

WAYS OF ATTRACTING FOREIGN INVESTMENTS AND USING THEM EFFECTIVELY

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ABSTRACT	KEYWORDS
The article examines the processes associated with attracting foreign investments to the national economy and improving the ways of their effective use. The impact of factors on the efficiency of the country's investment activities affecting the processes of attracting and using foreign investment has been evaluated. The existing shortcomings have been identified within the framework of ways to attract and effectively use foreign investment. Scientific proposals and practical recommendations on improving the system of attracting foreign investments to the national economy have been formed.	Investment activity, investment potential, investment attractiveness, competitive advantage, investment efficiency, investment risk, market mechanism.

Introduction

In the Address of the President of the Republic of Uzbekistan Sh.M. Mirziyoev to the Oliy Majlis: "World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. That is why investment is the driver of the economy, in Uzbek terms, the heart of the economy, it is no exaggeration. We will achieve rapid development of our economy only by actively attracting investments and launching new production facilities. Positive results in the economy make it possible to systematically solve the accumulated problems in the social sphere. We must all understand this deeply and organize our work on this basis. In order to widely attract foreign investments, it is necessary to take measures to fully demonstrate the investment potential of our country, which should be one of the most urgent issues in our daily life" [1], and acknowledges the extremely important importance of foreign investments in the development of the economy and the urgency of its attraction.

A number of measures aimed at increasing the investment attractiveness of our country's economy and improving the system of effective use of the existing investment potential are specified in the Resolution of the President of the Republic of Uzbekistan dated April 29, 2019 "On measures to further improve the mechanisms of attracting foreign direct investment to the economy of the Republic" No. PQ-4300 attention was paid, and in this regard, priority was given to tasks related to increasing the efficiency of attracting foreign direct investment to the republic's economy, informing foreign investors about the opportunities and potential of our country [2].

Based on the above, it is evidence that in the formation of ways of attracting foreign investments to the national economy and their effective use, the implementation of research aimed at ensuring the

compatibility of state and market mechanisms in achieving priority in regional competitive advantages of investment potential, level of investment risk, and attracting investments is of urgent importance.

Review of literature on the subject

A number of research studies within the framework of attracting foreign investments to the national economy and forming ways of their effective use are of particular importance in the scientific research of foreign economists C.Liesbeth, M.Miet, S.Jo. According to researchers, the process of economic liberalization in transition countries is an important factor in improving the system of attracting foreign direct investments. Attracting technologies and knowledge to national enterprises through direct capital accumulation and technological know-how ensures sustainable rates of economic growth [3].

In the studies of P. Mihaela, A. Vaqar, H. Helian, the institutional mechanism of attracting foreign investments to the national economy is studied. According to the results of the research, it is noted that the institutional quality changes in the country's economy have a positive effect on the system of attracting foreign direct investments [4].

V.D. Andrianov's scientific studies have studied the theoretical basis of the investment potential of the national economy, the concepts within the framework of the investment potential have been theoretically summarized, and the feasibility of using the system of financial privileges to increase it has been emphasized [5].

Research Methodology. The available scientific researches on ways of attracting foreign investments to the economy of Uzbekistan and their effective use, studying the experience of foreign countries, comparing and analyzing statistical and economic data, logical thinking, scientific abstraction, information grouping, analysis and synthesis, induction and deduction methods are widely used.

The economy's demand for investment, the lack of investment funds, requires the effective use of investment resources. In the management and evaluation of investment projects, the financial and economic analysis of the country proposing this project is a necessary component. In order to develop the investment activities of the national economy and improve their financing, it is necessary to study and improve the financing experiences of foreign countries with developed economies and to pay special attention to the issues of using positive achievements in their practice. Based on the above, the financial issues related to the investment environment and the problems of financing investment activities are being solved in a systematic manner in order to increase the effectiveness of investment utilization in the economy of our country.

In fact, in recent years, the scope of measures aimed at increasing the volume of investments has been significantly increased, both legally and practically. Especially as a result of active investment policy, positive growth in the dynamics of investment flow is observed in our republic (Fig. 1).

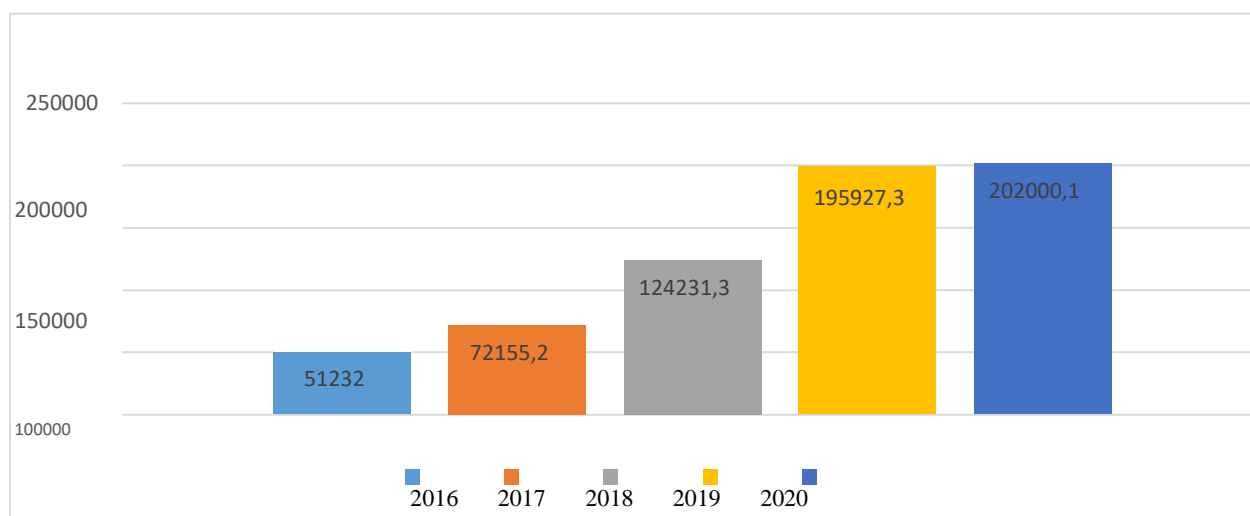


Figure 1. The volume of capital investments in the Republic of Uzbekistan in 2016-2020, billion soums [6]

As can be seen from the given data, the amount of capitalized investments is increasing sharply. In 2020, it can be seen that the volume of investments in our republic has increased 4 times compared to 2016, even in the conditions of the global economic decline and crisis due to the coronavirus pandemic. In the growth dynamics of investments, the growth rate of 3 percent only in 2020 is directly related to the pandemic conditions. However, the growth in 2019 was 57.7 percent, the highest figure in the last five years. It is noteworthy that the rapid growth of the volume of investments is a practical result of conducting a far-sighted and well-thought-out investment policy in our republic.

In Uzbekistan, the way is being opened for the management of investment projects and their development based on their economic strategic goals. In 2020, 202.0 trillion from the total sources of financing for the development of economic and social sectors in the Republic of Uzbekistan. The fact that soums have been appropriated is the basis of our opinion in this regard [7].

In 2020, a decrease in investment activity was observed, and compared to 2019, the volume of investments in fixed capital amounted to 91.8 percent. 202.0 trillion in 2020. Soums of fixed capital investments were absorbed. 39,310.2 billion from centralized financing sources. soums or 19.5% of total investments and 8.0% less investments in fixed capital compared to 2019.

Table 1 The structural composition of investments directed to the economy of Uzbekistan in 2020 [7]

<i>Centralized investments 39310.2 billion soums</i>	<i>Total investment in fixed assets 202,000.1 billion soums</i>	<i>Decentralized investments 162,689.9 billion soums</i>
<i>Foreign loans under the guarantee of OZR 22,467.1 billion soums</i>	<i>Foreign investments and loans allocated to fixed capital amount to 86,647.0 billion soums</i>	<i>Foreign direct investment and loans 64 179.9 billion soums</i>

Making investments in the country's economy, mobilizing investment projects in lagging sectors remains one of the main issues of our republic. At the same time, it should be recognized that in our republic, work with foreign investors who have the potential to invest in our economy is not being carried out at the level of demand. In particular, there is no opportunity to have the necessary and necessary information on the great opportunities for investment in Uzbekistan in real time, as well as the comprehensive, favorable conditions and guarantees created for investors. In this sense, in attracting investment projects, improving the social and political environment of the country, introducing various preferences, low tax rates, as well as training mature personnel, organizing training and, of course, the national "Uzbek model" in connection with future contracts it is appropriate to do. It is necessary to establish a special fund or economically important institution for the management of investment projects [8].

Uzbekistan is a populous double land-locked country in the middle of Central Asia with an emerging lower-middle income economy. State-owned enterprises still dominate its industrial and financial sectors, and foreign trade centers on commodities. The declared goal of its current economic policy is to achieve sustainable growth and overcome underemployment and poverty as soon as possible. Fast growing external public debt limits the availability of public funds and loans to support economic growth, so attraction of private and foreign investment (FDI) has become a vital priority. Five years ago, the Government of Uzbekistan (GOU) launched a program of radical market reforms, with a focus on improving the business environment. Notable progress has been made so far in addressing a range of systemic business regulation problems and overcoming the dominance of state monopolies, but more is yet to be done to completely unlock all benefits of FDI for the economy.

Uzbekistan has the potential to become a strong regional economy: a dynamic and entrepreneurial population, the largest in Central Asia; relatively good infrastructure; and a large potential consumer market. In the past, most FDI was directed into the oil, gas, and mining sectors. In recent years, however, there has been a trend towards increasing FDI in manufacturing, production and distribution of electricity, tourism, and banking. Such diversification was facilitated by positive changes in state regulation and the beginning of a privatization program. Further advancing privatization, as well as implementation of a long-expected capital market development policy, may create unique investment opportunities.

Over the past five years, the GOU has made efforts to improve the investment attractiveness of the country. The GOU has modernized its legislation through the adoption of the Law on Investments and Investment Activities and other acts that streamlined interactions of investors with the state, reduced the tax load, liberalized access to certain commodities, and started the privatization of major state-owned enterprises. As a result, the inflow of FDI has grown from about \$2 billion in 2017 to over \$8 billion in 2021.

The government's efforts to attract funding for various development and social support programs contributed to sustained economic growth despite severe quarantine restrictions in 2020. With the removal of major pandemic restrictions in 2021, GDP grew 7.4 percent. Notable progress has been made in development of renewable energy capacity. Uzbekistan already attracted FDI to develop nearly 4,000 MW of solar and wind capacity and plans to build another 4,000 MW in generation capacity by 2026, which will increase the share of renewables to 25 percent and displace 3 billion cubic meters of natural gas usage annually. The GOU's current environmental policy goal is to achieve a 35 percent reduction of greenhouse gas emissions per unit of GDP from 2010 levels by 2030.

Conclusion

The main goal of the investment policy implemented in our country in recent years is to direct the products or services of enterprises established with the participation of foreign investments to export. For this purpose, it is important to reorganize the activities of enterprises established on the basis of our local enterprises, to participate in them, that is, to participate in the decision-making of the parties based on the share of shares, and most importantly, to achieve an increase in the competitiveness of the products or services of enterprises with foreign investments in the foreign market. In our opinion, the implementation of the above recommendations will allow the active involvement of investment projects in the national economy and ensure the stability of the investment environment.

The use of various methods to attract foreign investors is already bearing fruit. An active and well-directed investment policy is the most important factor for rapid and proportionate economic growth, implementation of deep structural changes and diversification of the economy. Uzbekistan was able to create a unique investment climate, and the fact that the country is rich in resources and the wide opportunities given for the establishment of enterprises in the field of extraction and processing, as well as the modernization of existing ones, created the ground for the entry of foreign investors. Also, in determining the effectiveness of investments in a specific sector;

- increasing the quantity and quality of investments in the development of science, education and culture;
- stimulation of focused innovation-investment strategies based on acquisition of basic innovations;
- it is necessary to study and evaluate the technological levels, scientific possibilities, inventions of existing productions that require state support.

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