



**METHODS OF DEVELOPING FOREIGN DIRECT INVESTMENT
ACTIVITIES IN UZBEKISTAN**

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Annotation

In the conditions of globalization, the rapid growth of the national economy of each country is primarily a result of factors such as international trade, foreign investments, and improvement of financial services. As the President stated about the modernization of the economy, we need to develop an investment concept that provides for the modernization of all sectors of the economy based on the mechanisms of attracting investments, and on this basis implement the "Development Strategy of New Uzbekistan" program for 2022-2026. In this article, the theoretical problems of improving the mechanism of attracting foreign direct investments to our country and the strategic directions of their solution are discussed.

Keywords: *investment economy, economy, market economy, foreign direct investment, digital technologies, innovation strategy, investment, investor*

In today's era of increasing globalization and fierce competition, it is difficult to imagine the sustainable development of a country's economy without its active participation in world economic relations. Along with international trade, international investment flows, which are carried out on the basis of mutually beneficial cooperation between countries, are gaining importance. In turn, foreign investment allows us to accelerate the pace of structural restructuring of the economies of developing countries. The attraction of foreign investment, as the most important direction, largely depends on the political and socio-economic reforms being carried out in a particular country. Foreign investment plays an important role both at the macro and micro levels, determines the future of a particular economic entity and the country as a whole, and is a driving force for the economy. As a result of great attention paid to attracting foreign investment in our country, stable and high-speed economic growth is ensured. Further strengthening the attraction of foreign investment to the republic's economy is considered a necessary factor in creating a business environment as a source and condition for the effective implementation of the measures set for the renewal and modernization of the country. The more favorable the investment environment, the lower the investor's entrepreneurial risk, and this activates the influx of investors. On the contrary, if the investment environment is unfavorable, the risk level is high. This leads to an increase in the costs of the investment recipient. The state of the investment





environment is important not only for the investor, but also for the recipient of investment.

The theoretical foundations of attracting foreign investment, promising areas of its organization and development, and practical issues were studied by our country's economists A.V. Vahobov, Sh.Kh. Khajibakiyev, N.G. Mominov, B. Mamatov, D. Khujamkulov, O. Nurbekov, E.I. Nasirov, Sh.Sh. Asamkhodjaeva, N.R. Koziyeva, Q.B. Khoshimov.

Currently, the Development Strategy of New Uzbekistan for 2022-2026 sets out important tasks in our country to strengthen macroeconomic stability, create a favorable infrastructure for the active attraction of foreign investments, primarily from foreign sectors and regions. In this regard, the measures being implemented in our country to establish special economic zones, technoparks and small industrial zones, and increase their efficiency are of particular importance. The Decree of the President of the Republic of Uzbekistan on the "Uzbekistan-2030" Strategy establishes as one of the important directions to further increase the investment attractiveness of our country and rapidly develop the securities market the absorption of \$250 billion in investments in our country, including \$110 billion in foreign investments and \$30 billion in investments within the framework of public-private partnerships.

✓ Inward investment typically comes from multinational corporations investing in foreign markets to expand their presence or meet specific needs in the local economy. This can be in the form of new demand for a product or rapid development in a region.

✓ A common type of foreign investment is direct foreign investment (FDI). This occurs when a company buys another business or opens new operations for an existing business in a country other than its own.

✓ The state's investment policy is a set of goals and measures to ensure the necessary level and structure of capital investments in the country's economy and its individual sectors, to increase the investment activity of the main agents of reproduction, such as the population, entrepreneurs and the state. Simply put, investment policy is the state's activities aimed at finding investment sources and identifying areas for their effective use.

- ✓ The goals of the state investment policy are:
- ✓ ensuring the structural restructuring of the economy;
- ✓ encouraging entrepreneurship and private investment;
- ✓ creating additional jobs;





- ✓ attracting investment resources from various sources, including foreign investment;
- ✓ encouraging the creation of non-governmental structures to accumulate savings of the population for investment purposes;
- ✓ creating legal conditions and guarantees for the development of mortgage loans;
- ✓ developing leasing in investment activities;
- ✓ supporting small businesses;
- ✓ improving the system of incentives and sanctions in the implementation of the investment process;
- ✓ creating conditions for the emergence and development of venture investment.

The coordination and regulation of investment activities in Uzbekistan is being carried out step by step. In this, first of all, the Constitution of the Republic of Uzbekistan, the Civil Code, the Labor Code, the Land Code, the Tax Code, the Law of the Republic of Uzbekistan “On Investments and Investment Activities” and other legal acts serve as the legal basis.

In order to further enhance the effectiveness of the ongoing reforms, create conditions for the comprehensive and rapid development of the state and society, modernize our country, and implement priority areas for the liberalization of all spheres of life, the “Development Strategy of New Uzbekistan for 2022-2026” has been developed, consisting of seven priority areas developed on the basis of the principle “From a Strategy of Actions to a Strategy of Development”. The third major group of goals in the development strategy, dedicated to programmatic and targeted tasks that need to be implemented in the economic sector in 2022 and beyond, is called "Increasing the pace of national economic development and ensuring high growth rates." The socio-economic development strategy has been thoroughly developed, along with the goals and objectives of economic reforms, including Goal 26: "Further improve the investment climate in the country and increase its attractiveness, and take measures to attract \$120 billion in foreign investment, including \$70 billion in foreign investment, over the next five years." In particular:

- ✓ Establish a new system based on the "bottom-up" principle for the effective use of investments and increasing export volumes;
- ✓ Implement the Strategy for Attracting Foreign and Local Investments until 2026;
- ✓ Attracting investments worth \$14 billion in energy, transport, healthcare, education, ecology, utilities, water management and other sectors through public-private partnerships;
- ✓ establishment of foreign economic relations between the regions of the republic and business representatives of foreign countries, including the development of





investment and foreign trade relations with the business circles of the People's Republic of China in the Syrdarya region, the Russian Federation in the Surkhandarya region, and India in the Jizzakh region;

✓ To provide practical assistance to entrepreneurs by organizing an “Investor Assistance Center” in Surkhandarya region, a “Business Assistance Center” by the Navoi Mining and Metallurgical Combine in Navoi region, and a “Center for Advanced Projects and Engineering” in Tashkent city, as well as “Innovation and Technology Centers” in each district;

✓ The following tasks have been set: to hold the “Tashkent International Investment Forum” annually in Tashkent city.

The Republic of Uzbekistan is creating all the necessary legislative framework to regulate investment activities, including:

✓ The new edition of the Law of the Republic of Uzbekistan “On Investments and Investment Activities” dated December 25, 2019;

✓ The State Investment Program of the Republic of Uzbekistan, approved by the President of the Republic of Uzbekistan and adopted annually, and others.

The significant increase in the volume of investments in the economy from year to year inevitably allows it to show its positive results through the growth of national production. As a result of the attention and support given by the state to the development of investment activities, the volume of gross domestic product (GDP) and the volume of investments have achieved growth rates. In particular, in the period 2019-2023, the volume of investments has achieved absolute growth rates. During these years, GDP increased by 1.58 times, and investments in fixed capital increased by 1.53 times.

Dynamics of indicators determining the role of investments in economic development

Indicators	2019	2020	2021	2022	2023
Gross domestic product, billion soums	511838,1	580203,0	734632,9	766956,7	809906,3
Investments in fixed capital, billion soums	189924,3	210195,4	244963,3	266654,4	289876,8
Construction works, billion soums	68854,4	37548,4	45802,7	49876,7	52876,1





Foreign trade turnover, (million US dollars)	42177,8	36256	42072	45110	47408
Export, (million US dollars)	17901,7	15102	16611	17987	18976
Import, (million US dollars)	24276,1	21154	25461	27123	28432
Balance, (million US dollars)	-6374,4	-6052	-8850	-9136	-9456

Major investment projects implemented in our republic

№	Time of launch of major investment projects	Number of launched major investment projects	Volume of launched major investment projects, US dollars
1.	2015	158	7.4 billion
2.	2016	164	5.0 billion
3.	2017	161	2.4 billion
4.	2018	353	9.8 billion
5.	2019	179	20.5 billion
6.	2020	43	13.9 billion.
7.	2021	236	28.9 billion.
8.	2022	262	38.8 billion.
9.	2023	287	49.5 billion.

The above table shows that the growth trend of large investment projects implemented in our republic has not developed evenly. In particular, the number of large investment projects launched in 2015 was 158, and the volume of large investment projects amounted to 7.4 billion US dollars, and in 2017, based on 161 launched large investment projects, it amounted to 2.4 billion US dollars. After all, in 2015, 3 large projects were launched compared to 2017. Also, in 2018, a total of 353 projects were launched, amounting to 9.8 billion US dollars, while in 2019, 179 large projects were launched, amounting to 20.5 billion US dollars, in 2020, 43 large projects were launched, and in 2021, 236 large projects were launched, amounting to 28.9 billion US dollars. US dollars, in 2022 from 262 major projects 38.8 billion US dollars, in 2023 from 287 major projects 49.5 billion US dollars. In conclusion, it should be





noted that the steady increase in the number of new enterprises with foreign investment and the creation of new ones is the result of the great attention our state pays to this sector and the conveniences it creates for them. Therefore, one of the most important issues is the economic stimulation of enterprises attracting foreign investment to our country and the creation of the necessary conditions for them. Therefore, in order to activate the attraction of foreign investment to our national economy, it is necessary to implement the following measures:

- reduce the impact of the inflation rate on the growth of the value of investment projects, as well as further increase the volume of foreign investment;
- attract investments to the real production sector, that is, to industries that process raw materials;
- further improve the incentive system in order to create a more favorable investment environment for foreign investors, in particular, reduce the tax burden and simplify the tax system for investors;

The implementation of the above proposals will have a positive impact on further activating the attraction of foreign investments to our national economy. This situation will ultimately create the opportunity to fully implement the investment policy in our country in the future, based on the continuous technical and technological renewal of production, the implementation of deep structural changes in the economy, and the consistent continuation of the modernization and diversification of industry.

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