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ATTRACTING FOREIGN DIRECT INVESTMENT IN EXAMPLES OF FOREIGN COUNTRIES

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Abstract:

Attracting foreign direct investment (FDI) is an important pillar of economic development policy, and most countries in the world have established national investment promotion agencies (IPAs) with the mandate to attract FDI. The technical note highlights best practices in investment promotion and presents several innovative and in many ways replicable programs from around the world, which could fill the gaps in current investment promotion activities of IPAs in Latin America and the Caribbean. It outlines key implementation issues and serves as a practical policy guide for IPAs across the region to enhance their capability to attract and retain FDI.

Keywords: economic development policy, national investment promotion, practical policy, capability.

INTRODUCTION

According to the Ministry of Economic Development and Poverty reduction, the main problems in attracting foreign direct investment are the lack of a favorable investment climate, and the imperfection of the sphere of regulation and protection of private property rights. is standing. Such a continuation of the current investment trends may slow down the achievement of economic growth rates. The role of regions in the development of the economy of Uzbekistan is extremely important is considered. The main attraction of foreign investments in the national economy one of the problems is the problem of their correct distribution in the regions.

Full realization of the investment potential of the Republic, investment further improvement of the environment, quality development of annual investment programs, creating favorable conditions for attracting foreign investments, international finance institutions, financial institutions of foreign governments, leading foreign companies and expansion of cooperation with banking structures, as well as attracting foreign ones the task of increasing the efficiency of investments" was defined separately.

LITERATURE REVIEW

"On Investment and Investment Activities" of the Republic of Uzbekistan. According to the law, foreign direct investment is a foreign investor's government own funds or debt funds in risky conditions without guarantees investments. According to **A.Sh.Bekmurodov**, direct foreign investments to the investor direct export of capital giving the right to control the enterprise and thus, the enterprise becomes a foreign subsidiary of the main parent company.

B.A. Vakhobov, foreign direct investment-investor economic investor's long-term, which allows effective control over the activity term, ownership of at least 10 percent of the firm's share or shareholders' equity states that they are investments that allow to do.

A.S. Azizov defined the term foreign direct investment as, first of all, economic to a foreign enterprise by providing partial or complete control over its activities emphasizes that it should be understood as an investment.

Markets are the main factors of attraction of direct foreign investments and access to resources. Foreign capital only in some regions and some the development of the economy of other regions with concentration in industries limits, first of all, the impact on the economy of industrially undeveloped regions.

METHODOLOGY

The main attraction of foreign investments in the national economy one of the problems is the problem of their correct distribution in the regions. Full realization of the investment potential of the Republic, investment further improvement of the environment, quality development of annual investment programs, creating favorable conditions for attracting foreign investments, international finance institutions.

FINDINGS / RESULTS

Direct foreign investment in the economy of the Central Asian countries is actually higher than the average, which in the period from 2010 to 2011 reached 25% compared to 16% of the net increase in direct foreign investment. That's not the case, the entire region remains very low (1.5% of the world's total foreign direct investment in 2011). Most direct foreign

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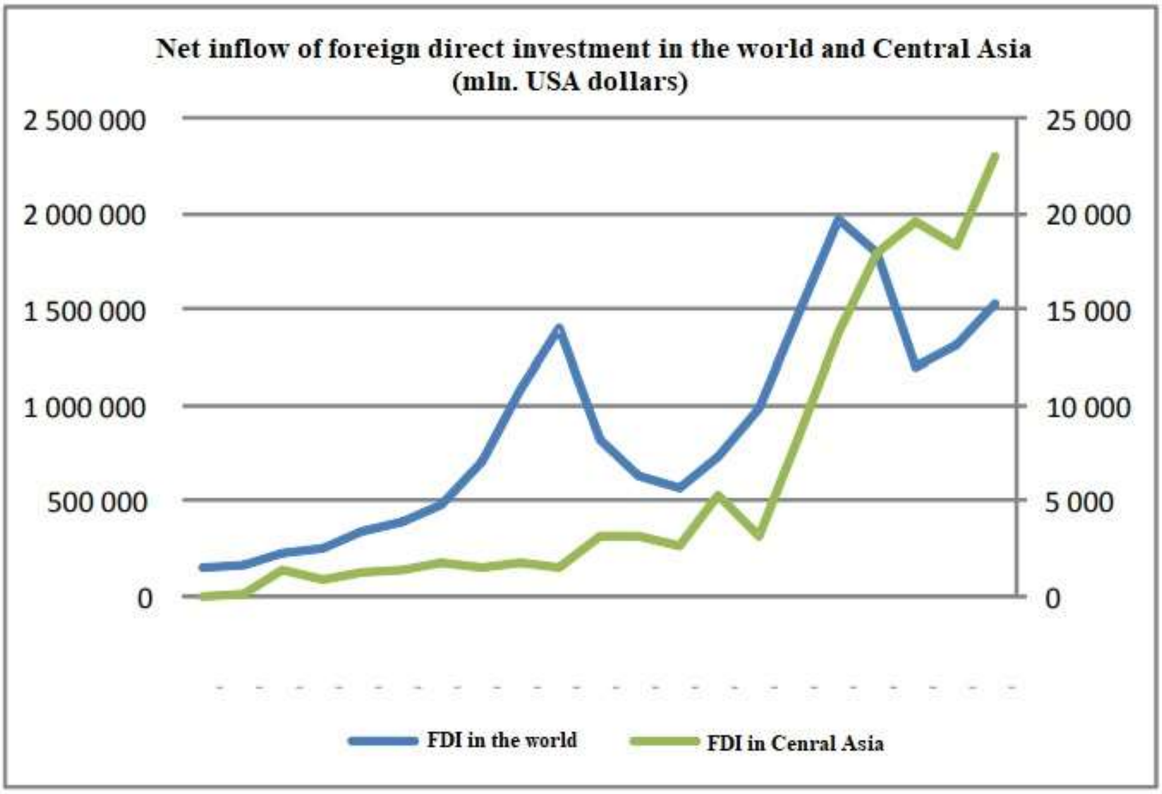
investment is concentrated in Kazakhstan (72% direct foreign investment in Central Asia), but its position is weakening due to the increase in investment attractiveness of Mongolia, Uzbekistan and Turkmenistan.

Kazakhstan received 56% of FDI in 2011 (compared to 22% from 82% in 2009), Mongolia received 20%, followed by Turkmenistan (14%), Uzbekistan (6%) and the Kyrgyz Republic (3%) . Less than 1% was in Afghanistan and Tajikistan (UNCTAD, 2012).



Source: UNCTAD statistics

Between 2005 and 2011, FDI stocks in countries Central Asia quadrupled. The largest growth was recorded in Mongolia, where FDI stocks during this time increased by 12.8 times. In addition, the performance is above average across the region were noted in countries such as Turkmenistan (6.9 times) and Uzbekistan (5.2 times). In Kazakhstan, FDI stocks more than tripled, stabilizing at relatively high level. Afghanistan, The Republic of Kyrgyzistan and Tajikistan have doubled their reserves, which are still quite low. These three countries growth will need to accelerate in order to receive a significant share of FDI directed to the Central Asian region.

The growing competition for DFIs is certain to have an impact on the course of economic development of economies in transition and will encourage the pursuit of continued reforms to improve the investment climate and attract greater foreign investment. The combination of such factors as the presence of strategic resources, highly educated populations, highly skilled workers available at low cost, comparatively well-developed infrastructure and social-welfare sectors, and proximity to the Eurasian market undoubtedly confers advantages on most of the counties with transition economies in attracting DFIs. However, experience has shown that the existence of these factors alone is not enough and that it is essential to carry out comprehensive structural reforms and to have an active government policy on attracting foreign investments.

Many IPAs that are operating successfully in the OECD countries are wholly financed by their governments. This enables them to concentrate all their attention on the implementation of government policy on attracting foreign investment. Meanwhile, in transition economies, such agencies are only partially or insufficiently financed by the government and are compelled to seek out means of financing themselves. This means that an agency has to devote most of its attention to short-term measures that generate profit, as opposed to its main objective of soliciting foreign investment and promoting its country's image. An example is the now-defunct Kyrgyz Project Promotion

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Agency, which received no government funds, was completely self-supporting, and engaged primarily in rendering paid consulting services to the detriment of its main function--promoting promising investment projects in the Kyrgyz Republic and providing assistance to foreign investors. By decision of the President of the Kyrgyz Republic, the Foreign Investment Agency was created late last year, and the Government was directed to fund the agency. Since the Foreign Investment Agency's establishment, efforts to attract and promote foreign investment in Kyrgyzstan have intensified. In a relatively brief period of time, several international investment conferences and seminars have been held, contacts have been made with potential foreign investors, and materials detailing the country's investment opportunities and enterprises have been prepared. Needless to say, the funds the Government has allocated for the Agency are not enough to mount a full-scale effort to solicit foreign investment, and so a search for supplementary sources of financing is under way.

Investment environment (or investment environment) is a concept used in a very broad sense, which includes all the problems and issues that are taken into account by the investor. The investor evaluates the favorable and unfavorable aspects of investing in a certain country, and at the same time, great importance is attached to the ideology, politics, economy and culture of the country in which he wants to invest his capital.

Investment risk is determined based on a comprehensive, in-depth analysis of the investment environment. Investment climate and risk levels are inversely related to each other. That is the more favorable the investment environment, the lower the entrepreneurial risk of the investor, which increases the inflow of investors. Conversely, if the investment environment is unfavorable, the level of risk is high. This leads to an increase in spending on the part of the recipient of the investment.

CONCLUSION

In the matter of creating a positive investment environment, it is necessary to interpret the globalization of the economy as the main process and, as a result, to expand the scope of having investment resources, and in turn, to strengthen the competition among investors. If we want to increase the volume of foreign investments from abroad, of course, we need to improve the investment environment, regional conditions and conditions more than others (competitors).

It is necessary to pay attention to ensuring that the "climate" is favorable and free from excessive risk in order to bring it to an acceptable and high level, as well as to activate domestic (national) investments.

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