

INVESTMENT ACTIVITY AND FACTORS INFLUENCING THE ATTRACTION OF FOREIGN ACTIVITIES IN THE REPUBLIC OF UZBEKISTAN

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ANNOTATION

In this article is explained investment activity and factors influencing the attraction of foreign activities in the Republic of Uzbekistan, main trends attracting foreign investments into the economy of Uzbekistan, also analyzed dynamics of the influence of investments in fixed assets on the development of the economy and social sphere of the Republic of Uzbekistan.

Keywords: investment climate, attracting foreign investments, indicators, financing, enterprise, development, growth, projects, assets, compare, economy, results.

O'ZBEKISTON RESPUBLIKASIDA SARMOYA FAOLIYATI VA XORIJIY FAOLIYATLARGA JALB ETISHIGA TA'SIR ETUVCHI OMILLAR

ANNOTATSIYA

Ushbu maqolada investitsion faollik va O'zbekiston Respublikasida xorijiy faoliyatni jalb qilishga ta'sir etuvchi omillar, O'zbekiston iqtisodiyotiga xorijiy investitsiyalarni jalb qilishning asosiy tendentsiyalari yoritilgan, shuningdek, asosiy kapitalga investitsiyalarning iqtisodiyot va iqtisodiyot rivojlanishiga ta'siri dinamikasi tahlil qilingan. O'zbekiston Respublikasining ijtimoiy sohasi.

Kalit so'zlar: investitsiya muhiti, xorijiy investitsiyalarni jalb qilish, ko'rsatkichlar, moliyalashtirish, korxonalar, rivojlanish, o'sish, loyihalar, aktivlar, taqqoslash, iqtisodiyot, natijalar.



INDRODUCTION

To the opinions of many investors Uzbekistan has become a great opportunity in the CIS. The country is considered to be politically stable, by attracting foreign investment conditions to serious investors. Uzbekistan's investment legislation is one of the advanced amongst legislations of the CIS, incorporating major provisions of international investment law, particularly, regulations on guarantees of the rights of foreign investors, certain preferences for investors and others. A number of innovations for the first time were fixed in the laws "On Foreign Investments", "On Investment Activities" and "On Guarantees and Measures for the Protection Foreign Investors' Rights" of 1998 which were not mentioned in most of other CIS countries. The government of Uzbekistan has recently recognized the need to improve and streamline business and investment legislation which is still perceived to be rather complicated, often contradictory, and not fully consistent with international legal norms. On December 25, 2019, the President of Uzbekistan Sh. Mirziyoyev signed the Law "On Investments and Investment Activities" serves as a unified document that combines the main provisions of the laws "On Foreign Investments", "On Investment Activities" and "On Guarantees and Measures to Protect the Rights of Foreign Investors", which all lost their validity when the Law came into force in January, 2020.

FINDINGS AND RESULTS

In article is explained achievement sustainable development, increase income and improve conditions life of the population, in general, the socio-economic development of the country, during depends largely on the volume and structure of investments attracted in certain areas and sectors of the national economy. Therefore, the priority area of socio-economic development of any state will be aimed at creating an attractive resource of the country. In recent years, efforts have been made in the country to significantly improve investment processes, determine the procedure for the formation of state development programs, increase transparency and the effectiveness of the selection of projects, their financing. At the same time, the main areas of investment activity in Uzbekistan are: creation of enterprises for the processing of mineral and raw materials and agricultural resources; development of new industries producing import-substituting products; formation of a modern system of transport communications [1,70].

Assessing the investment climate in Uzbekistan as a whole as favorable, it should be noted that the degree of this favorableness at this stage is not high, and the



conditions for foreign entrepreneurial activity in the republic remain rather difficult. Foreign direct investment can serve as a mechanism for increasing the competitiveness of Uzbekistan in the world economy by using existing competitive advantages and introducing new ones. At the same time, an important condition for increasing the inflow of direct foreign investment advocates the implementation of public policy aimed to create stable conditions for the functioning of foreign investors in the national economy. Achieving this goal will contribute to increasing national competitiveness and more active integration of our country into the international economic system.

In this regard, it is interesting to separate the ways of the influence of foreign direct investment on the introduction of foreign technologies in recipient countries into direct and indirect. Degree of positive effect of FDI attraction on adoption foreign technologies in the FDI recipient country largely depends on the ability of local producers to improve the level of their use technologies influenced by the operation of enterprises with foreign investment, which depends on the level of human capital development in the FDI recipient country [2,12].

Attracting foreign investment and creating an investment climate is one of the main tasks of today's economic agenda of any state, including Uzbekistan. An important positive result of attracting foreign direct investment for the economy of the country - the recipient of FDI, can be the receipt and subsequent distribution of more advanced production and management technologies. When implementing foreign projects, investors, as a rule, they try to use the most favorable ratio of production factors available to them, including technologies in the form of patents, licenses, know-how. technologies can spread throughout the host economy. or adopting technologies used by foreign investors can likely to have a negative impact on development local companies that compete with enterprises with foreign investment and oust local producers from sales markets (if such companies are available), which in practice leads to the need regulating the degree of FDI incentives and developing comprehensive public policy stimulating desirable directions and limiting unwanted directions of attraction FDI [3,6].

Also, attracting FDI for the economy of the recipient country can lead to an increase in the rate of innovative development of the economy, before in total as a result of research and development work by an enterprise with the participation of foreign investments, and indirectly - due to the effect of competition, when national enterprises, competing with enterprises with foreign investment are forced to improve the technologies used. Thus, 68.4 trillion rubles were used in 2017 for the



development of the economy and social sphere of the Republic of Uzbekistan from all sources of financing UZS investments in fixed assets (in USD equivalent of USD 13.4 billion), or 120.4% to the level of 2016.

The volume of investments in fixed assets increased by 5.1 times compared to 1991, In 2000 by 6.6 times, in 2005 by 5.1 times, in 2010 by 2.0 times, in 2015 by 129.7%. At the same time, the share of investments in fixed assets in GDP in 2017 amounted to 26.9% and increased by 2.8 percent compared to last year. points (in 1991 - 18.8%, 2000 - 22.9%, 2005 - 19.9%, 2010 -24.6%, 2015 - 24.3%).

The share of the banking sector and other borrowed funds of the real sector economy in 2017 amounted to 13.3%, which is 1.8 percentage points more than in the previous year. The share of foreign investments and loans increased by 3.0 percentage points compared to last year, amounting to 25.1% against 22.1% in 2016 [4,14].

What influenced the growth of investments in fixed assets. So their volume is per capita in the Republic of Uzbekistan in 2017 amounted to 2,112.6 thousand.

Investments from the state budget were directed to the implementation of a targeted investment program, the goal which is the support of the social sphere and life support systems, development of the infrastructure of the Republic of Uzbekistan. At the end of the first quarter of 2018, the volume of foreign direct investment in the economy of Uzbekistan amounted to \$ 4.3 billion, which is 7.5% more than in the same period in 2017. During the reporting period, the main investor was the United States, which invested \$ 1.2 billion in the Uzbek economy or 28% of the total investment. In second place is China (10%), followed by the UK (10%), British Virgin Islands (8%), UAE (6%), Russia (6%)⁴ [5,81].

Based on the above, to enhance the role of investment in quality a necessary element of economic growth of the Republic of Uzbekistan, we offer: creation of advanced training courses for personnel on the basis of the Ministry of Economy and the State Committee of the Republic of Uzbekistan for investments in leading universities of the country that are directly involved in the implementation of investment projects; creation of enterprises with equity participation of foreign capital (joint ventures); creation of enterprises fully owned by foreign investors, their branches and representative offices; provision of tax incentives to investors that could increase investment attractiveness [6,43].

The Uzbek Government under the new leadership of the President Shavkat Mirziyoyev began the liberalization of economy by improving fiscal, trade, tax, investment policy, that was much welcomed by international financial institutions,



such as the World Bank, the International Monetary Fund, EBRD, and ADB. One of the important measures in this sphere was to start the convertibility of national currency in September of 2017. From the first days of his presidency Mirziyoyev commenced the policy of making the national economy more attractive for foreign investors by improving the investment climate in the country. The Uzbek government is working today with foreign consulting companies, investment banks and other international financial institutions to realize vast economic and social reforms. The Strategy of Actions on further development of Uzbekistan in 2017-2021 which was initiated by the President of the country plays an important role in regulating all these reforms and it serves as a roadmap to them [11].

The main features of the Strategy are:

1. The Strategy acknowledges the existing problems and challenges of all fields in today's Uzbekistan. Improving the investment climate, active attraction to the economy and provinces of foreign investment, especially foreign direct investment is one of the most important tasks of the Strategy;
2. This document was for the first time adopted through the direct dialogue between the Government and the people.
3. The Strategy is not just a document; it is the Guidance for dramatic changes, leading to modernization of the country.
4. Uzbekistan achieved significant results in the development of friendly and mutually beneficial relations with foreign countries, primarily with neighboring countries.

In particular, according to the Strategy "Priority areas of development and liberalization of the economy" the Project will provide its support in improving the investment climate to attract foreign direct investments to the economy and the regions to create jobs. The following results are expected in the new future:

- a) Focused on the international best practices development of proposals for further improvement of the legal framework for attracting foreign investments into the country, as well as analysis of scenarios of economic liberalization with an assessment of their impact on various segments of the economy and society.
- b) Support in strengthening capacities of members of the Parliament and specialists of government agencies in the field of attracting investments, as well as raising awareness of the general public about the reforms in this area.



CONCLUSION

Summarizing all the above mentioned it is possible to come to the following conclusion: despite the existing problems, dramatic changes have occurred in Uzbekistan. The Uzbek leadership has confirmed its innovative and effective internal and foreign policy, which is important not only for Uzbekistan, but also for its foreign partners interested in a stable and prosperous Central Asia.

Today the priority direction of the social and economic development of Uzbekistan like of any state of the world is aimed at the formation of an attractive investment environment. Therefore, for Uzbekistan consideration of the challenges of attracting foreign investment into Uzbekistan is of great importance in achieving sustainable development, increasing incomes and improving the living conditions of the Uzbek people.

The scope of investments is not only limited to the material production process, but also to socio-cultural fields, science, education, health, physical education and sports, information and communication, environmental protection, application of new technologies. At present, the main content of the agreement, which is beneficial for both sides, is indicated via existing subsidiary banks operating in our country, established on the basis of foreign investment, enterprises and organizations, which are specialized in certain specialities, branches of various well-known foreign institutions in the territory of the republic.

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