

International Loans and Investments in the Development of the Uzbek Economy in Recent Years

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Abstract

The article discusses loans to the Uzbek economy, international investment, the role of investment in economic development and the problems faced by foreign investors and ways to solve these problems.

Keywords: *international credit, investment, foreign investment, tangible, intangible, reinvestment, export, nomenclature, economic zone, national accounting system.*

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Introduction

From the first years of independence, Uzbekistan has set a specific direction for the development of the national economy. As a result of his timely understanding of the unique role of investment in the development and stability of the economy, there has been an increase in attention to investment, in particular, foreign investment, which today leads to the development of investment activity in our country. It should be noted that the development of investment activity today is the result of the prudent investment policy pursued by our government. Indeed, the words of the First President Islam Karimov, "Structural restructuring of the economy, expansion of export opportunities will be realized through a strong investment policy" [1]. but foreign credit and investment also play a role.

The main purpose of obtaining foreign investment and loans is to develop and improve the underdeveloped sectors of our economy.

The new Development Strategy of Uzbekistan for 2022-2026, adopted by the President of the Republic of Uzbekistan Shavkat Mirziyoyev, is also considered as one of the priorities. a number of tasks have been identified to ensure growth rates. Attracting foreign investment or obtaining loans from foreign institutions will expand the country's economy, introduce new technologies in such areas as manufacturing, services, produce products that meet modern standards, and create export-oriented goods.

Analysis of the relevant literature

The Law of the Republic of Uzbekistan "On Investments and Investment Activities" of December 25, 2019 defines foreign investments as follows: tangible and intangible assets and rights to them, including rights to intellectual property, as well as reinvestments. [1]

The general definition of foreign investment is given in the 2nd edition of F. Henius' Dictionary of Foreign Trade, published in the United States in 1947: "Foreign investment is an investment made from the territory of one country to the territory of another, exported." [2]

In addition, the book by Professors J.R.Zaynalov, S.S.Aliyeva and N.H.Ruzibayeva gives the following opinion about investment: investment - the circulation of material, financial and intangible assets for profit and their placement in the most productive sectors. In the context of modernization of the economy, investment flows are a stable source of funding to increase the country's long-term strategic plans. [3]

Sh.Q. Fozilchayev and N.G. Khidirov's book "Fundamentals of Investment and Leasing" defines foreign investment as follows: is their wealth. ” [4]

RR Tojiev's book on international currency-credit relations defines as follows: international credit is the movement of loan capital in the process of international economic relations in connection with the provision of foreign exchange and commodity resources on terms of repayment, maturity and interest. Creditors and borrowers are private enterprises (banks, firms), government agencies, and governments, international and regional monetary and financial institutions. [5]

Analysis and results

The role of investments and loans in the development of our economy is invaluable, as they allow us to expand our economy as follows:

- With the expansion of production, modern technology is used, which in turn saves resources and time, increases labor productivity;
- Small business and private entrepreneurship will develop and new jobs will be created;
- It will provide an opportunity to saturate the domestic market in our country, which will increase competition in the commodity market, the more competition, the higher the quality of goods and products, lower prices;
- The introduction of new technologies will allow to recycle resources, which will prevent pollution, which is one of the global problems;

On January 5, 2013, the Deputy Prime Minister of the Republic of Uzbekistan - Minister of Investment and Foreign Trade S.Umurzakov discussed the results of investment and foreign trade activities in 2021 and measures to further stimulate investment in 2022 and increase exports. The results of the year were announced, including a total of 254 trillion soums of investments. soums (\$ 23.5 billion), an increase of 109% compared to 2020, of which foreign direct investment amounted to \$ 8.6 billion.

During the reporting period, 318 large investment projects worth \$ 5.9 billion were implemented under the state investment program, and 15,710 investment projects worth \$ 7.4 billion were implemented under regional investment programs. As a result of these projects, a total of more than 275,000 new jobs have been created. [6]

Despite the above-mentioned achievements, our economy still faces a number of challenges, including the fact that any financial institution or investor, when investing in another sector of production or services, focuses primarily on its financial results. financial statements. At present, the transition to international standards of the financial accounting system for several business entities in Uzbekistan from the end of 2021, including the list of persons who will be required to prepare financial statements on the basis of IFRS from the end of 2021. It includes joint stock companies, commercial banks, insurance companies and legal entities included in the category of large taxpayers. They are:

- ✓ from January 1, 2021 to organize accounting on the basis of IFRS;
- ✓ They will be provided with sufficient accounting staff to ensure the quality of international standards. [8]

However, these decisions are not enough. These measures need to be further improved. The transition to world standards should be accelerated and introduced not only to large commercial organizations, but also to small businesses. Attention should also be paid to the problems.

In addition, in order to increase the investment attractiveness of our country, it is necessary to create sufficient conditions for investors to provide them with legal and economic support. Such support is reflected in the decree of the President of the Republic of Uzbekistan on additional measures to encourage foreign direct investment.

It should be noted that over the years of independence, Uzbekistan has created a favorable investment climate, established a system of a wide range of benefits, advantages and guarantees by law to protect the rights and interests of foreign investors.

As a result, more than 4.2 thousand enterprises with foreign investment have been established and are successfully operating in the leading sectors and industries of the economy. More than

3.0 billion foreign direct investments is attracted annually, accounting for more than 26.6% of the total investment in the country's economy. This is a clear indication of the growing interest and confidence of foreign investors in the stability and maturity of the economy of the republic, the prospects for its development.

Exemption from land tax, property tax and water use tax, depending on the volume of foreign direct private investment, entered in the period established by the decree of the President of the Republic of Uzbekistan tax benefits are provided. [9]

Such benefits have shown their effectiveness, especially in 2017-2021:

- ✓ The number of enterprises and organizations with foreign capital amounted to 1371;
- ✓ The number of countries investing in the economy of Uzbekistan has exceeded 50;
- ✓ The number of free economic zones in the regions has reached 21, 281 investment projects worth 1690.3 million US dollars have been implemented in the country;
- ✓ The export nomenclature includes 74 new types of products, and the geography has expanded to 42 countries;[10]

As part of the first interregional forum of the two countries, which took place on October 19, 2018 in Tashkent with the participation of Presidents Vladimir Putin and Shavkat Mirziyoyev, Russia and Uzbekistan signed about 800 trade and investment agreements worth \$ 25 billion? Memorandums were signed.

Russia and Uzbekistan have signed a similar economic cooperation program for 2019-2024. An action plan (15 sections and 82 items) and a list of 109 promising projects have been developed for its implementation.

Uzbekistan ranks fourth among the CIS countries in terms of trade with Russia. Last year, bilateral trade grew by 34%. In the first nine months of this year, Mirziyoyev said, that figure had risen by 30 percent to \$ 6 billion by the end of the year. billion dollars - said the President of Uzbekistan. The next target is \$ 10 billion. [11]

Therefore, it is necessary to intensify this work. The main costs for the investor from the company's income are raw materials, taxes and other fees for the creation of the product, so investors should be given certain benefits until they find their place in the market, because everyone who can find a place in the market The business entity contributes to the economy of the country.

The European Bank for Reconstruction and Development (EBRD) has provided a total of \$ 210 million to four commercial banks in Uzbekistan under the Trade Finance Facility. Dollars in credit line.

New permanent limits on trade financing The four largest banks in Uzbekistan - Asaka Bank (\$ 60 million), Ipoteka Bank (\$ 30 million), the National Bank (\$ 40 million) and Uzpromstroybank (\$ 80 million) - provide local enterprises with better inventory management and longer-term sales. Allocated for planning purposes.

The EBRD's Trade Finance Facilitation Program is currently working with seven local banks in Uzbekistan to help their private corporate clients, including small and medium-sized businesses, trade internationally. Since resuming operations in Uzbekistan in 2017, the Trade Finance Facility has facilitated more than 1,000 trade transactions worth more than € 700 million.

To date, the EBRD has invested more than 2.92 billion euros in 108 projects across Uzbekistan. [12]

Conclusions and suggestions

The contribution of investments to the economy is huge, which is why the new enterprises created by attracting foreign investment and loans are the direct result of measures taken by the state to support this sector. However, today we need to take full advantage of these benefits and conditions to attract new investors and creditors, improve and develop it by introducing the necessary investment climate for them. In addition to these reforms, the following measures should be taken:

- ✓ Reducing the tax burden on investors, simplifying the tax system for investors;
- ✓ Reducing inflation, ie reducing the impact on investment projects;
- ✓ Creating a system to support investors;
- ✓ We make financial reporting mandatory for all economic entities at the micro and macro levels
- ✓ Expanding the conditions for attracting investment in the development and implementation of innovative ideas and technologies;
- ✓ We must support research and innovation projects.

Using the above suggestions and comments, we can expand the investment activity of our economy.

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