

The role and place of foreign investment in the development of the economy of Uzbekistan

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Abstract

This article analyzes the role of foreign investment in the further development of the economy of our country, the current state and prospects for development. The positive results that can be achieved through the creation of a favorable investment climate and the development of foreign investment were also highlighted.

Key words. Investment, foreign investment, investment climate, fixed capital investment, direct investment, portfolio investment.



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Introduction

Investments play an important role in the sustainable development of each country's economy. Our country has been pursuing an active investment policy since independence. Proof of this can be seen in the amount of investment in existing and planned programs and projects for the development, modernization, acceleration of scientific and technological progress, technical and technological re-equipment of the real sector and leading sectors of the economy. The share of foreign investment is especially important.

In particular, in the Resolution of the President of the Republic of Uzbekistan Sh.M.Mirziyoyev № PP-4300 on measures to further improve the mechanisms for attracting direct investment in the economy of the Republic "Development of ready-made investment proposals to attract foreign direct investment, wide use of investment and business forums, presentations and marketing companies, the organization of priorities for the implementation of public-private partnership projects, thereby contributing to the economy of our country", it is planned to increase the efficiency of attracting foreign investment, inform foreign investors about the opportunities and potential of the country and coordinate the activities of state and economic management bodies, local executive authorities in the field of attracting and attracting foreign investment. [1] In addition, in the Address of the President to the Oliy Majlis of May 24, 2020, special attention was paid to the consistent continuation of active investment policy for the rapid development of the economy, and a significant part of investments in 2020 will be foreign direct investment. and the availability of loans, the introduction of mechanisms for the partial payment of taxes to support investors, partial reimbursement of infrastructure costs, as well as public-private partnership, which is one of the most effective means of attracting foreign investment. He stressed the need for widespread application of partnership mechanisms in transport, energy, roads, utilities, medicine and education. [2] Attracting foreign investment, carrying out structural changes in the economy, production and diversification of competitive and export-oriented products and expanding economic opportunities, modernization of existing industries and sectors and ensuring the economic power of the state through the expansion of production serves.

Analysis of the relevant literature

Article 3 of the Law of the Republic of Uzbekistan on Foreign Investments, adopted on April 30, 1998, stipulates that all types of tangible assets invested by foreign investors in business and other activities not prohibited by law, mainly for the purpose of earning income (profit). and intangible assets and rights to them, including intellectual property rights, any income from foreign investment is recognized as foreign investment in the territory of the Republic of Uzbekistan.[3]

Economists of our country D.G`ozibekov, N.Kuziyeva conducted scientific research on the economic content of foreign investment.

In particular, Professor D.G`ozibekov's theoretical views on foreign investment state the following: "Foreign investment is the binding of the capital of one economic entity to another economy for a certain period of time, with a wide range of risks from domestic investment. in contrast, it is characterized by changes in legal conditions, the investment climate, and as a result, capital movements across countries and regions".[4] It follows from this view that while foreign investment is capital that moves beyond the borders of the national economy to another country, it provides a high level of return and differs from domestic investment in the breadth of its risk range.

On the importance of foreign investment in the scientific work of Doctor of Economics N.Kozieva: "Wealth of various kinds (movable, real estate, intellectual property, etc.) to countries exporting capital for future profit and the income received from them (profits, interest, dividends,

license and commission fees, royalties, maintenance and other bonuses) is called foreign investment".[5] According to the scientist, the classification of foreign investments based on their different characteristics more fully reflects their essence.

It is known from the above research that the development of the foreign investment and credit system leads to high positive results in the sustainable development of the economy in the context of the large-scale impact of foreign investment on the country's economy, the acceleration of effective international capital integration through active investment policy.

Analysis and results

The role of foreign investment in the development of the national economy is high, which is explained by:

- expansion of reproduction;
- Ensuring the competitiveness, quality and volume of national products by accelerating scientific and technological progress;
- development of social spheres;
- increase the economic potential and specialization of the regions;
- strengthening the international integration of the national economy through the import and export of investments;
- to solve the problem of unemployment to a certain extent;
- creating the necessary base for the industry and developing the processing of raw materials, etc.

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.

Factors such as the above are leading to an increase in the interest of foreign investors in our country and the development of investment activity.

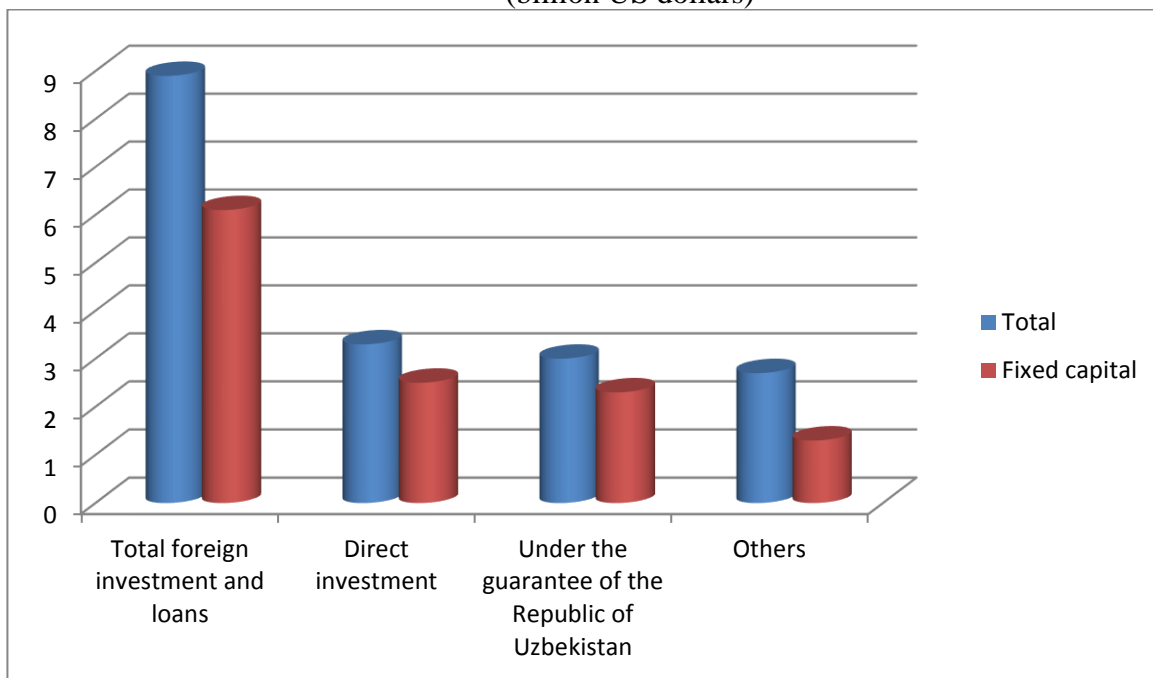
Distribution of foreign investment and loans by regions as of January-December 2019. [6]

№	Name of the region	The volume of foreign investments, bln. sum	Fixed capital investment in% compared to foreign investment
1	Republic of Uzbekistan	43854.0	45.7
2	The Republic of Karakalpakstan	2362.2	38.1
3	Andijan region	1434.2	35.2
4	Bukhara region	2863.1	52.9
5	Jizzakh region	2222.3	47.0
6	Kashkadarya region	11043.9	71.0

7	Navoi region	6287.3	38.9
8	Namangan region	3629.5	43.6
9	Samarkand region	1557.6	28.6
10	Surkhandarya region	1351.4	61.8
11	Syrdarya region	736.0	46.5
12	Tashkent region	1447.8	33.0
13	Fergana region	829.3	38.6
14	Khorezm region	1118.0	42.2
15	Tashkent city	6971.4	43.3

In particular, the volume of foreign investments in 2019 amounted to 43854.0 billion 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. [7]

Reduction of foreign investment and loans
 (billion US dollars)



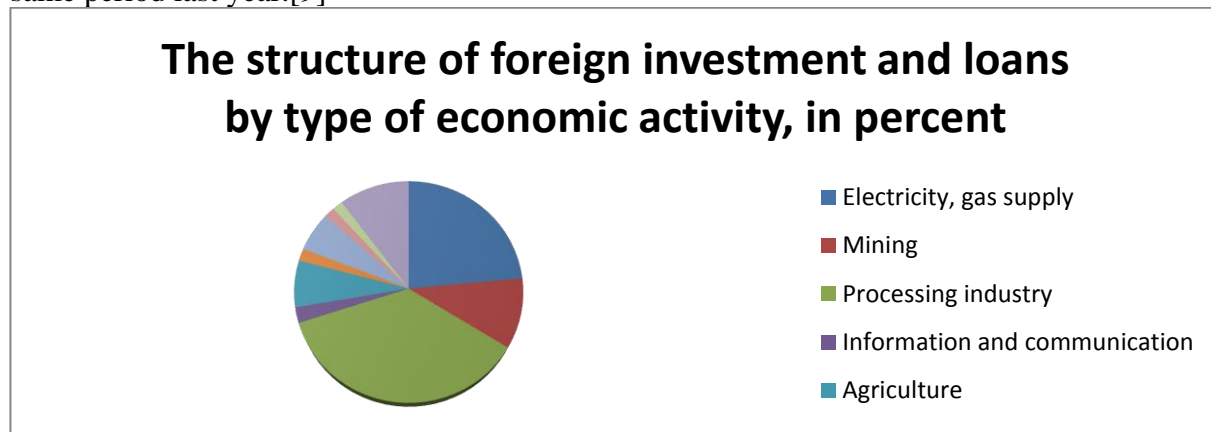
In 2019, a total of 8.9 billion. US dollars of foreign investments and loans were disbursed, of which 68.6% or 6.1 bln. The US dollar is the fixed capital. 37.0% or 3.3 billion soums of the total disbursed foreign investments and loans. USD of foreign direct investments, including 2.5 bln. The US dollar is a direct foreign investment in fixed assets. In 2019, 52571.0 billion. UZS or 39.2% of investments in fixed assets were attracted through foreign investments and loans. In the structure of total foreign investments and loans, foreign investments amounted to 25816.8 billion

soums. soums and the remaining 26754.2 bln. soums at the expense of foreign loans. At the expense of foreign direct investments in the current period 21448.4 bln. 11492.2 billion soums were disbursed. soums were used at the expense of other foreign investments and unsecured foreign loans. The growth rate of foreign investment and loans in fixed assets compared to 2018 was 2.4 times.[8]

Significant changes are taking place in the structure of the sector of foreign investment in the economy. As a result of the analysis of the structure of foreign investment and loans by type of economic activity, the types of economic activity that attracted the most foreign investment were: 1. Processing industry 36.2%; 2. Electricity and gas supply 23.5%; 3. The mining industry accounted for 10.3%. The type of activity with the lowest share of foreign investment is intimate sector, with the highest rate of 1.5% (health). In order to increase the volume of foreign investment in the social sphere in the future, it is necessary to develop investment projects and programs.

Also, the processing industry, which has the highest growth rate, was the least developed sector in terms of foreign investment in previous years. The growth rate in this area in 2016 was 27.4%, while in 2017 it was 14.8%. To date, the photos of positive growth show that the industry has developed to some extent. Similarly, the agricultural sector is gaining positive growth compared to previous years, the share of foreign investment in fixed assets by type of economic activity in agriculture was 1.6% in 2016 and 1.1% in 2017. formed. Today, the growth rate in agriculture is 6.8%. Although this is not a high result, it shows that the results are much more positive than in the past.

As a result of the improvement of the investment climate in our country, foreign direct investment is actively flowing into sectors of the economy and regions. In particular, as of January 1, 2019, 7,560 enterprises with foreign capital were registered, which is 2,043 or 37.0% more than in the same period last year.[9]



The development of foreign investments and the implementation of investment projects this year is also accelerating. In particular, the total volume of foreign investments disbursed in January-April 2020 amounted to 2.5 billion soums. Foreign direct investment amounted to 1.7 billion US dollars and foreign loans to 831 million US dollars. dollars. The growth rate of foreign investment compared to the same period in 2019 will be 1.6 times. The share of disbursed foreign direct investment in total investment also increased to 26%.

During the current period, 336 projects have been launched, including 8 large manufacturing enterprises and 328 industrial facilities of regional significance. On this basis, there is a growing trend in directing foreign direct investment and loans to projects of regional significance, with a total value of 958 million soums in the current period. dollars and increased by 2.6 times compared to the same period in 2019.

Production of electrical engineering (24 times increase compared to the same period in 2019), leather and footwear (2.5 times increase), oil and gas industry (2.3 times increase) and construction materials (foreign investment). growth is 1.6 times) and are the most attractive areas for investors. The total number of countries investing in the economy of our country is 37, and the leading countries in terms of investment are Russia, China, Germany and South Korea.[10]

Conclusions and suggestions

The growing volume of foreign investment in existing industries and sectors is the result of the great attention of the state to this area and the facilities created. Therefore, the promotion of enterprises attracting foreign investment to our country and the creation of the necessary conditions for them is very important in the implementation of future investment projects and programs.

It is expedient to take the following measures to intensify the attraction of foreign investment in our country:

- First, to reduce the impact of inflation on the growth of the cost of investment projects;
- Second, to attract foreign investment in the real sector of production, ie in the processing of raw materials;
- Third, to further improve the system of incentives in order to create a favorable investment climate for foreign investors, in particular, to reduce the tax burden and simplify the tax system;
- Fourth, strengthening the attraction of long-term, low-interest foreign direct investment and credit resources;

The practical implementation of the above proposals will allow to carry out structural changes in the economy of the country, continuous technical and technological renewal of production, consistent continuation of modernization and diversification of industry.

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