



IMPROVING THE MECHANISMS FOR ATTRACTING FOREIGN INVESTMENT IN THE REPUBLIC OF UZBEKISTAN

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ANNOTATION

The article focuses on the role of investment in structural reforms in the economy, in particular, the positive impact of foreign investment as a result of reforms to increase the mechanisms for attracting foreign investment, and shows the dynamics of investment in fixed assets.

Keywords: *Investment, foreign investment, investment climate, investment policy, infrastructure structure, investment projects, foreign economic activity, financial incentives, modernization, diversification.*

INTRODUCTION

Given that the future development of Uzbekistan and the world economy depends mainly on investment, today the wider attraction of investments into the economy of the republic, in particular, foreign investment, is becoming an important basis for their effective implementation of economic reforms in our country. As the President said: "... in order to develop the economy at a high pace, it is necessary to consistently pursue an active investment policy ..." [1].

According to international experience, modernization and liberalization of the country's economy, in-depth study of the practice of attracting foreign investment, a number of its models, their best practices, deep structural changes, taking into account the domestic potential of our country, investment needs is one of the important tasks of implementation.

ANALYSIS OF THE LITERATURE ON THE SUBJECT

The structure of the investment climate in improving the mechanisms for attracting foreign investment, the importance of increasing the efficiency of foreign investment, the importance of government support have been studied in detail by local and foreign economists. In particular, scientists of our country A.V.Vakhobov, Sh.Kh.Khajibakiyev, N.G.Muminov, K.Djurayeva, N.G.Karimov, R.Khodjayev, N.Koziyeva, L.R.Shayusupova's views were analyzed and recommendations for the consistency of reforms and investment policy were developed. [2] In addition, as a result of research conducted by foreign scientists such as M.M.Novikov, A.S.Neshitoy, O.S.Sukharev, K.V.Shvandar, A.V.Sisoyev, V.S.Shapran, L.V.Shkvarya, O.V.Xmiz, Y.E.Khalevinskaya, to improve the investment climate, to implement an effective investment policy, serves as an important theoretical and methodological guide in improving infrastructure in the regions and attracting foreign investment in industries.

ANALYSIS AND RESULTS

In order to increase foreign investment in the national economy, the state should inform foreign investors about the opportunities in this area, create a favorable environment for them and improve the coordination of state and local executive bodies, as well as the Republic of Uzbekistan in 2017-2021. The

implementation of the five priorities of the Action Strategy for Development and the tasks set out in the State Program for the Year of Active Investment and Social Development has begun to date.

The increase in the share of foreign investment in the Uzbek economy can be explained by the following factors:

- The attractiveness of the investment climate in the country is characterized by the long-term implementation of large investment projects, the creation of a favorable investment climate for foreign investors to do business and increase confidence;

- Positive conditions in world commodity markets and favorable prices for key goods in the structure of national exports, which will expand the financial capacity of major national exporters and try to further intensify their investment projects;

- At a time of growing global economic competition, the key to stability is to expand production and gain a foothold in foreign markets.

Due to the improvement of the investment climate in the Republic of Uzbekistan in 2019, the volume of investments from all sources of financing reached 220.7 trillion soums, which is 2 times more than the approved forecast for the year. The volume of investments in fixed assets amounted to 189.9 trillion soums, and the growth rate compared to 2018 was 1.3 times. The share of fixed capital investment in GDP increased from 30% in 2018 to the current 36.2%. The share of total investment in GDP in 2019 amounted to 42.1%. At the same time, a significant increase in investment activity amounted to \$ 13.3 billion, which is directly related to the inflow and outflow of foreign investment, while foreign direct investment and loans amounted to \$ 9.3 billion. dollars, state-guaranteed foreign investments and loans amounted to 4.0 billion dollars. China, Russia and Germany are the main foreign partners in attracting foreign investment to the republic. The total number of countries investing in the Uzbek economy has exceeded 50. By 2020, the economy is expected to attract \$ 5.8 billion in foreign direct investment. [3]

Indicators	Billion sums	Growth rate, in percent	Share yo total, in percent
Fixed capital investments:	33387,3	100	100
<i>Including:</i>			
Centralized investments:	8430,1	25,3	7,3
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	
Decentralized investments	24957,2	74,7	92,7
Business capital	8666,6	35	26,0
Population capital	3376,0	13	10,1

Guaranteed and 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: www.stat.uz–Information of the State Statistics Committee of the Republic of Uzbekistan [4]

In January-March 2020, the distribution of investments in fixed assets in the Republic of Uzbekistan by sources of financing can be seen in the table, the share of investments in fixed assets financed by centralized sources of financing decreased by 13.0% compared to the same period last year. 25.3 percent or 8430.1 billion soums. Accordingly, 24957.2 billion soums were allocated from decentralized sources of financing. UZS or 74.7% of the total investment, which is 13.0% more than in the same period last year.

Decree of the President of the Republic of Uzbekistan No. PF-5969 of March 19, 2020 and the Decree of the President of the Republic of Uzbekistan of April 3, 2020 set the tasks of not stopping investment activities and supporting investments during the pandemic [5]

CONCLUSIONS AND RECOMMENDATIONS

One of the main goals of socio-economic reforms in our country is to increase the welfare of the population, improve their quality of life and achieve sustainable development of social sectors. Attracting foreign investment is creating new jobs, equipping enterprises with modern equipment and technologies, increasing production efficiency and having a positive impact on exports.

Among the problems related to the improvement of mechanisms for attracting foreign investment are:

- Insufficient development of investment infrastructure in attracting foreign investment in the regions with potential investment potential;
- Insufficient effectiveness of measures to create new jobs in the regions, increase incomes and additional funding to the local budget;
- Lack of consulting, marketing and legal services in the regions;
- creation of artificial barriers to the use of benefits and incentives to attract foreign investors.

To address the above shortcomings, we would like to include the following in our list of suggestions:

- It is advisable to encourage the activities of investment funds, insurance and leasing companies and their effective participation in the implementation of investment projects;
- Although the country has a wide range of opportunities for foreign investment, due to the lack of effective organization of activities such as creating new jobs in the regions, increasing incomes and additional funding to the local budget, consulting, marketing and it will be necessary to establish and develop legal service centers;
- Encouraging the rural population to do business through the development of the service sector in rural areas, to address the problems of infrastructure in the regions for foreign investors;
- Strict control over the absence of artificial barriers in the use of benefits and incentives to attract foreign investors, which, in turn, will increase the effectiveness of economic reforms by addressing the issue of increasing production by attracting foreign investment in the regions. creates the possibility of implementation.

In general, in order to increase foreign investment in the economy, it is necessary to bring the investment climate to the level of international standards. At the same time, it is important to identify the factors that hinder the flow of investment, and to find ways to eliminate them. As a result, foreign investment has become an important source of external financing for our country, which has a huge economic impact in terms of attracting high innovative technologies and the implementation of effective governance.

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