



## Investment Policy as a Tool for Ensuring the Economic Security of Uzbekistan

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**Abstract:** The article discusses the relationship between investment policy and the country's economic security, shows the role of investment policy in the context of the impending global economic crisis in ensuring the country's economic independence, anticipating and overcoming the consequences of the economic crisis. The necessity of developing an investment policy in Uzbekistan is substantiated, an approach to its formation, structure, main aspects and directions of investments is proposed. In the field of real investment, it is proposed to focus on the development of industries that ensure the acceleration of scientific and technological progress. Proposals for the further development of the financial markets of Uzbekistan are given.

**Key words:** economic crisis, economic security, investment policy, real investments, financial markets, securities, credit institutions, legislation.

The impending new global financial and economic crisis and general political and economic instability in the world pose a number of serious challenges for the leadership of all countries in terms of ensuring socio-economic security, maintaining and strengthening economic independence. Therefore, research to determine ways for the further development of one's country is of particular relevance for scientists, economists and specialists in other fields. The crisis is an objective phenomenon and the entry of the world economy into this state in the context of globalization and the international division of labor is inevitable. At the same time, the crisis, in addition to its negative consequences, is of great importance for the transition of the world economy to a new technological level. Moreover, in the context of globalization, it gives developing and catching-up countries a chance to develop new markets with less effort, where the positions of developed countries are weakening in the context of the global economic downturn. This will increase their competitiveness in world markets, and, consequently, their economic sustainability.

Each such country must determine its own strategy of behavior and develop a roadmap (program) for its development. If we talk about Uzbekistan, then in this country a specific and comprehensively justified

program of action for economic transformations should be developed, aimed at introducing market relations into the economic mechanism and the entry of the republic into international community on competitive capable basis. The implementation of this task requires a radical restructuring of all sectors of the national economy, which, in turn, involves the implementation of significant investments. Solving this problem involves identifying priority areas for investment and using effective sources of financing the proposed costs. This, in turn, represents an investment policy, on the effectiveness of which the success of all socio-economic transformations in the country depends. Therefore, the development of such an investment policy is an objective necessity and very relevant in the context of the global economic crisis.

It should be noted that investment policy is understood in a broad and narrow sense. In a broad sense, investment policy is a complex of consistent ongoing activities, which include: the formation of an investment concept based on a scientifically proven idea or system of ideas, the development of a strategy for implementing the concept, investment policy (in the narrow sense), as well as an investment program. The investment concept of the state determines the key idea and main directions (areas of the economy, industry, sector) of economic transformation and should be developed for a period of 20-25 years.

The concept determines the priority distribution of investment resources and determines the future structure of the country's economy, both in a sectoral and territorial context. The period of formation of an investment strategy depends on: the ability to forecast the state economics (on average 10-15 years); by industry - in the field of retail trade, services, production of consumer goods, the formation of a strategy is shorter (on average 3-5 years), in the extractive industries (5-10 years). An investment strategy is usually implemented in several stages, which are implemented through investment policy (in the narrow sense). In other words, investment policy is a tactic for implementing strategic policy. It is developed for a period of 3-5 years nationwide and from 1 to 3 years in economic sectors according to the following criteria: consistency in goals, directions and stages of the entire strategy; internal balance; consistency with the external environment; feasibility of the policy taking into account the available resource potential; acceptability of the level of risk associated with the implementation of the policy; the effectiveness of investment policy, based on determining the economic efficiency of its implementation. The idea of economic diversification should be taken as the basis for the investment concept of our country. At the same time, diversification should concern both economic sectors in general, and each industry, each enterprise and each region in particular. In other words, the goal is to reduce the country's dependence on imports, to saturate the market as completely as possible at the expense of domestic producers, and to create a wide range of products for export. It should be emphasized that diversification concerns basic industries and industries producing means of production. The development of the latter formed the basis of the investment strategy at this stage of economic forms. In addition, further radical development of the chemical, oil and energy industries is envisaged, and these are the main sectors that ensure the acceleration of scientific and technological progress, on the state of which the entire economic development of any, even developed, country depends.

Unfortunately, in Uzbekistan, the investment policy is formulated within the framework of the country's development strategy in general terms for the period until 2030, and not as a separate document. The planning system is not focused on long-term plans at the level of ministries and departments, and enterprises are required to develop annual business plans. The tensions that have arisen between blocs of developed countries in the world necessitate the creation of the foundations of economic security in Uzbekistan, which involves the priority development of the following strategic sectors of the economy: mechanical engineering, the fuel and energy complex, the chemical industry, the high-tech industry, and digitalization of the economy. The development of these industries in the republic will create a powerful basis for future economic development based on market relations, will allow it to withstand uncertainties in world politics and economics, as well as pressure from developed countries (primarily the United

States and the European Union). At their core, these industries determine the development of scientific and technological progress, and their development has always been placed at the forefront in the Soviet Union abandoning communist ideology does not mean abandoning the reasonable ideas of that system. The development of mechanical engineering does not involve the screwdriver assembly of cars, as is now done in the republic, but the creation of a whole range of machine-tool production facilities. The difficulty in solving this problem is the weak level of development of ferrous metallurgy in the country and the low quality of the products they produce. In our opinion, the problem can be solved by modernizing the ferrous metallurgy, creating new production facilities based on modern technologies, as well as using non-ferrous metals and composite materials in the production of equipment. The development of the fuel and energy complex implies a gradual transition to non-carbon energy sources. For the conditions of Uzbekistan, these are nuclear energy, wind and solar power plants. As practice shows, the most popular commodity in the near future will be electricity, and therefore a country that has these resources will have advantages over other countries.

Separately, issues of transformation of the banking sector of the economy should be addressed. First of all, resolve issues of international settlements by joining alternative settlement systems to SFIFT, reassess the structure of gold and foreign exchange reserves, and develop mechanisms for their effective management. In addition, it is necessary to actively introduce new instruments for investing in the fixed capital of manufacturing enterprises: forfeiting, operational leasing, etc. to modernize the active part of production assets. In Uzbekistan, forfeiting operations are not used, and the Leasing Law allows only financial transactions, vom leasing. Particular attention is paid to the development of financial markets in Uzbekistan: the stock, foreign exchange and derivatives markets, which form the financial and material basis for the functioning of the domestic economy, are a source of economic growth and an indicator of the level of its development.

In Uzbekistan, the level of development of the financial market as a whole and in particular of all its segments is insufficient for the existence of full-fledged competition both within the segments of the financial market and between the segments themselves within the country, as well as to ensure the competitiveness of the country's economy in the world market.

The financial market segments are not interconnected, their boundaries practically do not intersect, and some financial instruments are not convertible into others. All this indicates that market mechanisms for managing the economy are weak in the republic, without the activation of which it is impossible to achieve the effective functioning of financial market segments. This necessitates a multidimensional structuring of the financial market, which involves, first of all, solving the fundamental mental problems of the financial market as a whole. In this regard, we agree with the opinion of foreign experts that imperfections in the financial market can increase the savings rate and, therefore, limit the possibilities of household income farms in consumption during the life cycle.

In this regard, the following measures are proposed to improve state regulation of competition in financial markets:

1. Develop a regulatory document that would combine the entire conceptual apparatus, revealing the essence and structure of the financial market, as well as government measures to protect competition in the financial services market, because currently in law there is a large number of positions missing neither, reflecting not only the protection of competition in the financial services market, but also the essence of financial markets and financial services, etc.
2. Based on an in-depth analysis of the current state of development of financial markets, summarize the factors hindering their development.

3. Create a market for derivative financial instruments, serving the stock, currency and commodity markets, as an independent segment of the financial market.
4. Prepare the necessary economic basis for the introduction of a mega-regulation system in the republic.
5. Develop and approve a set of criteria for assessing the state of competitive relations and effectively identifying monopolism in financial markets.

International experience shows that with the help of a regularly operating securities market, it is possible to flexibly redistribute funds between industries, concentrate them on the most promising areas of scientific and technological progress, that is, help accelerate and optimize structural changes in the national economy. Research has shown that the measures proposed by specialists from various ministries and departments to develop this market are fragmented or affect improvements only in certain aspects of the functioning of the stock market. An analysis of the current situation in the domestic stock market and a study of the experience of foreign countries showed that in order to form a competitive financial market it is necessary to develop a set of interrelated measures to improve it.

First of all, an approach to this process should be formulated and scientifically substantiated. To do this, you need to determine in whose interests and for what purposes the improvement is carried out. If we proceed from the premise that Uzbekistan is an open country for investors, then it is the satisfaction of their interests that should be the basis for reforming the stock market, which involves improving all legislation in the field of investment and regulation of the securities market.

The main motive for investing is to obtain a profit, the amount of which provides the necessary profitability. Therefore, the development of competition in financial markets can be achieved by expanding the rights and protecting the interests of investors (suppliers of financial resources to the financial market), financial intermediaries and other participants in all segments of the financial market, by creating equal conditions for their activities. It is in this direction that it is necessary to improve the legislation of Uzbekistan. First of all, this applies to the legislation regulating investment activities in the republic. On December 25, 2019, Uzbekistan adopted "On Investments and Investment Activities," which is essentially a mechanical unification of several previously adopted laws that regulated activities in this area. As a result, it automatically included all the shortcomings, inaccuracies and contradictions contained in the old legislation, which were disclosed in our previously published articles.

In order to radically improve the situation on the stock market, it seems advisable to implement the following measures:

1. Expand privatization and reduce the state's share in the economy, as the most ineffective and careless owner. To do this, it is necessary to completely remove from state control all non-strategic sectors and some enterprises in strategic sectors of the economy.
2. The gradual decrease in the number of joint-stock companies also reduces interest in this market. At the beginning of the 2000s, there were about 5,000 of them operating in the republic. Currently, there are less than 600 left. As of the beginning of 2022, there are only 131 joint-stock companies operating in the republic, in which there is no state share. At the beginning of 2017 there were 218 of them, i.e. Joint-stock companies not only with a state share are being reduced. The main reason is the very high costs associated with mandatory audits, compliance with the corporate governance code, etc., therefore, at present, joint-stock companies are the most unprofitable organization organizational and legal form of activity.
3. The limited types of securities traded on this market have a negative impact on the attractiveness of the securities market. In Uzbekistan, only two types of securities are traded on the stock market: shares and corporate bonds; the legislation of the republic does not allow the right to give these securities special properties, which also reduces their attractiveness for investors.



To further develop competition in the credit market, it is advisable to implement the following measures:

- improving the system for stimulating the creation of new non-bank credit institutions by individuals and legal entities, creating a fund for guaranteeing deposits of individuals and legal entities in non-bank credit institutions;
- creating conditions for increasing the credit resources of microcredit organizations, in particular opening them access to credit resources of the Central Bank and state extra-budgetary funds;
- consideration of the possibility of resuming the activities of credit unions, conducting a comprehensive analysis of the shortcomings and omissions that occurred in their activities, developing proposals for the re-establishment of these organizations on new conditions for the implementation of their activities;
- development of a draft Law “On Non-Bank Credit Institutions” based on proposals from the World Bank, taking into account new types and participants of microfinance;
- determination of the authorized government body for coordination and development of the activities of leasing companies (Central Bank or Ministry of Finance).

In our opinion, the implementation of the proposals made above will reduce the country's risks in anticipation of the impending global economic crisis, ensure uniform development of the economy of Uzbekistan in general and the regional aspect in particular, strengthen economic independence and contribute to the growth of its competitiveness in the world market.

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