

The Importance of Attracting Foreign Investments to the Economy of Uzbekistan and Methods of Their Effective Management

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Abstract: In this article, the theoretical and methodological foundations of the attraction of foreign investments into the economy of our country, the analysis of the attraction of foreign investments and their management, ways of improving the methods of attracting investments and their management in the conditions of modernization of the economy are presented.

Keywords: foreign investments, economic development, innovation, modernization, national economy.

INTRODUCTION

Attracting investments and rationally managing them is an important objective necessity in the development of our country's economy, because even in the world economy, it is difficult to imagine the development of the economy of a region or a country without investments. As a result of the acceleration of the process of globalization in the world, it is necessary to increase the possibility of attracting direct foreign investments in the economy of countries. The role of regions in the development of the economy of Uzbekistan is extremely important. One of the main problems of attracting foreign investments in the national economy is the problem of their correct distribution in the regions.

Main part:

Attracting foreign investment is a broad concept, and we will explain it as follows.

According to the Law of the Republic of Uzbekistan "On Investments and Investment Activities", foreign investments are investments made by a foreign investor without government guarantees, at the expense of own funds or debt funds under risky conditions.

ASAzizov emphasizes that the term foreign direct investment should be understood first of all as an investment in a foreign enterprise by providing partial or complete control over economic activity.

According to A.Sh. Bekmurodov, direct foreign investment is the direct export of capital that gives the investor the right to control the enterprise, and thus the foreign branch of the main parent company of the enterprise becomes a company.

BAVakhobov states that foreign direct investments are long-term investments that allow the investor to effectively control the economic activity, to own at least 10% of the company's share or shareholders' capital.

Access to markets and resources are key factors in attracting FDI. The concentration of foreign capital only in certain regions and certain sectors limits the development of the economy of other

regions, primarily affects the economy of regions with no industrial development.

For the effective implementation of the Law of the Republic of Uzbekistan "On Investments and Investment Activities", 4 of the cooperation of state authorities, consisting of deputy heads of the Ministry of Investments and Foreign Trade, governorates, diplomatic missions abroad and commercial banks with investors step-by-step mechanism has been successfully implemented. This mechanism allows to quickly respond to all requests of investors and to monitor the effectiveness of the implementation of the measures provided for by the law.

In this context, it is important to emphasize the role of the Council of Foreign Investors under the President of the Republic of Uzbekistan, which was established with the support of the European Bank for Reconstruction and Development and provides direct communication with investors operating in the Republic.

The development of the International Arbitration Institute is also actively supported. In turn, this ensures the rule of law, which is an important and systemic component of the country's investment environment, and the proper fulfillment of obligations to state and local investors. At the same time, the world practice and experience show that it is no longer possible to solve the problems that hinder business investment and innovative activity by simple means, that is, by giving incentives or publishing new declarative norms. Liberalization of business activities is required to activate private investments. Constant communication with business, and diligent work to identify and overcome obstacles that hinder the development of certain sectors.

Analysis and discussion of results

In January-September 2023, the volume of investments in fixed capital in Uzbekistan amounted to 226.6 trillion soums. Out of this, the total amount of foreign investments and loans absorbed into the fixed capital was recorded in the amount of 104.4 trillion com.

Investors with the highest share in the volume of total foreign investments are countries:

- China - 24.5 percent;
- Russia - 15.9 percent;
- Saudi Arabia - 7 percent;
- Turkey - 6 percent;
- Cyprus - 4.1 percent;
- UAE – 3.7 percent;
- Germany - 3.5 percent;
- Switzerland – 3.4 percent;
- USA – 3.3 percent;

The Netherlands - 2.4 percent

Areas	Territories	2017	2018	2019	2020	2021	2022
Republic of Uzbekistan	Republic of zbekistan	23.8	24.3	43.6	42.7	42.3	42.8
Republic of Karakalpakstan	Republic of Karakalpakstan	10.0	23.7	36.9	38.9	37.4	38.7
Andijan	Andijan	7.2	14.8	39.6	36.3	45.6	48.4
Bukhara	Bukhara	71.0	44.0	53.9	48.2	58.5	58.4
Jizzakh	Jizzakh	10.8	8.7	48.8	61.9	44.5	47.3
Kashkadarya	Kashkadarya	18.0	51.1	70.3	69.3	53.6	47.0
Navoi	Navoi	24.2	34.0	39.9	67.8	61.3	54.4

Namangan	Namangan	31.6	33.5	45.8	37.2	29.8	34.7
Samarkand	Samarkand	2.8	4.7	27.8	27.0	34.9	52.7
Surkhandarya	Surkhandarya	11.5	21.4	66.3	60.1	45.2	42.3
Syr Darya	Syrdarya	4.6	9.6	44.8	48.7	59.8	79.1
Tashkent	Tashkent	12.0	9.6	26.0	26.7	34.3	32.4
Ferghana	Fergana	5.8	19.4	42.7	41.3	39.1	44.8
Khorezm	Khorezm	6.8	8.5	42.5	32.0	33.5	32.3
Tashkent sh.	Tashkent city	18.1	15.1	36.7	29.9	37.3	30.0

Table 1. Composition of capital investments by sources of financing (foreign investments and loans)(in percent of total)

Summary

Improving the system of attracting foreign investments should ensure the practical implementation of the following tasks:

- to harmonize the national legislation on foreign investments with international and regional standards, to use different models of legal regulation methods for state support of investment activities in the international experience;

- providing additional incentives and benefits to high-tech industries and enterprises developing innovative projects and implementing them;

- it is necessary to develop cooperative relations with enterprises with foreign investments, in particular, to ensure the integration of the local economy into the world market by entering their production chain.

In conclusion, there are different approaches to attracting foreign investments to the economy of our country, the main goal of which is to enable the development of the economy of our country.

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