

POSSIBILITIES OF ATTRACTING FOREIGN INVESTMENT IN THE ECONOMY OF THE REPUBLIC OF UZBEKISTAN

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ABSTRACT:

The article points out the need to attract foreign investment to the economy of Uzbekistan. Favorable conditions created for foreign investors are highlighted. Opinions are given on the solution of some of the problems that hinder the increase in investment.

KEYWORDS. Investments, foreign investors, investment climate, investment attractiveness, investment projects, centralized investments.

INTRODUCTION:

Today, the issue of the formation and development of investment activities in the Republic of Uzbekistan is very relevant. This is evidenced by the frequent study of the issues raised in numerous monographs. One of the indicators of the future development of the state is high investment activity. As the foreign experience shows, the country that pursued an active investment policy achieved sustainable growth of its economy. Therefore, investment is the driver of the economy, in other words, it is the heart of the economy [5].

MAIN PART:

Modern Uzbekistan is a leading state in the Central Asian region, ensuring stability and economic development of the region as a whole. Among the advantages that the modern economy of Uzbekistan offers for foreign

companies are political and macroeconomic stability, favorable natural and climatic conditions, hospitable and hardworking people and many others.

In the Republic of Uzbekistan there are no restrictions on the form of investment. Foreign investors can create enterprises on the territory of the republic in any organizational and legal form permitted by law.

The principles of the formation of a sound regional investment policy are: efficiency, structural balance, purposefulness, national significance.

So, we can conclude that the implementation of the correct investment policy is a difficult task, and the solution of many tasks will largely depend on the measures taken to: reduce inflation; tax policy; restructuring of the banking system; legal framework for investment activities; budgetary policy; distribution of leasing investments.

In this regard, when developing an investment policy, the most important tasks should be: creating conditions for enhancing investment activity; deepening institutional and structural transformations, the main task of which should be financial stabilization and the inclusion of all possible sources in the investment sphere, and this requires a legislative framework that provides investors with certain rights and guarantees.

In general, the investment attractiveness of industries is determined by the relatively low

costs of production factors (electricity, natural gas, labor), a significant domestic sales market - about 34.38 million resident population as of October 01, 2020 [8], duty-free access to the markets of the CIS countries (according to various estimates, over 285 million people).

In Uzbekistan, the achieved macroeconomic stability, deepening economic and institutional reforms, improving the investment climate in the country contributed to a significant intensification of investment activity and an increase in the volume of capital investments in the economy. So, in 2018, investments in the amount of 107.3 trillion soums (about 12.9 billion US dollars) were spent in the republic, which is 18.1% more than in 2017; in 2019, the development of investments in fixed assets amounted to 195.9 trillion soums, which is 38.3% of GDP (for comparison, this figure in 2015 was 44.8 trillion soums, or 21.3% of GDP) [7].

The most significant qualitative changes are taking place in the structure of investments by sources of financing. Due to higher growth rates, the share of investments from non-centralized sources is increasing, primarily the share of private and foreign direct investment. In 2018, as part of financing sources for all investments in the economy of the republic, 42.2 trillion soums or 39.3% of all investments are the own resources of enterprises and the population, and 65.1 trillion soums or 60.7% of investments were provided at the expense of attracted funds. If in 1990 there was practically no investment from abroad in the country's investment portfolio, then in 2000 the share of foreign investment and loans was 23.2%, of which 19.8% were foreign investments and loans attracted under the guarantee of the Government, and 3, 4% - foreign direct investment.

A favorable business environment, a wide system of legal guarantees and benefits for foreign investors, a comprehensive system of

measures to stimulate the activities of enterprises with foreign investment contributed to a significant increase in the inflow of foreign direct investment into the country's economy. As a result, in 2012 the share of foreign investments in the total structure of capital investments amounted to 11.7 billion. Dollars, of which direct foreign investment - 21.7%. In the following regions of the republic, the share of foreign investments in the total amount of investments in 2018 is the most significant: in the Kashkadarya region - 54.4%, in the Bukhara region - 53.4%, in the Namangan region - 39.6%, in the Navoi region - 36, 4%. This situation is explained by the fact that these regions are rich in natural resources, especially natural gas and mineral resources. Since the main part of foreign investment is attracted to the extraction and processing of natural gas and the mining industry.

If in 1990 more than 46% of investments in the economy were financed from the state budget, extra-budgetary funds and other centralized sources, then in 2018 in the overall structure of capital investments, funds from the state budget and other centralized sources amounted to 34.5 trillion soums or 32.1 % of all investments.

In the investment strategy of Uzbekistan, priority is given to investment projects aimed at creating new high-tech industries equipped with advanced technology and ensuring deep processing of our raw materials, increasing the country's export potential, and creating new jobs.

In the period 1990 - 2012, in the structure of investments, the share of investments directed to the development of the fuel and energy complex (from 5.2 to 17.1%), transport and communications (from 5.4 to 18.3%), metallurgy (from 0.1 to 2.9%). To create new and modernize existing industries, large capital investments are directed to mechanical engineering, metallurgy, chemical

and petrochemical, light, food industries, which determined their significant share in the structure of capital investments in the economy. In 2018, a significant part of the investments attracted to the economy of the republic was directed to the processing industry (22%) and the housing construction industry (16.5%) [7].

In our country, the following priority areas of attracting foreign investment in the republic's enterprises have been identified: the organization of environmentally friendly industries for the extraction and processing of medical raw materials, including oil and natural gas; organization and development of production of science-intensive and competitive products on world markets, including modern information and telecommunication systems; development of transport and telecommunications infrastructure; development of agricultural processing areas based on compact, cheap equipment and technologies; production of resource and energy saving installations and equipment; production of medicines, machinery and equipment; development of the tourism industry.

Thanks to the favorable investment climate, the activities of foreign investors are developing, the number of enterprises with the participation of foreign investors is growing. But at the same time, there are several problems that hinder the widespread attraction of foreign investment. In particular, there are regional disparities in the placement of investments. Thus, 73.5% of all operating joint ventures are located in the capital of the republic. This is explained by the insufficient development of infrastructure in the regions. This means that the development of production and market infrastructure in the regions of the republic is required in a short time.

In addition, to intensify the attraction of foreign investment in the economy of the republic, careful monitoring of enterprises with

the participation of foreign capital is required to eliminate problems in their activities. The Government of the Republic has already taken significant steps in this direction. So, starting from 2021, within the framework of programs for the development of social and industrial infrastructure of the Republic of Uzbekistan, funds are provided for financing the following activities as a separate line: a) provision of engineering and communication infrastructure for free economic zones, small industrial zones and large industrial projects with the participation of foreign direct investment ... [2].

CONCLUSION:

Summing up, we can say that the implementation of the above measures will give effective results in attracting foreign capital. In addition, a good effect will be provided by the provision of consulting, legal services to domestic entrepreneurs interested in cooperation with foreign investors, the creation of a permanent, relevant and wide database of foreign businessmen.

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