

Attracting Foreign Direct Investment - a Guard for Economic Development

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Abstract: The article describes the content of foreign direct investments, ways to gain the confidence of investors in foreign investments, forms of their attraction, their role in the development of the economy of Uzbekistan, as well as increasing the attractiveness of the investment environment and direct -proposals and recommendations aimed at actively attracting direct foreign investments have been formulated.

Key words: investment, foreign investments, investment environment, direct foreign investments, benefits, economic development, enterprises with foreign investment.

INTRODUCTION

Acceleration of globalization processes in the world requires increasing the possibility of attracting direct foreign investments in the economy of countries. "Foreign direct investment is one of the most important factors in the development of the country's economy." Effective use of production areas and facilities of state-owned and state-owned economic companies in attracting foreign direct investment in scientific research of countries of the world, creation of favorable conditions for active investment attraction , special attention is paid to issues of further support of new competitive productions and development of small enterprises.

The role of regions in the development of the economy of Uzbekistan is extremely important. After achieving the status of an independent state, the Republic of Uzbekistan determined its direction, taking into account various features of the formation and development of the country's economy, and continues its economic development along this path.

In the Law of the Republic of Uzbekistan "On Investments and Investment Activities" dated December 25, 2019, the concept of "investments" is explained as follows: investments - based on risks to objects of social sphere, entrepreneurship, scientific and other types of activities for the purpose of profiting by the investor included tangible and intangible assets and rights to them, including rights to intellectual property objects, as well as investments.

Thus, "Investment" can be understood as all types of property, financial and intellectual assets that are invested by investors or the state in various sectors of the economy in order to obtain effective results in the future or to achieve social benefits. All these assets are considered important in the formation of investments and have an impact on their general condition. The formation of wealth shows the effect of the economic reforms carried out in the country and serves to further improve their results.

One of the main problems of attracting foreign investments in the national economy is the

problem of their correct distribution in the regions. "Full realization of the investment potential of the Republic of Uzbekistan, further improvement of the investment environment, quality development of annual investment programs, creation of favorable conditions for attracting foreign investments, international financial institutions, financial institutions of foreign governments, leading foreign companies and the task of expanding cooperation with banking structures, as well as increasing the efficiency of attracted foreign investments" was separately defined.

MAIN PART

Foreign direct investment is a broad concept, which we will explain as follows. First of all, to understand this concept, let's first touch on the concept of direct investment.

Long-term investments of capital are called direct investments in the direct production process. It is spent on finance, marketing or material production. They allow you to become a controlling shareholder.

The volume of foreign direct investment directly depends on the attractiveness of the direct investment environment and establishment. Foreign direct investments ensure not only receiving money, but also attracting new technologies to production. As a result, the opportunity to choose new forms of marketing is wide.

Access to markets and resources are key factors in attracting foreign direct investment. 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.

The ways of attracting direct investments can be summarized as follows. Finding reliable investors is not easy, but there are several ways to achieve results. First you need to work on your project, because it should be attractive to investors. You can search for investors using the following methods:

1. Foreign direct investment can be attracted by participating in exhibitions of achievements and products not only at the local level, but also at the international level.
2. You can use the services of intermediaries - commercial and government agencies.
3. Another option is to place information about the project in special databases.
4. Establishing relationships with many organizations operating in the private capital market, providing professional services for finding investments

In order to attract foreign direct investment, financing from different sources should be considered for each stage of project development.

1. Planning. If you have a good idea, but there are no funds to implement it, you can ask for help from the closest circle of acquaintances, government programs and noise investments.
2. Settle down. At this stage, the business plan is already in place, the team has been launched and the work has already been completed, but there is still no profit. You can contact venture capital funds, private investors and foreign sponsors to encourage investment.
3. A good start. The organization already occupies a certain place in the market and, although small, benefits. It helps support private equity funds, venture capitalists and banks to expand their operations.

4. Growth and development. Firms with stable profits will find investors easier. The best solution: venture capital funds, foreign capitalists, sovereign funds and banks.

5. Established business. In this case, it is better not to accept sponsored investments, but rather to sell shares. Investors, private entrepreneurs, direct investments, banks and pension funds can operate.

Based on the above methods and considerations, we can say that attracting foreign investment is related to many areas..

Research methodology

Grouping, comparison, forecasting, analysis and synthesis methods are widely used in the article.

Analysis and results

World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. That is why it is no exaggeration to say that investment is the "driver of the economy". With the investment, new technologies, advanced experiences, and highly qualified specialists will enter various industries and sectors, regions, and entrepreneurship will develop rapidly.

The following are the main problems in attracting direct investments: insufficient development of investment infrastructure; lack of effective participation of commercial banks, investment funds, insurance and leasing companies in the implementation of investment projects; lack of quality and demand-level qualified labor force, etc.

If we consider the flow of foreign direct investments attracted to developed and developing countries in 2017-2020, we will express it through Figure 1 below.

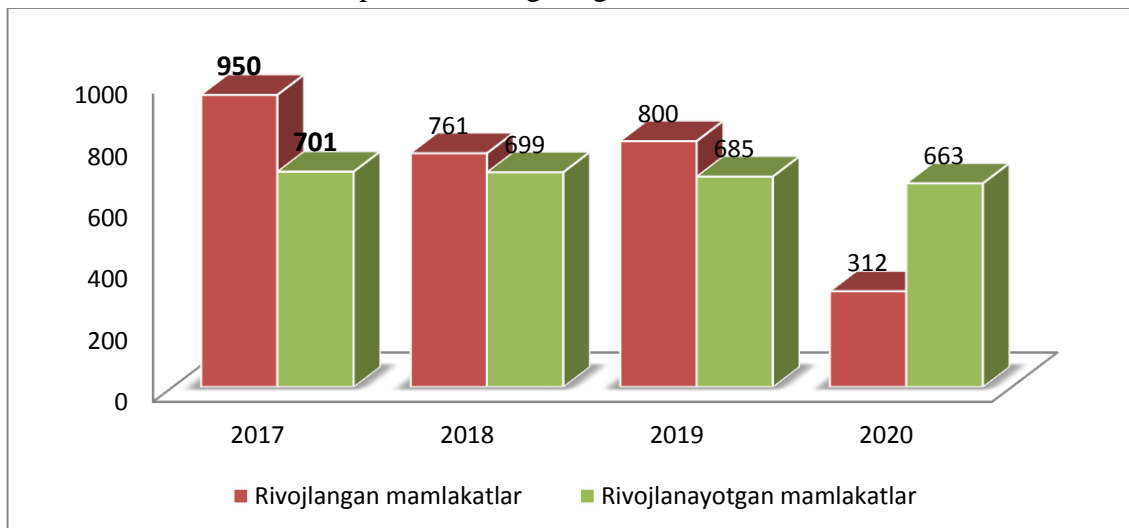


Figure 1. The flow of foreign direct investment attracted to developed and developing countries in 2017-2020

If we analyze the data of the above picture, by the end of 2020, the flow of foreign direct investment in developed countries has decreased by 58%, but in developing countries, this figure has decreased by 8%. the flow of direct foreign investments has decreased significantly in developed countries.

In 2020, 22.1 percent of foreign direct investments will go to the implementation of projects in the field of natural gas production, 22.5 percent to the production of other non-metallic mineral products, and 9.3 percent to construction works. directed.

In addition, the level of direct investments for the formation of fixed capital in the sectors with high export potential - mechanical engineering, electrical engineering, metallurgy, chemistry and pharmaceuticals - remains low. "This trend indicates that a favorable investment environment has not been created in these areas, in particular, the existence of systemic problems in the competitive environment, privacy of private property, financial markets, production and market infrastructure."

Also, the lack of active direct foreign investment in high-tech and human capital jeopardizes the process of achieving the goals of achieving a high level of inclusive growth and reducing poverty in the country. We believe that the main step in improving the investment environment is to create a complete and effective institutional framework through efforts aimed at creating conditions for attracting private and foreign direct investments.

As President Sh.M. Mirziyoyev noted, "Life itself and the experience of the past years require the elimination of serious deficiencies in ensuring comprehensive development of regions and fundamental changes in infrastructure activity.

In 2021, a total of more than 10 billion dollars, including 8.1 billion dollars of foreign direct investment, will be absorbed in Uzbekistan. As a result, 318 large and more than 15,000 regional projects were implemented, and more than 273,000 jobs were created. The new businesses have the potential to replace more than \$1 billion in total exports and \$530 million in imports.

It is noted that, despite the fact that the coronavirus pandemic is still having a serious impact on economic processes, consistent growth is being achieved in exports. In particular, in 2020, the amount of exports in the country exceeded 9 billion dollars, and in 2021 it amounted to 12 billion dollars. It is noteworthy that the share of finished and semi-finished products has increased significantly. In 2022, it is planned to absorb more than 9.5 billion dollars of foreign direct investments, launch 282 large and more than 9 thousand regional projects. Export volume is estimated to reach 14 billion dollars.

As of January 1, 2022, the number of enterprises operating in our republic with the participation of foreign capital has increased by 2.7 times compared to the corresponding period of 2017, and in 2022 this indicator was 13,289. This is due to the fact that starting from August 1, 2018, the share of foreign investments in the charter capital of enterprises with foreign investment in our country was reduced from 30 percent to 15 percent.

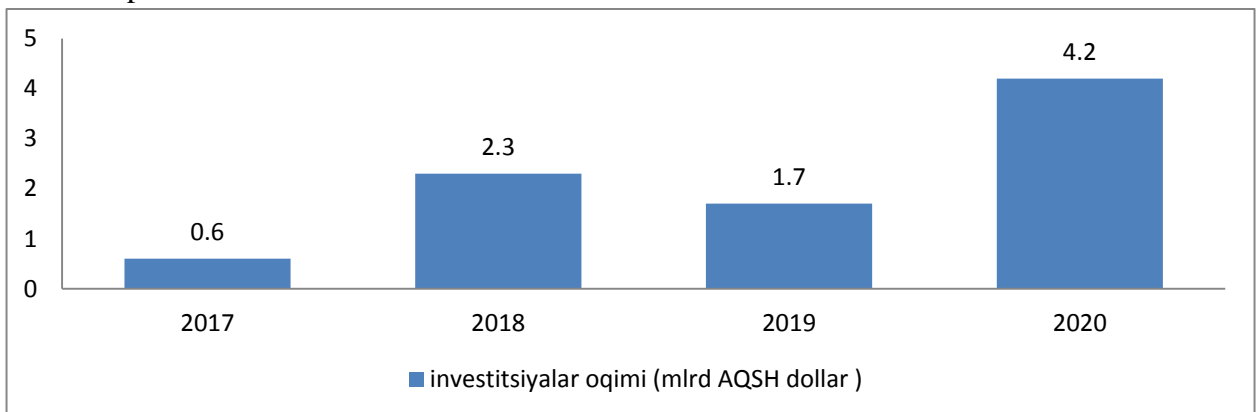


Figure 2. In 2017-2021, the flow of direct foreign investments into the economy of our country is billion. US dollar

Analyzing the data of Figure 2, the flow of foreign direct investments attracted to the economy of our country continued to increase and decrease over the years. Also, in 2020, a downward trend was observed, and it is correct to say that the reason for this is the effect of the covid-19 pandemic. However, by 2021, the flow of direct foreign investments has increased by 2.5 times, due to the conditions created

for foreign investors in our country, as well as the creation of a favorable investment environment, the volume of direct foreign investments has increased.

Development of ready-made investment proposals to attract foreign direct investment to the economy of our country, wide use of opportunities of investment and business forums, presentations ("Road Show") and marketing campaigns, implementation of public-private partnership projects. organization of priority directions is recorded as priority directions.

Also, it is desirable to increase the role of the state in strengthening the guarantees of the inviolability of private property, to limit the distribution of foreign direct investments and to encourage investments in the development of priority areas of the economy.

Ensuring the conditions for attracting investments and conducting business (favorable investment and business environment, access to credit resources, simplification of formalities in the fields of lending and international trade), the regulatory framework for attracting investments to regions and providing tax preferences for their development along with the improvement, increasing the responsibilities of local government bodies regarding the decisions being made can serve to attract foreign direct investment to the country's economy and increase its impact on socio-economic development.

CONCLUSION

The following conclusions were reached regarding the attraction of direct foreign investments. Including:

In order to create an effective system of attracting foreign direct investments, firstly, it was justified to develop a development strategy, secondly, to create "roadmaps", and thirdly, to develop a concept for the past years. . The set of factors that influence the decision to make investments differs depending on the sector of the investor, but it is scientifically proven that it is appropriate to have indicators that describe the investment environment of the region and serve it in attracting all types and groups of investors.

Improving the system of attracting foreign direct investments is necessary to ensure the practical implementation of the following tasks:

harmonization of national legislation on foreign direct investments with international and regional standards, use of various 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 and implementing innovative projects;

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

To conclude, there are different approaches to attract foreign direct investment to the country's economy, and their main goal is to further increase the possibility of developing the country's economy.

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