



IMPROVING WAYS OF ATTRACTING FOREIGN INVESTMENTS IN THE REPUBLIC OF UZBEKISTAN

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Article history:	Abstract:
Received: October 1 st 2022 Accepted: November 1 st 2022 Published: December 6 th 2022	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
Keywords: investment activity, investment potential, investment attractiveness, competitive advantage, investment efficiency, investment risk, market mechanism	

INTRODUCTION

To increase the industrial and production potential of the republic, wide introduction of high technologies in economic sectors, creation of new production capacities in the regions by expanding the attraction of foreign direct investments, development of exports, provision of employment and reduction of poverty, as well as systematic planning of investments and investment projects. in order to effectively manage:

1. To adopt the investment program of the Republic of Uzbekistan for 2022-2026 (hereinafter - the Program), formed by the Ministry of Investments and Foreign Trade, which provides for the absorption of foreign investments in the amount of 70 billion US dollars in the next five years.

The following:

a) for 2022-2026:

the cumulative target indicators of the absorption of centralized and decentralized investments are consistent;

the target indicators of investment and credit absorption in sectors and regions are consistent;

b) for 2022:

the collective address program for investment and credit utilization is appropriate;

address list of large production facilities and capacities to be put into operation;

the list of large production facilities and capacities requiring construction, reconstruction and perfect repair of external infrastructure facilities;

Address list of investment projects implemented in the name of the Republic of Uzbekistan or under the guarantee of the Republic of Uzbekistan with foreign loans;

address list of investment projects to be implemented involving direct foreign investments and loans;

the list of new investment projects that are planned to attract state foreign debt is in accordance;

the list of investment projects requiring development, agreement and approval of pre-project and project documents;

the list of promising investment projects whose implementation possibilities are studied should be approved accordingly.

In the Address of the President of the Republic of Uzbekistan Sh.M. Mirziyoev to the Oliy Majlis: "World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. That is why investment is the driver of the economy, in Uzbek terms, the heart of the economy, it is no exaggeration. We will achieve rapid development of our economy only by actively attracting investments and launching new production facilities. Positive results in the economy make it possible to systematically solve the accumulated problems in the social sphere. We



must all understand this deeply and organize our work on this basis. In order to widely attract foreign investments, it is necessary to take measures to fully demonstrate the investment potential of our country, which should be one of the most urgent issues in our daily life," he said, noting that foreign investments are extremely important in the development of the economy and the urgency of attracting them. A number of measures aimed at increasing the investment attractiveness of our country's economy and improving the system of effective use of the existing investment potential are specified in the Resolution of the President of the Republic of Uzbekistan dated April 29, 2019 "On measures to further improve the mechanisms of attracting foreign direct investment to the economy of the Republic" No. PQ-4300 attention was paid, and in this regard, priority was given to tasks related to increasing the efficiency of attracting foreign direct investments to the republic's economy, informing foreign investors about the opportunities and potential of our country. Based on the above, it is evidence that in the formation of ways of attracting foreign investments to the national economy and their effective use, the implementation of research aimed at ensuring the compatibility of state and market mechanisms in achieving priority in regional competitive advantages of investment potential, level of investment risk, and attracting investments is of urgent importance.

LITERATURE REVIEW

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 C.Liesbeth, M.Miet, S.Jo. According to researchers, the process of economic liberalization in transition countries is an important factor in improving the system of attracting foreign direct investments. The attraction of technologies and knowledge to national enterprises through direct capital accumulation and technological know-how ensures sustainable rates of economic growth. In the studies of P. Mihaela, A. Vaqar, H. Helian, the institutional mechanism of attracting foreign investments to the national economy is studied. According to the results of the research, it is noted that changes in the institutional quality of the country's economy have a positive effect on the system of attracting foreign direct investments.

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 expediency 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.

RESEARCH METHODOLOGY

The available scientific researches on ways of attracting foreign investments to the economy of Uzbekistan and their effective use, studying the experience of foreign countries, comparing and analyzing statistical and economic data, logical thinking, scientific abstraction, information grouping, analysis and synthesis, induction and deduction methods are widely used.

ANALYSIS AND RESULTS

The economy's demand for investment, the lack of investment funds, requires the efficient use of investment resources. In the management and evaluation of investment projects, the 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 study and improve the financing experiences of foreign countries with developed economies and to pay special attention to the issues of using positive achievements in their practices. Based on the above, the financial issues related to the investment environment and the problems of financing investment activities are being solved in a systematic manner in order to increase the effectiveness of investment utilization in the economy of our country. In 2020, a decrease in investment activity was observed, and compared to 2019, the volume of investments in fixed capital amounted to 91.8 percent.

202.0 trillion in 2020. Sums of fixed capital investments were absorbed. 39,310.2 billion from centralized financing sources. sums or 19.5% of the total investment volume and 8.0% less investment in fixed capital compared to 2019. Accordingly, 162,689.9 billion from decentralized financing sources. Sums or 80.5 percent of the total investment was absorbed. In 2020, 51911.3 bln. 25.7% of total investments were invested in fixed capital. 18,077.8 billion from population funds. sums or 8.9 percent were absorbed. 28,740.5 billion from direct foreign investments. sums were absorbed and decreased by 5.3% compared to 2019, making up 14.2% of total investments (Tabel-1).

In January-September 2022, 62.6 trillion soums of investments in fixed assets, or 32.9% of their total



volume, were disbursed at the expense of the own funds of enterprises and organizations. At the expense of the population, 19.1 trillion soums, or 10.1%, were disbursed. 23.7 trillion soums were disbursed through foreign direct investment, which, compared with the corresponding period of 2021, is less by 0.8 percentage points, or 12.5% of their total volume. At the same time, due to bank loans and other borrowed funds, 18.5 trillion soums were disbursed (9.8% of the total investment in fixed assets and this indicator, compared with the corresponding period of 2021, increased by 1.9 percentage points), foreign loans under the guarantee

of the Republic of Uzbekistan, amounting to 8.3 trillion soums (4.4% decreased by 4.9 percentage points), non-guaranteed and other foreign investments and loans – 40.0 trillion soums (21.0% decreased by 2.0 percentage points), the Reconstruction and Development Fund - 0.9 trillion soums (0.5% decreased by 0.7 percentage points), the Republican Budget – 14.9 trillion soums (7.8% decreased by 0.8 percentage points), the Fund for the Development of Water Supply and Sewerage Systems – 1.9 trillion soums (1.0% increased by 0.1 percentage points) of their total volume.

Table 1
Structural composition of investments directed to the economy of Uzbekistan in 2020

Centralized investments 39310.2 billion soums	Total investments in fixed capital amount to 202,000.1 billion soums	Decentralized investments 162,689.9 billion soums
Foreign loans under the guarantee of the Republic of Uzbekistan amount to 22,467.1 billion soums	Foreign investments and loans allocated to fixed capital amount to 86,647.0 billion soums	Foreign direct investment and loans 64,179.9 billion soums

In January-September 2022, 190.0 trillion soums of investments in fixed assets were disbursed and, compared to the corresponding period in 2021, amounted to 105.0%. 57.0% or 108.3 trillion soums of investments in fixed assets were financed from borrowed funds, 43.0%, or 81.7 trillion soums, from the

own funds of enterprises, organizations and the population. Also, their volume, disbursed from centralized sources of financing, amounted to 26.1 trillion soums, the remaining 163.9 trillion soums were disbursed from noncentralized sources of financing (Figure 1.).



Figure 1. Investments in fixed assets

In the technological structure of investments in fixed capital in the Republic of Uzbekistan, 86.1 trillion soums were allocated for the purchase of machinery, equipment and inventory, which amounted to 45.3% of their total volume, investments for construction and installation works reached 89.0 trillion soums (share in the total volume of 46.9%), for other costs - 14.8 trillion soums (7.8%). The highest share of construction and

installation works in the total volume of investments in fixed assets was observed in Surkhandarya region - 61.8%, or 5.3 trillion soums. The lowest level of this indicator was noted in Syrdarya region - 26.1%, or 2.2 trillion soums. In the same region, the highest share of costs for the purchase of machinery, equipment and inventory was recorded - 66.1%, or 5.6 trillion soums (Figure 2.)



Figure 2. Reproductive structure of investments in fixed assets, % of the total

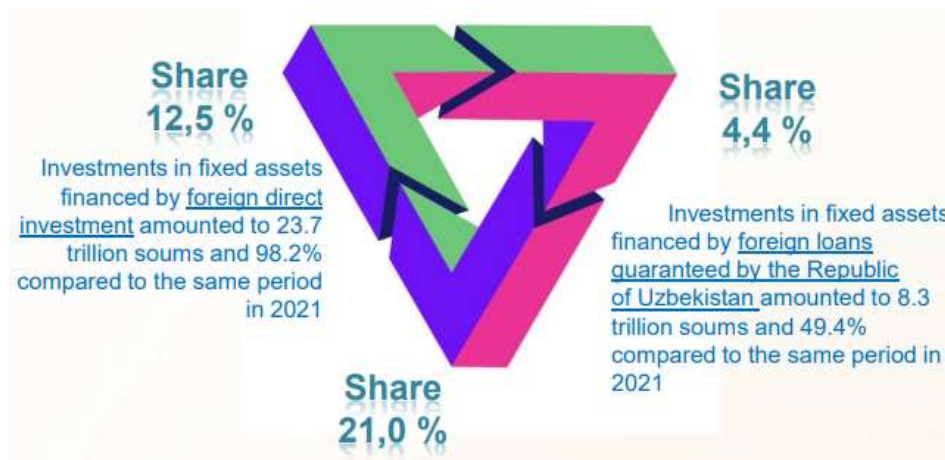


Figure 3. Foreign investments and loans in fixed assets

The large-scale attraction of foreign investment in the national economy is directly related to the existing investment climate and economic reforms in the country:

1. Stability of the investment climate in the country;
2. Implementation of economic measures to regulate the exchange rate;
3. Establishment of legal and material norms for improving the tax mechanism of the country;
4. Development of decisions and laws in the tax legislation, regulating the activities of foreign investment and aimed at creating the necessary conditions;
5. Existence of favorable market conditions;
6. The growing number of enterprises successfully operating with the participation of foreign investment in leading sectors and industries of the economy.

In particular, the volume of foreign investments in 2019 amounted to 43854.0 billion soums. soums. At

the regional level, Kashkadarya region (11043.9 billion soums) is the leader in terms of foreign investment and the share of fixed capital investment in foreign investment. Syrdarya region (736.0 billion soums) and Fergana region (829.3 billion soums) lag far behind in terms of foreign investment, while Samarkand region (28.6) lags far behind in terms of the share of fixed capital investment. In this regard, President Mirziyoyev should intensify the attraction of investments at the regional level, the regional, city and district branches of the Investment Committee should attract foreign investment and provide practical assistance to foreign investors on all issues. The mayors of districts and cities also expressed the opinion that each of the heads of sectors should contribute to attracting foreign direct investment to its territory.

2-Tablel

Foreign investments and loans in fixed capital by regions, billion soums



	Foreign direct investment	Foreign loans guaranteed by the Rep. of Uzb.	Other non-guaranteed investments and loans
Republic of Uzbekistan	23674,9	8319,4	39974,5
Republic of Karakalpakstan	171,1	795,1	1524,6
Andijan	958,8	328,9	3027,2
Bukhara	970,0	1138,5	6598,3
Jizzakh	1020,2	322,6	1983,4
Kashkadarya	1061,8	361,6	3840,8
Navoi	1432,4	289,6	4464,9
Namangan	655,7	364,8	2883,3
Samarkand	2523,0	829,4	1246,0
Surkhandarya	1448,6	453,8	1456,6
Syrdarya	4931,7	358,6	1422,7
Tashkent	2686,2	1011,5	2613,3
Fergana	1912,8	450,6	2994,9
Khorezm	289,9	311,1	1373,2
Tashkent city	3612,7	1303,3	4544,3

CONCLUSIONS

The main goal of the investment policy implemented in our country in recent years is to direct the products or services of enterprises established with the participation of foreign investments to export. For this purpose, it is important to reorganize the activities of enterprises based on our local enterprises, to participate in them, that is, to participate in the decision-making of the parties based on the share of shares, and most importantly, to achieve an increase in the competitiveness of the products or services of enterprises with foreign investments in the foreign market. In our opinion, the implementation of the above recommendations will allow the active involvement of investment projects in the national economy and ensure the stability of the investment environment. Also, in determining the effectiveness of investments in a specific sector;

- increasing the quantity and quality of investments in the development of science, education and culture;

- promotion of focused innovation investment strategies based on acquisition of basic innovations;

- study and evaluation of technological levels, scientific possibilities, inventions of existing productions that require state support;

- to accelerate the formation of a favorable business environment, because it is necessary to increase the efficiency of the mechanism of attracting foreign investments for the development of enterprises of the construction materials industry of Uzbekistan.

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