



FOREIGN INVESTMENT ATTRACTION AND INVESTMENT ENVIRONMENT

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A B S T R A C T	KEY WORDS
In the present article is given investment environment in attracting of investments and capital flow. In particular is offered investment environment of developed countries of the World and criteria of assessment of investment environment in investments involving process. Studied the investment environment of the USA, Germany and other developed countries.	Capital flow, investment, investment environment, financing, inflation rate, rating agencies.

Introduction

Uzbekistan has been accelerating economic reforms in recent years in order to enter the world market and take a place among developed countries. The use of the experience of advanced countries in attracting capital flows and foreign investments to our country is becoming a demand for the period. One of the necessary general criteria for making an investment decision is to create an investment environment at the macro level and increase the investment attractiveness of the object being invested. In economic-themed literature, the investment environment and the investment attraction are often interpreted as synonymous concepts. But their initial one is very broad and has a great meaning. It, to be honest, is the main description of the investment environment in a country, region, economic regions or network. The investor is advised to assess the attractiveness of the investment of a particular object or investment project, taking into account the rating assessment of the investment environment.

So what to understand by investment environment?

Most authors describe the content of the categories being researched in different ways when they refer to investment environmental problems. Some believe that the concept of "Investment environment" reflects the optimal level of the developing situation in a given region in terms of investments that can be made in its socio-economic system [1]. It is often interpreted as "a set of political, socio-cultural, financial, economic and territorial conditions that determine the quality of the existing entrepreneurial infrastructure in any state, the effectiveness of investments and the level of risk that can arise in the investment of capital" [2]. From this definition it can be concluded that "the investment environment is one of the factors of the external environment of the enterprise and determines the advantages of potential investors for the enterprise". Therefore, the investment environment is a complex of social, economic, political and other conditions that create a certain level of attractiveness of financial investments.

There are also definitions that more accurately interpret this concept. Often, however, investment risks that predetermine the investment environment are ignored. Therefore, the definition presented in the encyclopedic Dictionary of Finance and credit is said to be the most correct and complete. According to him, investment's environmental factors include:

- **economic factors**-local government powers, stability of the legislative and community structure, distribution of power between various political groups and parties, the state of international relations, the level of development of the legislative base, the presence of mechanisms for guaranteeing and protecting investments, legal conditions for investing in one sphere;
- **social factors**-social conditions of life of the population, the level of social tension, the presence of social conflicts, the level of development of the social sphere;
- **economic factors the most influential factors**-are the structure of the economy of the region—the level of economic development of the region, the predominance of Investment activity, the capabilities of the existing local market, the economic policy of the government on the development of industries under investment, the possibilities of transferring dividends abroad, the level of inflation, the availability of Investment facilities with high efficiency;
- **financial factors**-the level of balance between the regional budget and the finances of the enterprise, the taxation system, the state of the balance of payments and the profitability of enterprises in the region;
- **resources and raw material factors**-provided by the natural resources of the region;
- **labor factors**-the availability of labor resources and their level of qualification, professional-qualification level of labor resources;
- **factors of production**-features of the field specialty, availability and placement of the necessary resources for production;
- **infrastructural factors**-the territorial-geographical position of the region, the appropriation of infrastructure, the organization and security of the region, the development of telecommunication systems, the presence of Investment infrastructures, the level of development of the infrastructure of the market economy;
- **environmental factors**-level of environmental pollution, natural-climatic conditions in the region;
- **criminal factors**-corruption of the power structure, the level of crime in the region.

As a rule, investment environmental factors are classified within the scope of the impact of society on them, that is, in terms of their objective and subjective capabilities. The initial factors will be diverse, and the subsequent factors will depend on human activity. It is also possible to distinguish between positive and negative influencing aspects of the investment environment [3].

Here are the conditions that will help create a favorable investment climate in the country and increase investment activity:

- high domestic market potential;
- high standard of income;
- low level of competition;
- sustainable tax system;
- low cost of resources: raw materials, labor and financial resources;
- effective support provided by the state.

The following are factors that prevent the development of investment processes and lead to a deterioration in the investment environment in the country:

- political instability;
- social tension, invasion, war of mafia structures, religious and ethnic clashes;
- high inflation rate;
- high rate of refinancing;
- high level of external and internal debt;
- budget deficit;
- passive balance of payment balance;
- Failure of legislation to develop well, including enforcement of laws governing the investiture environment;
- high transaction costs.

So, the investiture environment can be considered in the cross section of the sum of political, socio-economic, financial, organizational and legal and geographical factors that attract or distance potential investors from itself.

It is the sum of the political, socio-cultural, financial and economic, legal conditions that determine the quality of the country's entrepreneurial infrastructure, the effectiveness of investment and the degree of probability of risks encountered in the introduction of capital. In other words, the balance of investment efficiency and investigation risk are determined by the investition environment.

Investigation risk determining factors. In order to understand the essence of the studied category and form the author's point of view on its content, it is necessary to analyze the factors that caused the development of the investiture environment.

Among the common factors that are one of the most important elements of the investment environment in the region, which has a strong influence on Investor preferences, according to the literature on the economic topic, the following can be distinguished:

Invesvision environmental assessment. It is very difficult to assess the exact amount of investment environment. It was approved to be assessed in a positive, negative, neutral (neutral) [4] aspect.

Assessment of the investment environment serves as a factor in the optimization of capital investment flows. It is conducted by consulting firms, banks, newspapers, magazines, government agencies, such as the Department of Commerce, insurance companies, pension funds in the United States [5].

On the basis of the Investition environment lies the charm of investition. This is understood as the presence of certain conditions that affect the investor's choice of the object of investment. These conditions include:

- investment potential-investition quantitative description of attractiveness;
- investition risk-investition attractiveness quantitative description;
- investition includes a qualitative assessment of attractiveness.

Investition the object of study of the environment is Countries, Regions, Cities and networks in them. Investition methods of assessing the environment are very numerous, and the styles used are varietal. In a number of states, chunonchi, Japan uses descriptive methods without any quantitative evaluations. But the method of economic indicators, represented by numbers, is quite common.

Given the significant economic and political differences between some countries, it is an extremely difficult task to clarify the obvious advantages in different areas of the national economy. Countries

with a transitional economy, including Russia, use the beri index method. The assessment is carried out according to 15 criteria, measured in interest: political stability – 12, economic growth rate-10, currency conversion, etc. – 10, the possibility of long-term lending and the conditions for contributing to the share of capital by a foreign investor-8, the possibility of short – term lending – 8, costs for wages and labor efficiency – 8, devaluation – 8, the state of the balance of payments – 6, the possibility of implementing the contract – 6, the attitude to foreign investments and income-6, the possibility of nationalization: from – 6, the level of state regulation of bureaucratic procedures – 4, Local Government and cooperation – 4, the organization of transport and communication – 4, the possibility of using experts and services – 2.

Each criterion was evaluated in very favorable scores from one to four undesirable. The Beri index is a synthetic indicator and is the sum of expert assessment scores of individual component criteria. This method has been subject to a certain degree of subjective, primarily political, thinking, mainly when it comes to risk assessment.

The ranking given by various national and international agencies is important in the investment environment assessment. Large and very popular rating agencies were the first to be established in the United States. Moody's Investors, Standard & Poor's, Fitch – IBCA are among these agencies. They have representative offices in more than a dozen countries, operate on standards equal to all states, and use the same method of assessment and rating scales [6]. While this, on the one hand, is considered a positive case, on the other hand, ratings aimed at international financial markets do not take into account national and regional characteristics.

Another sentence. Data from rating agencies may not be able to provide detailed coverage of the investment environment. Because they do not fully disclose the complex economic system of the country. But this information serves as an auxiliary tool for investors to make decisions regarding the correct choice of the object to be invested in.

International agencies are obligated to support the balance of interests of most investor-countries and reps in ranking. This leads to conflict of interest, taking into account the complexity of assessing the risks of the country. It is believed that even the global economic crisis, which began in 2008 and covers all countries of the world, was caused precisely by the misjudgment of the well-being of US companies and banks by rating agencies [7].

Currently, agencies rely on the opinion of the team and the point of view of financial institutions, giving their conclusions using the main parameters. In fact, they need to be formed by themselves. Otherwise, the quality of the conclusions will continue to deteriorate.

The "big twenty"-G – 20 summit, dedicated to the global financial and economic crisis, noted that the existing system of financial analysis in the world has been revised, and it was announced that others will replace the agencies that made mistakes [8].

Russia proposed the creation of a new international rating agency. It can be established by the states attending the meeting. And the goal should not be to generate income, but to correctly assess the financial condition of companies and economic processes.

Of the measures aimed at the formation of a favorable investment environment in Russia, the following can be distinguished:

- development of public-private sector cooperation, which allows to significantly increase the efficiency of investment projects through the use of public and private investment facilities;
- investment improvement of legal and regulatory framework of activity;

- formation of investment industry infrastructure;
- development of a long-term lending system;
- progress small entrepreneurship.

It is permissible to consider the following concrete measures in this direction:

- change or repeal of various legislation making it difficult to carry out entrepreneurial and investment activities;
- to reduce the impact of state companies on the investment environment with the privatization of large share packages owned by the federal government and the addition of independent managers with the participation of heads of state of heads of federal executive agencies, in addition to the board of Directors of Joint Stock Companies;
- increased control over corruption crimes [9].

In place of the conclusion, it can be said that the investment environment is a complex and multi-stage concept. This complexity, as we have already noted, is formed under the influence of many factors that create conditions for investment activities.

Investition indicates that the multilevel character of the environment is assessed at the level of its country, region, sectors of the economy. If for a foreign investor the country's rating is strictly important, the region and Network rating are important for foreign as well as domestic investors.

Investor investition selects an object to be funded by assessing attractiveness. The approach to its assessment is diverse in terms of the novelty or mobility of the object. But in any situation, the effectiveness and risk of investing is very important for an investor, such as the investment environment assessment.

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