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The Economic Importance of Increasing Investment Projects in the Creation of Competitive Industrial Chains

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Abstract: The article emphasizes the socio-economic importance of creating competitive production chains and increasing investment projects, as well as the socio-economic significance of increasing investment projects by attracting investors.

Keywords: competitors, production chains, investment, investment climate, direct investment, investors.

Introduction

Between 2017 and 2021, there are plans to implement industry programs for 649 investment projects estimated at \$40 billion. It was noted that over the past 5 years, industrial production will increase by 1.5 times, its share in GDP - from 33.6% to 36%, the share of manufacturing - from 80% to 85% ¹.

Over the past 5 years, based on the priorities set by our head of state, one of the main tasks has been to ensure the country's economic growth, taking measures to combat various threats and crises by creating competitive production chains. One of the urgent tasks is to ensure that all sectors and services function to ensure economic growth in the country's manufacturing sector.

Review of relevant literature

The head of state must ensure high economic growth in the country in the coming years. Economic growth requires constant ownership of new goods production and moving up the global production chain.

The expansion of investment projects is critical to the country's economic growth and the creation of competitive production chains. In this regard, the development and effective implementation of investment projects, taking into consideration the resource potential of the country will serve to deepen the structural reforms in the industry, increasing its competitiveness through the modernization and diversification of key sectors of the national economy.

¹ Presidential Decree of the Republic of Uzbekistan "On the strategy of actions for the further development of the Republic of Uzbekistan". «People's word» N.// 08.02.2017 №28 (6722).

The country is taking comprehensive measures to further intensify its investment policy, including the modernization and organization of high-tech industries that ensure deep processing of local raw materials and the production of finished products with high added value. Much work has been done to radically improve and simplify mechanisms for implementing investment projects, attracting and expanding investment, especially foreign direct investment².

Analysis and results

According to the Investment Program of the Republic of Uzbekistan for 2020-2022, developed by the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan together with the relevant ministries, departments and other organizations, 850.5 trillion soums of investments, including 35.5 billion in U.S. dollars summary forecast of development parameters of capital investment in 2020-2022, providing for the development of foreign investments, as well as the development and attraction of investments and loans in 2020-2022, the commissioning of large production facilities and capacities in 2020, which will result in the creation of 206 new production facilities and more than 31 thousand jobs.

With government support, the country is working positively to develop industry and attract direct investors. In particular, investment relations with the World Bank, the European Bank for Reconstruction and Development, the Islamic and Asian Alliance Banks, and other international financial institutions are changing for the better. In addition, foreign investment was \$6.6 billion in 2020.³

Along with investments in economic growth, new technologies and best foreign practices, highly qualified specialists will be introduced into various sectors, industries, regions and small businesses and entrepreneurship will rapidly develop.

Foreign investment is mainly used to solve financial problems. The use of funds by foreign financial corporations in order to obtain high returns, including short-term investments, leads to the establishment of material interests. Such investments are often based on the capital of private entrepreneurs, who sometimes issue their own securities and buy foreign securities.

Our country is now one of the countries ready for the inflow of foreign investment. Reforms in our country can be a direct factor in direct political stability, peacemaking, positive changes in macroeconomic indicators, tax incentives and the inflow of foreign investment. It is no coincidence that the existence of such a situation arouses great interest among foreign investors as well.

Uzbekistan is partnering with foreign investors on the basis of equal economic relations. Any investment is not allowed into our country. If incoming investment creates great opportunities for the development of our economy, such foreign investment will be among the first to come to our country.

World experience shows that without forming a favorable investment climate and actively attracting foreign investment in the national economy, countries transitioning to a market economy cannot successfully integrate into the global economic community.

² Presidential Decree of the Republic of Uzbekistan "On Measures to Implement the Investment Program of the Republic of Uzbekistan for 2020-2022". January 9, 2020, PD-4563..

³ <https://mift.uz/uz> - Ministry of Investment and Foreign Trade of the Republic of Uzbekistan.

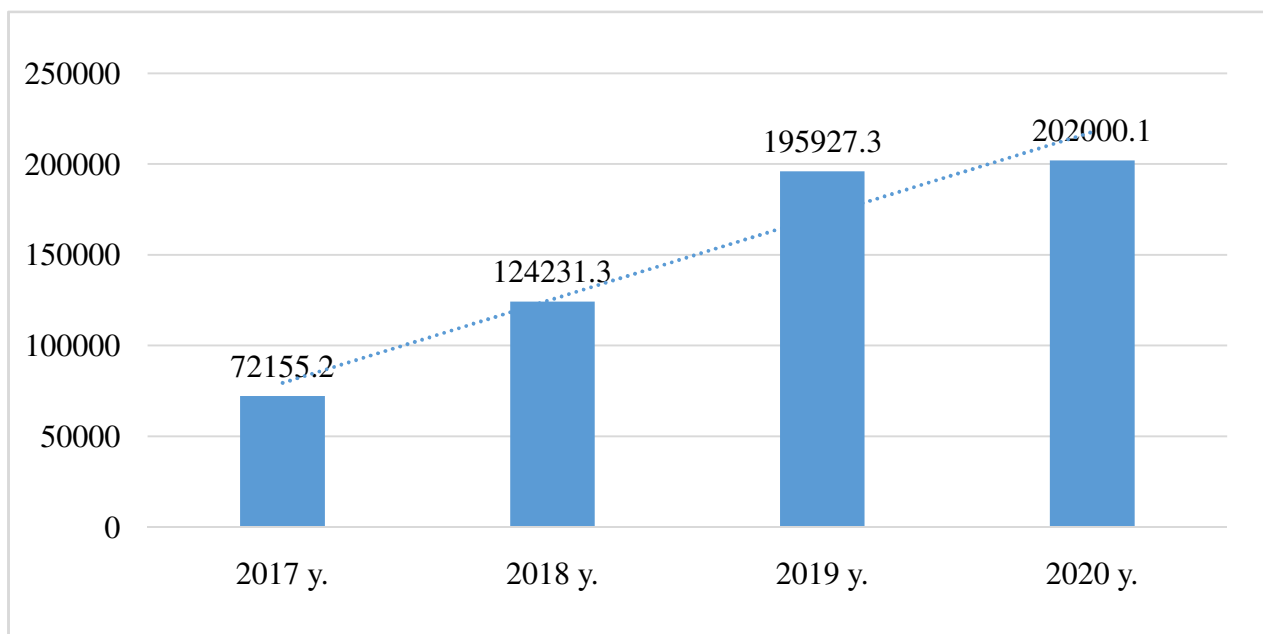


Figure 1. The volume of investment in fixed capital in 2017-2020 (in current prices, billion soums)⁴

The consistent approach of the leadership of Uzbekistan to the denationalization and privatization of property, the development of entrepreneurship and business creates real conditions for enhancing the process of attracting foreign investment to the country's economy.

The total volume of investment in fixed capital in the Republic of Uzbekistan in 2017 amounted to 72,155.2 billion soums, in 2019 - 19,927.3 billion soums, in 2020 - 202,000.1 billion soums. At the end of 2020 the growth will be 2.8 times compared to 2017 (figure 1).

At the end of 2020, loans and other borrowings from commercial banks amounted to 28520.9 billion soums (14.1% of total investment in fixed capital, which is 0.3 percentage points more than in 2019), foreign loans against the guarantees of the Republic of Uzbekistan amounted to 22467.1 billion soums (a decrease of 11.1% and 3.1%), unsecured and other foreign investments and loans amounted to 3,539.4 billion soums (an increase of 17.6% and 7.7% respectively), the reconstruction and development fund decreased by 1,814.6 billion soums (0.9% and 2.5% respectively), The republican budget decreased by 13,081.3 billion soums (6.5% and 2.5% respectively), investments in fixed capital to the amount of 1947.2 billion soums (growth of 1.0% and 0.1%) were made from the fund for development of water supply and sewerage systems.

Analysis of factors and sources of economic growth in the country shows that during the pre-crisis period high rates of economic activity were achieved mainly due to the acceleration of export potential, the volume of investment in the economy, the planned and gradual renewal of the economy.

Economic growth was provided by deepening and expanding economic liberalization, stabilization of the foreign exchange market and rapid development of small businesses and private enterprise.

The economic and social importance of creating competitive production chains and increasing investment projects is growing, especially as a result of deeper processing of raw materials, the implementation of structural policies aimed at increasing the share of high value-added goods, reducing the share of agriculture and industry, services is observed increasing the share of industries.

⁴ <https://stat.uz/> - Data from the State Statistics Committee of the Republic of Uzbekistan..

Conclusion and suggestions

Measures taken to ensure the economic growth of industrial sectors of the country, the creation of competitive production chains and increase investment projects, as well as technical and technological modernization of enterprises, expanding the range of products and further enhance the marketability of competitive industries serves to create.

The economic and social importance of creating competitive production chains and increasing investment projects in the industries of Uzbekistan is growing, especially as a result of deeper processing of raw materials, implementation of structural policy aimed at increasing the share of goods with high added value is observed in the share of demonstration areas.

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