

Investment Climate and Its Attractiveness in The Economy of Uzbekistan

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Abstract

Investments are one of the main directions of economic development of any state and its production. In the conditions of economic liberalization, the activation of the flow of foreign and domestic investment into the spheres of the national economy is the main factor that initiates a new stage of economic growth. This article also talks about the role of investments in our country, the work carried out to create a stable investment environment for the entry of investors. Statistical data in this regard have also been thoroughly studied and analyzed.

Keywords: investment, foreign investment, investment environment, attractiveness of investment environment, forms of investment,

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Investments, including foreign investments, play an invaluable role in the development and introduction of innovations in the production of the national economy and in ensuring macroeconomic stability and high rates of economic growth in the economy of our country. Increased attention to investment has led to the development of investment activity in the country and the improvement of the investment climate. The attractiveness of the investment climate in our country is assessed by the presence of large sales markets, the development of transport infrastructure integrated into the multistructural communication system, which determines the prospects for investment and trade and economic cooperation in Eurasia.

As the President of the Republic of Uzbekistan Mirziyoyev noted: “The economic development of our country largely depends on an active investment policy. On this basis, I think there is no need to explain the competitiveness of our country and, most importantly, the radical increase in the welfare of the population, the creation of new enterprises and industries, new jobs”. The implementation of an active and prudent investment policy and the successful implementation of the task in this direction will have a positive impact on the economic and social situation and development of the country.

Foreign investment is all the property, financial, intellectual wealth that foreign investors mobilize in the economy, entrepreneurship and other activities of another state in order to achieve a high level of income and efficiency. Foreign investment, unlike domestic investment, is a source of external financing. They are attracted to the national economy from abroad, encouraging their arrival. In turn, it should be noted that the active attraction of foreign investment in the national economy has a number of positive effects, namely:

- + Establishment of production (service) activities with the latest technologies, acquisition of new technologies, modern equipment, high-performance equipment;
- + creation of new jobs and employment;
- + Achieving high labor productivity at the modern level, reducing the cost of production;
- + Construction of compact, high-efficiency enterprises that cover the costs quickly;
- + Establishment of joint ventures, gaining best practices, management, competition;
- + Growing products (services) that meet market demand, bringing the quality and competitiveness of products to meet the requirements of the world market;
- + To gain a strong position in the world market;
- + Development of the national economy and increasing the welfare of society.

This list can be continued, because cooperation with foreign partners, working with them will lead to radical changes in the national economy, further increase the power of the country, strengthen the position of the national currency, ensure the welfare of the population. , serves to improve lifestyle. It should be noted that the inflow of investment does not happen by itself. It is known that foreign investors first of all take into account their interests and goals when deciding to invest. That is, where an investor's rights are guaranteed, clearly, a stable investment climate is created, the investor invests in that country.

In Uzbekistan, the rights of investors are protected by law in order to increase the investment climate and its attractiveness. In particular, Article 15 of the Law “On Investments and Investment Activities”, approved on December 25, 2019, № 598, states: “The state guarantees the rights of investment entities. Government agencies and their officials have no right to interfere in the activities of investment entities carried out in accordance with the legislation. If government agencies and their officials find violations of the law in the activities of investment entities, they may take measures that are within their competence and are directly related to the elimination of certain violations”. In short, this law is based on the

principles of international agreements on the legal, economic and organizational basis of investment.

In this regard, the following forms of investment should be mentioned. According to the law:

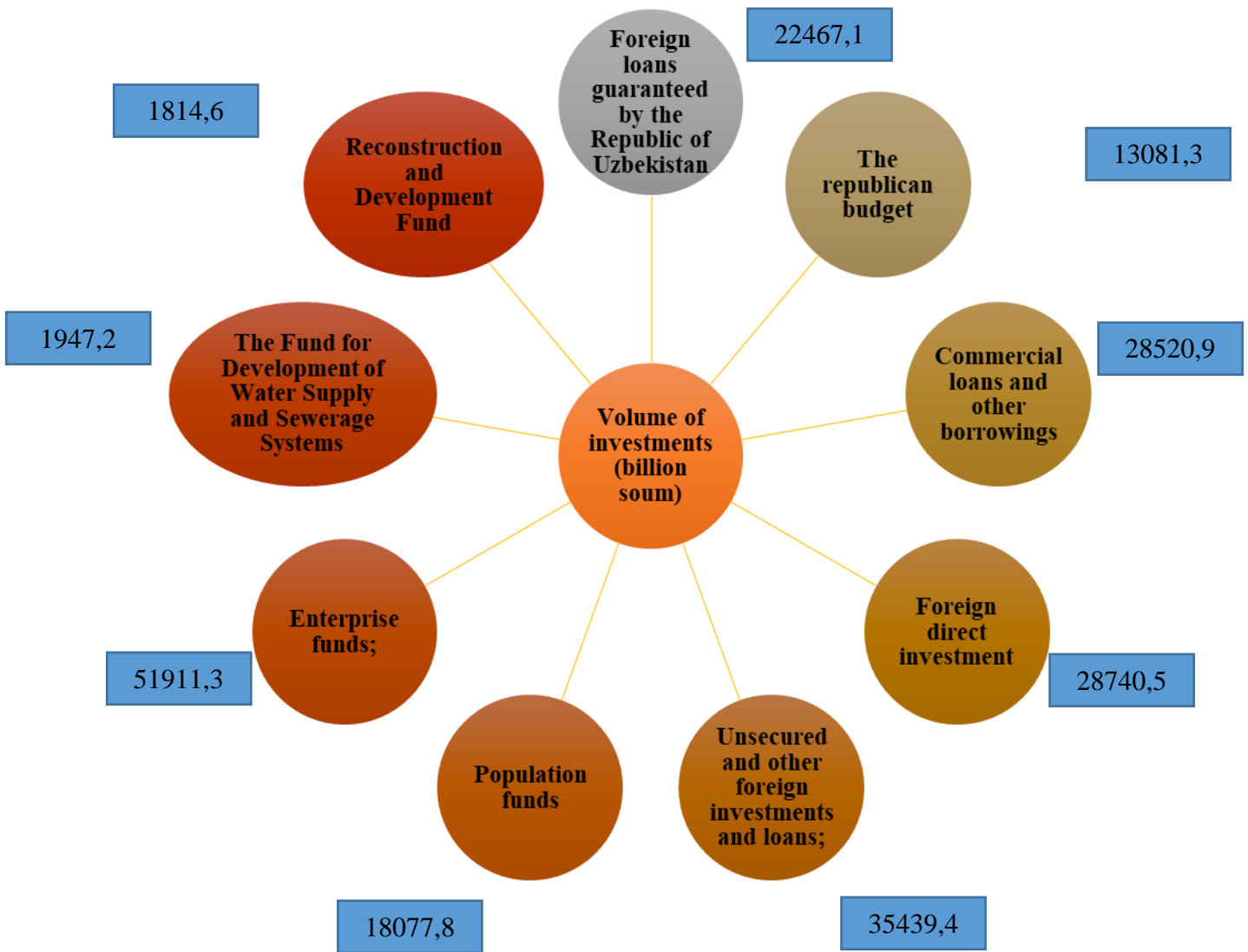
- ✓ to participate in the formation of legal entities or their shares in the charter funds (authorized capital), including through the purchase of property and shares (shares);
- ✓ Receipt of securities issued by residents of the Republic of Uzbekistan, including debt obligations;
- ✓ obtaining concessions, including concessions for the exploration, development, extraction or use of natural resources, as well as participation in production sharing agreements;
- ✓ property rights, including intellectual property rights, copyrights, patents, trademarks, utility models, industrial designs, company names and know-how, business reputation (goodwill), as well as trade and services acquisition of property rights to the objects of the industry together with the land plots on which they are located;
- ✓ possession and use of land plots (including lease and use) and acquisition of the right to own and use other natural resource.

By supporting investments and investment activities, our government is creating a favorable investment climate, creating new competitive and innovative, export-oriented and (or) import-substituting industries, using existing technologies and modernizing existing industries, and with the introduction of management practices, production is being expanded and updated. In particular, the state provides various benefits and preferences, allocates centralized investments to co-finance the investment project. This, in turn, is gaining the attention and trust of investors.

At the same time, there are many issues that need to be addressed in order to attract investment and increase its efficiency. In particular, the volume of attracted investments is not enough to carry out profound structural changes in the economy, and the fact that a large part of foreign investment is concentrated in several regions limits the full use of existing natural and economic potential in the regions. For example, if we look at the statistics, we can see a decrease in investment activity in January-December 2020, the growth rate of investments in fixed assets compared to the same period last year was 91.8%. In January-December 2020, 202.0 trillion soums of fixed capital investments were disbursed, of which 65.4% or 132.0 trillion soums were financed from borrowed funds. 34.6% or 70.0 trillion soums from the population's own funds.

The decline was also significantly affected by the coronavirus pandemic, which caused concern and danger to all countries. In the total volume of investments, the volume of investments in fixed assets financed from centralized sources of financing amounted to 39,310.2 billion soums, from decentralized sources of financing - 162,289.9 billion soums. The structure of centralized investment financing is mainly foreign loans guaranteed by the Fund for Development of Water Supply and Sewerage Systems, the Republican Budget, the Fund for Reconstruction and Development, and the Republic of Uzbekistan.

Total investment in the Republic of Uzbekistan in January-December 2020



The chart was created by author

According to preliminary estimates, in last year, 197 projects have been implemented under the investment program, which has created 38,000 jobs. In addition, 10,586 projects worth 59.1 trillion soums were implemented under regional investment programs, which created 131.5 thousand new jobs.

It should be noted that according to the forecast for 2021, the volume of foreign investment will be 10.5 billion dollars, of which 7.6 billion dollars will be foreign direct investment. In turn, 226 large, highly economically important industrial projects will be launched and 34,000 jobs will be created. In addition, 94.8 trillion soums will be spent on regional investment programs and 7,106 investment projects will be launched, which will create about 162,000 new jobs. That, of course, leads to greater opportunities and change.

In short, foreign investment is the main means of equipping with modern equipment and technologies, as well as the restoration of scientific, technical, industrial and intellectual capabilities. The main task facing our country is to create a stable investment climate for foreign investment and show its attractiveness. This is due to the fact that it is through foreign investment that the national economy is revived, production is modernized, and competitors specialize in the production of goods. This, in turn, will create new jobs and solve existing economic and social problems in the country.

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