



Issues of Improving the Attraction of Foreign Investment in the Economy of Uzbekistan

¹ Madreymov A.

² Ibragimov A.

Received 16th Jun 2023,
Accepted 19th Jul 2023,
Online 4th Aug 2023

Abstract: This article examines the role and importance of foreign investment in the economy of the Republic of Uzbekistan, the direction of attracting and regulating foreign investment, its legal framework, as well as the current state of attracting foreign investment to the territory of the country.

Key words: economy, investment, investor, production, guarantee, state, capital, economic zone.

¹ Associate Professor of the Department
"Finance" of Karakalpak State University

² 3rd year student of the direction "Finance and
Financial Technologies" of Karakalpak State
University.

In modern conditions, one of the important pillars of the development of the economy of each country is the attraction and effective use of foreign investment in the economy. In this regard, important and strategic work is also being carried out in our country.

In accordance with the Law of the Republic of Uzbekistan "On Investments and Investment Activities":

- foreign investments are those that are made by a foreign investor in the objects of the social sphere, entrepreneurship, scientific and other activities, tangible and intangible benefits and rights to them, including intellectual property rights, as well as repeated investments;
- foreign direct investment - investments of a foreign investor at the expense of own or borrowed funds under conditions of risk, without state guarantees.

It is appropriate to study the experience of such countries as China, South Korea and Malaysia, which have created an effective system for attracting foreign investment into the economy of the Republic.

Because the organization of free economic zones in all these states was founded in the second half of the last century. As a result, the aforementioned States are now among the progressive States of the world. Today there are 8 free economic zones in South Korea. According to South Korean law, a foreign investor allocated \$10 million to the EEZ (exclusive economic zone). By investing in dollars and above, you will receive income and corporate tax benefits for seven years and 50% of these taxes for the next

three years. In addition, employees and managers of foreign enterprises operating in the country are exempt from income tax by 30%. Another important feature is that research institutes receive \$5 million. if a dollar is invested, the investor is allowed to receive subsidies in the form of cash.

According to the legislation of Malaysia, there are two different types of EEZs in the country, namely free trade zones and free industrial zones operating on an ongoing basis. There are 25 EEZs in Malaysia, of which 11 are considered free economic zones and 14 are industrial zones.

World experience shows that no matter which state pursues an active investment policy, it has achieved sustainable growth of its economy.

Of great importance is the rise of the country's economy, the construction of new enterprises equipped with modern technologies, as well as attracting foreign investment for reconstruction. First of all, it imposes responsibility for solving the most important social problems, such as employment of the population, increasing their wages and incomes. Therefore, one of the most important issues is the economic stimulation of enterprises that attract foreign investment to our country and the creation of the necessary conditions.

It is impossible to carry out and modernize structural changes in the economy, re-equip enterprises with modern technologies and establish competitive production without attracting foreign investment, especially without expanding the participation of foreign investment in leading industries. Attracting foreign investments into the country's economy is important for accelerating the expansion of its economic opportunities and ensuring the economic power of our state by using domestic opportunities and reserves in all areas, mastering new technologies and technology parks, goods that are not subject to export, and establishing their production.

There are factors that determine the attractiveness of a country's economy for attracting foreign direct investment, and they are divided into the following groups:

- market factors (domestic market and export opportunities);
- availability of rich natural resources;
- factors of production costs;
- investment environment;

In order for the volume of foreign investments to increase, it is necessary that a favorable investment environment be formed in the country. The more favorable business environment is created for investors in the country's economy, the more foreign investments enter the economy, the more interest and trust foreign investors will also feel in investing in the country's economy. On the basis of increasing the volume of foreign investment, it is possible to achieve rapid development of the country's economy.

In the socio-economic development of territories, the importance of implementing foreign investment projects is considered significant.

It is appropriate to cite the following advantages:

Firstly, with the support of foreign investments, modern technologies and developments are being introduced at enterprises, the production of export products is developing.

Secondly, it is possible to establish the production of products that replace imports, for this, in the end, it is possible to improve the standard of living of the population by directing foreign investments into the leading sectors of the economy.

Thirdly, the development of small business and private entrepreneurship and the acceleration of agricultural production increase the chances of providing jobs to the growing population.

Fourth, the production capacities of enterprises are becoming obsolete, the material and technical base is being updated, and they are technically re-equipped.

Fifth, enterprises for processing natural resources will be built.

Foreign investment, first of all, is the role of direct investment in the implementation of programs to further deepen structural changes in the economy, accelerate the investment activity of enterprises, modernize production, technical and technological re-equipment.

World experience has shown that the implementation of economic reforms is ensured by the effective implementation of investments, in particular, investment projects in various fields, into practice. Depending on the size of the investment projects being implemented, conclusions can be drawn about the changes and shifts taking place in the economy.

In our country, the Government regularly implements a number of important measures aimed at developing this process. In particular, serious changes were made to a number of legislative acts and other legal norms in order to improve the fundamentals of legislation on investment activities.

According to the decree of the President of the Republic of Uzbekistan dated January 8, 2019 PF-5614 "On additional measures to further develop the economy and improve the effectiveness of economic policy", measures to create a favorable investment climate in the near future are set as follows:

- development of a "roadmap" to improve the investment environment;
- adoption of the foreign direct investment strategy and the investment Code, taking into account the best international practices;
- first of all, direct foreign investments to take measures to identify systemic problems that hinder the attraction of investments;
- further improvement of the institutional framework for working with foreign investors;
- improving the efficiency of Special economic Zones.

The implementation of these works and a number of measures, in turn, entails the search, formation of sources of material, financial, intellectual investments in large volumes and the establishment of investment activities that are new and convenient for Uzbekistan as a whole. The State regularly implements a number of important measures aimed at developing this process in the current conditions, in particular, the legal framework for investment activities has been developed.

Laws and regulations have been created that provide various guarantees to investors attracted from abroad, and they are being improved as the market economy continues to develop. Attracting and financing investments is a much more complex process. Sufficient experience has been accumulated in attracting and financing investments at the international and national levels. Financing of investments will largely depend on the development, level and economic situation in the country, economic policy, legislation, infrastructure for attracting investments. The availability of rich resources of high-quality raw materials in our country is manifested in the extreme need of our economy to attract investment and, at the same time, in the fact that we need to pay attention to the production of finished products from the resource base of raw materials.

The goals of socio-economic development of Uzbekistan are fully reflected in its investment policy.

When attracting and regulating foreign investments in Uzbekistan, the legal basis is the laws of the Republic of Uzbekistan "On foreign Investments", "On guarantees of the rights of foreign investors and measures to protect them", "On investment activities" and other documents of the law.

As defined in the decree of the President of the Republic of Uzbekistan "On the development strategy of new Uzbekistan for 2022-2026" dated January 28, 2022, PF-60, special attention is paid to macroeconomic issues of improving the attraction of investments from the global investment market to our country, in this regard, the following goal is set: "invest in the country to further improve its environment and increase its attractiveness, take measures to attract 120 billion US dollars, including 70 billion dollars of foreign investment, in the next five years."

At the first stage of the implementation of economic reforms, according to the experience of Uzbekistan, the creation of a favorable investment environment for the broad attraction of foreign investment in the country's economy became the focus of the government's foreign economic activity.

Attracting foreign investments into our economy is not only the simultaneous implementation of new promising projects in cooperation with foreign partners – first of all, the introduction of new modern equipment, machines and tooling, technologies and know-how is aimed at ensuring the quality of products manufactured on this basis.

References:

1. The Law of the Republic of Uzbekistan. "On investments and investment activities". December 25, 2019.
2. Decree of the President of the Republic of Uzbekistan No. 5614 dated January 8, 2019 "On additional measures to further develop the economy and improve the effectiveness of economic policy".
3. Decree of the President of the Republic of Uzbekistan No. 60 dated January 28, 2022 "On the development strategy of new Uzbekistan for 2022-2026".
4. Almatova D. Important directions of attracting investments to the regions. "OZIYA" - "EVU " 1/2012.
5. Mustafakulov Sh . Attractiveness of the investment environment. Scientific and practical manual. Vol. - 2017.
6. Keynes J.M. (1936) The General Theory of Employment, Interest and Money,
7. Book IV: The inducement to invest. Macmillan. pp. 472 (2007 Edition).