development, investment attraction and creation of a favorable environment for doing business, strengthening the legal guarantees of protection of the legitimate interests of entrepreneurs.

In order to increase the efficiency of attracting foreign direct investment in the economy, to inform foreign investors about the opportunities and potential of the country, to improve the coordination of state and economic bodies, local executive authorities in attracting and attracting foreign investment, the President of the Republic of Uzbekistan in 2019 Resolution No. PQ-4300 of 29 April was adopted on measures to further improve the mechanisms for attracting foreign direct investment to the economy of the Republic. [1] That is, the development of ready-made investment proposals to attract foreign direct investment, the use of investment and business forums, presentations ("Road Show") and marketing companies, the organization of priorities for public-private partnership projects, investment Defining the responsibility and accountability of ministries

and executives for the implementation of comprehensive measures to promote and raise awareness among foreign businessmen, entrepreneurs, potential investors, government and public figures, first of all, about the favorable conditions created for them and the improvement of the business environment was given.

In addition, the adoption of the Decree of the President of the Republic of Uzbekistan dated May 14, 2019 PF-5718 on measures to radically improve the system of support and protection of entrepreneurship, the quality and timeliness of the organization of work with entrepreneurs, including foreign investors. In order to increase openness and direct communication with them, to implement their legal requirements in a practical and effective manner and to solve problematic issues, to increase the real contribution to the socio-economic development of the regions, to increase employment and welfare of the population. Reception desks for entrepreneurs have been set up. [2]

#### **MAIN PART:**

The purpose is to ensure compliance with the rights and legitimate interests of business entities, including foreign investors, to attract foreign investment and solve problems related to the implementation of projects with their participation, as well as to conduct foreign trade activities and export products to foreign markets. The access to the entrance was held in the fall.

In order to ensure compliance with the rights and legitimate interests of foreign investors, to regulate relations in the field of investment and investment activities by foreign and domestic investors, the Law of the Republic of Uzbekistan "On Investments and

Investment Activities" dated December 25, 2019 Law No. ZRU 589 was adopted. [3] The main purpose of the adoption of this law is to conclude concession activities, product sharing agreements, their execution and cancellation, investment, mutual and venture funds, regulation of capital market operations, including securities, public-private partnership, special economic zones. Legal relations in the field are regulated by separate laws.

As the President of the Republic of Uzbekistan Shavkat Mirziyoyev noted in his address to the Oliy Majlis: In 2019, the Year of Active Investment and Social Development, we have achieved significant results. Along with the positive results in all areas, the volume of investments has also increased significantly. In particular, I would like to draw your attention to the fact that foreign direct investment amounted to \$ 4.2 billion, which is \$ 3.1 billion or 3.7 times more than in 2018. The share of investment in GDP reached 37%. In order to develop the economy at a high rate, it is necessary to consistently pursue an active investment policy. [4]

It is known that the current coronavirus pandemic in countries around the world is having a negative impact on their sectors of the economy. The sharp decline in production and consumption in the countries with the largest economies has led to the disruption of global production chains and trade relations, falling commodity prices in world financial markets and deteriorating conditions. These factors also affect the economy of Uzbekistan, which is part of the global economic system. This has little direct impact on the country's foreign trade and living standards.

If we analyze the foreign trade turnover of the Republic of Uzbekistan in January-March 2020, (see: Diagram 1)

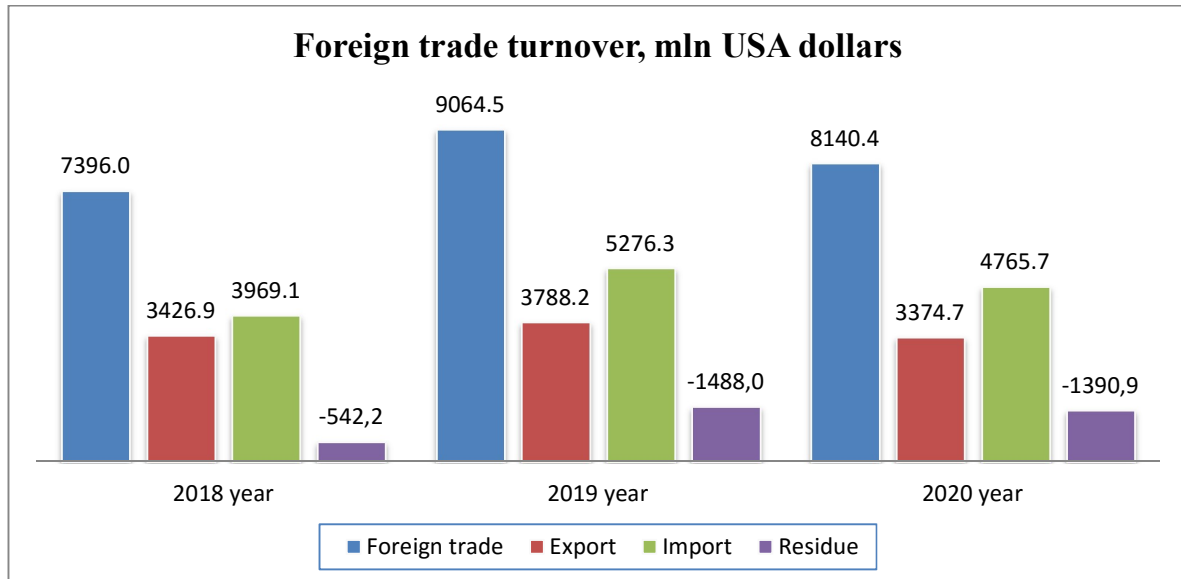


Diagram 1: Foreign trade turnover of the Republic of Uzbekistan (January-March 2020)  
Source: Based on data from The State Statistics Committee.

According to Diagram 1, at the end of January-March 2020, the foreign trade turnover of Uzbekistan amounted to 8.1 billion US dollars, a decrease of 924.1 million US dollars or 10.2% compared to the same period in 2019. Of this, the volume of exports decreased by 3.3 billion US dollars or 10.9%, while the volume of imports decreased by 4.7 billion US dollars or

9.7%. During the reporting period, 1.3 bln. The passive foreign trade balance was recorded in US dollars.

Now, if we analyze the distribution of investments in fixed assets in the Republic of Uzbekistan in January-March 2020 by sources of financing, it is as follows. (see Table 1)

Table 1 Distribution of investments in fixed assets in the Republic of Uzbekistan by sources of financing (January-March 2020)

Indicators	Billion sums	Growth rate, in percent	Share yo total, in percent
<b>Fixed capital investments:</b>	<b>33387,3</b>	<b>100</b>	<b>100</b>
Including:			
<b>Centralized investments:</b>	<b>8430,1</b>	<b>25,3</b>	<b>7,3</b>
Republican budget funds	1358,1	16	4,1
Water supply and sewerage system development fund	137,1	2	0,4
Recovery and development fund	928,8	11,6	2,8
Foreign loans guaranteed by the Republic of Uzbekistan	6006,1	71	
<b>Decentralized investments</b>	<b>24957,2</b>	<b>74,7</b>	<b>92,7</b>
Business capital	8666,6	35	26,0
Population capital	3376,0	13	10,1
Guarenteeand other foreign investments and loans	4945,2	20	
Foreign direct investments	3648,9	15	43,7
Loans and other borrowings from commercial banks	4320,5	17	12,9

Source: Based on data from The State Statistics Committee.

As can be seen from Table 1, the share of investments in fixed assets financed from centralized sources of total investments decreased by 13.0% compared to the same period last year to 25.3% or 8430.1 billion soums. Accordingly, 24957.2 billion soums were allocated from decentralized sources of financing. soums or 74.7% of total investments were reduced, an increase of 13.0% compared to the same period last year.

Decree of the President of the Republic of Uzbekistan No. PF-5969 of March 19, 2020 on priority measures to mitigate the negative impact of the Coronavirus pandemic and the global crisis on the economy, together with the Ministry of Economy and Industry, Ministry of Investment and Foreign Trade to develop entrepreneurship and employment including the revision of the Investment Program with a reorientation of funds for the implementation of more priority infrastructure projects that provide opportunities for the transfer of engineering communications to small industrial zones. [5]

#### CONCLUSION:

In conclusion, in order to increase foreign investment in our economy today, we must first bring the investment climate to the level of world standards. At the same time, it is important to identify the factors that hinder the flow of investment, to find ways to eliminate them. Consequently, direct investment has become an important source of external financing for our country, which has a huge economic impact in terms of the introduction of innovative technologies and improved governance.

#### REFERENCES:

- 1) Resolution of the President of the Republic of Uzbekistan dated April 29, 2019 No PP-4300 on measures to further improve the

mechanisms for attracting foreign direct investment in the economy of the Republic.

- 2) Decree of the President of the Republic of Uzbekistan dated May 14, 2019 No PF-5718 on measures to radically improve the system of support and protection of entrepreneurial activity.
- 3) Law of the Republic of Uzbekistan "On Investments and Investment Activities" No. ZRU-589. December 25, 2019.
- 4) Address of the President of the Republic of Uzbekistan Shavkat Mirziyoyev to the Oliy Majlis. People's Speech, January 25, 2020, №19.
- 5) Decree of the President of the Republic of Uzbekistan No. PF-5969 of March 19, 2020 on priority measures to mitigate the negative impact of the coronavirus pandemic and the global crisis on sectors of the economy.
- 6) [www.stat.uz](http://www.stat.uz)
- 7) [www.Lex.uz](http://www.Lex.uz)