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TENDENCIES IN ATTRACTING DIRECT GREEN INVESTMENTS TO THE ECONOMY OF WORLD COUNTRIES

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A B S T R A C T

The article examines the trends of attracting green direct investments to the world economy. It is also given as an example of the countries attracting the most active green investment to the world economy. During 2013-2023, foreign direct investments attracted to the economies of the world countries and the volume of green investments made in developing markets by region were analyzed.

K E Y W O R D S

Direct investment, green investment, Green by Iceland, Green Lab, Low Carbon Green Fund, carbon, sustainable energy.

Introduction

As the world faces complex challenges related to climate change and resource depletion, transitioning to sustainable practices is not only a moral imperative but also a pragmatic economic decision. Investors who recognize the potential benefits of green investments not only contribute to environmental well-being, but also position themselves to thrive in a changing economic landscape. As governments, businesses, and consumers increasingly prioritize sustainability, green investments are emerging as an attractive path to achieving both environmental and economic goals.

Green Foreign Direct Investment (GFDI) is the investment by foreign investors in clean technologies, practices, projects and capital in a host country. This type of investment aims to support development and address issues such as pollution, climate change and resource depletion. By adopting sustainable technologies and practices, foreign investors can improve performance and help transition to a carbon-neutral market. FDI can include investments in energy projects, energy-efficient infrastructure, waste management systems and sustainable agricultural practices. Over the years, FDI has become a key focus of efforts to combat climate change and support sustainable development.

The intensification of global competition in the world economy, the expansion of the financial and economic restrictions regime, create the need to implement an investment policy aimed at actively attracting green foreign direct investment, increasing the attractiveness of the investment environment and ensuring the competitiveness of economic sectors. According to the World Bank, the investment rate in the economy is 29.4 percent in middle-income countries, 23.9 percent in Uzbekistan, 25.4 percent in Kazakhstan, 28.3 percent in Malaysia, 29.3 percent in Singapore, 32.3 percent in India, and

41.4 percent in China. Trends in attracting green direct investment to the economies of countries around the world are considered one of the most pressing issues today.

REVIEW OF RELATED LITERATURE

Let us consider the following definitions of foreign and domestic economists on attracting foreign direct investment. G.M. Galeeva and E.N. Kadeeva - the main factors in attracting foreign direct investment are access to markets and resources. The concentration of foreign capital only in certain regions and in certain sectors limits the development of the economy of other regions, primarily affecting the economy of underdeveloped regions. B.A. Vakhobov - foreign direct investment is an investment that allows the investor to exercise effective control over its economic activities, allowing the investor to own a long-term, at least 10 percent of the firm's share or shareholder capital.

N.N. Oblomurodov's scientific research studies studied the macroeconomic factors of improving the system of attracting foreign direct investment, and it is noted that investment attractiveness and investment activity play a high role in improving the system of attracting investment.

B. Mamatov, D. Khujamkulov, and O. Nurbekov in their research focus on the importance of foreign direct investment in the development of the national economy, in particular, they cite the fact that this type of investment directs production capital to the production of goods and services, as well as through the purchase of a controlling stake in a firm or enterprise, the construction of production facilities, the establishment of joint ventures, etc.

According to A.Sh. Bekmurodov, foreign direct investment is the direct export of capital that gives the investor the right to control the enterprise, thereby turning the enterprise into a foreign subsidiary of the main parent company.

RESEARCH METHODOLOGY.

The article uses methods such as scientific interpretation, generalization and abstraction of theoretical information, processing of statistical data through software, observation, systematization, comparison, induction and deduction.

RESULTS AND DISCUSSION.

The countries that are attracting the most active green investment into the global economy today are:

1. Iceland

Iceland is the second European country to generate more electricity from renewable sources than it consumes. It ranked 1st in carbon emissions and 2nd in clean innovation in the 2022 Green Future Index. The Icelandic economy currently uses 85% of its energy from renewable sources. Iceland plans to invest heavily in sustainability with the aim of becoming carbon neutral by 2040. Green by Iceland promotes sustainable and renewable energy solutions and expertise in its own country. This is to help other countries' economies and businesses move faster to prevent the devastating effects of climate change in the future.

2. Denmark

Denmark is actively investing in sustainable energy and, as a result, becoming greener. One example is GreenLab, which is part of a wider decarbonization effort across Denmark. GreenLab produces green and sustainable energy that makes a positive contribution to the environment. In particular, the energy systems installed by GreenLab are based on a circular economy in order to extend the life cycle of products. Denmark is making concerted efforts to transition to a green economy and is a leader in climate policy in the space.

3. The Netherlands

The Netherlands is recognized as a leader in green transport, especially in public transport. An example of this is the introduction of clean energy passenger trains since 2017. The Dutch government has signed agreements with several sectors to reduce greenhouse gas emissions. According to the agreement, all buses in the Netherlands must run on 100% renewable energy or fuel from 2025 and be emission-free by 2030.

4. Great Britain

The UK is a world leader in renewable energy generation. The UK's renewable energy market is attracting both domestic and foreign investment. For example, there was a significant investment in the offshore wind sector in 2022. The Bank of England has also placed climate and environmental risks at the heart of its mandate and is a global leader in sustainable finance.

5. Norway

Norway can be described as a sustainable country. This has been achieved through various measures. These include switching to electric transport, implementing recycling initiatives and investing in resources to reduce pollution as much as possible. Norway has already started the transition to a green economy. For example, the business sector has prepared roadmaps for green competitiveness in various sectors, including the waste management sector, and green investments are only being made in retail and wholesale, except for the packaging industry.

Analyzing the data in Figure 1, global foreign direct investment flows are projected to decline by 7% in 2023 to US$1,364 billion, marking the second consecutive year of declining trends and being significantly lower than the pre-pandemic period.

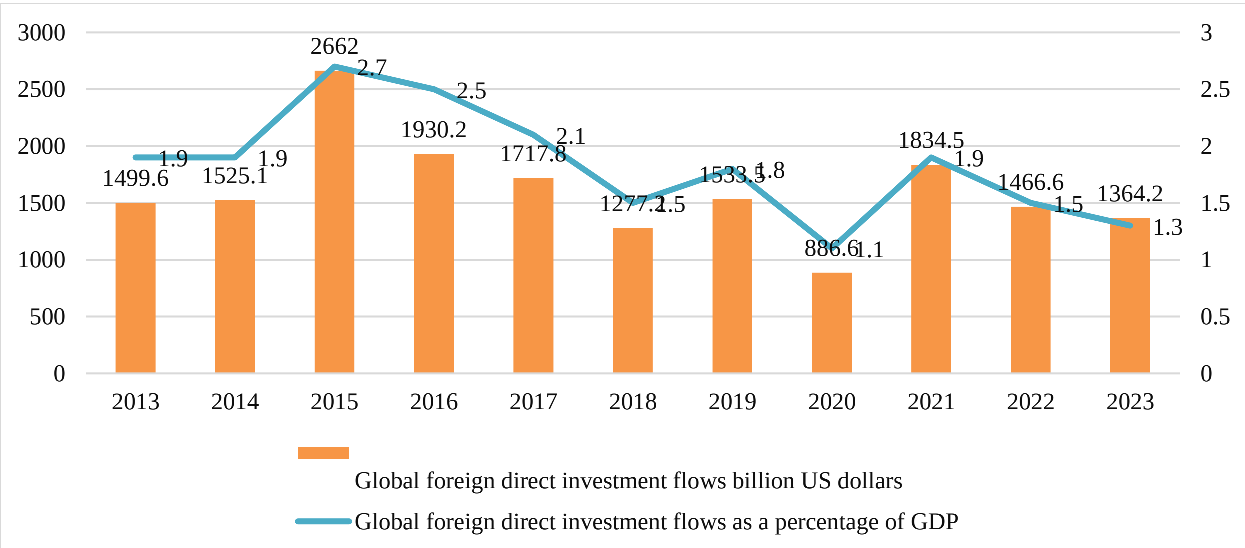

Figure 1. The volume of foreign direct investment attracted to the economies of the world countries during 2013-2023

More than two-thirds of OECD and other economies contracted in 2023, with foreign direct investment (FDI) inflows falling to a record low, particularly in the People's Republic of China, amid ongoing geopolitical tensions and high interest rates. Overall, FDI inflows to non-OECD G20 countries fell by 46% in 2023. Despite this overall downward trend, the United States, Brazil and Canada remained the top three recipients of FDI worldwide in 2023.

As a result of the analysis of the data in Figure 2, it can be said that low-carbon green investments in key sectors in 21 emerging markets amounted to about US$10.2 trillion, which is the total sum of all sectors in the markets in the next decade from 2020 to 2030. We can see that the largest share was in the East Asia and Pacific continents.

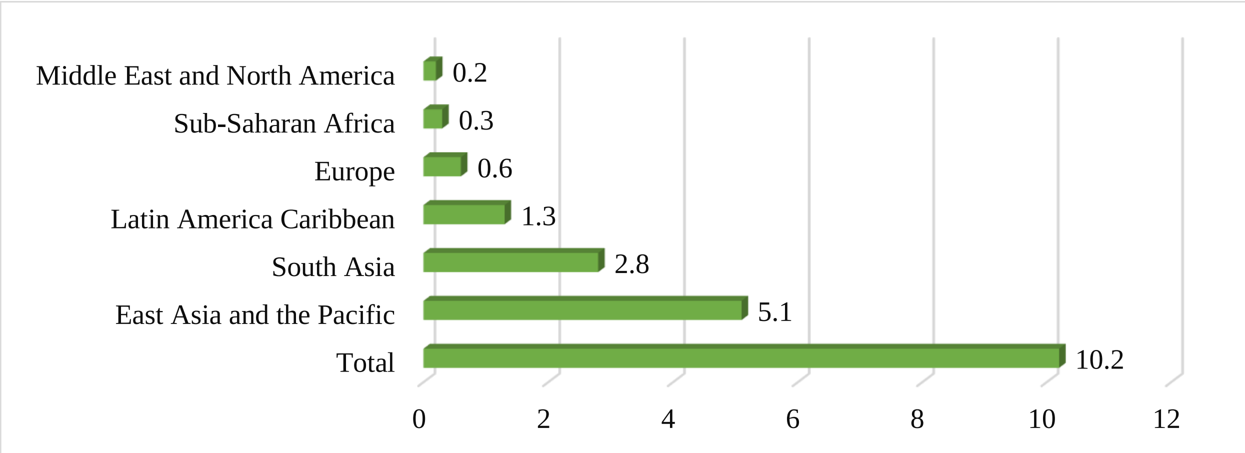

Figure 2. Green investment in emerging markets by region between 2020 and 2030 (projected in trillions of US dollars)

In developing countries, only 14 percent of green investments are financed by the private sector, while in developed countries, the share of the private sector is more than 81 percent. According to the Strategy for the Transition to a Green Economy of the Republic of Kazakhstan, "for the transition to a green economy by 2050, additional investment funds of 1 percent of GDP or an average of 3-4 billion US dollars per year are required annually." Within the framework of this concept, there is a need to mobilize a total of more than 90 billion US dollars in investment funds, the main part of which will be directed to improving energy efficiency, developing alternative energy sources, and gas infrastructure projects.

According to the Republic of Korea's green economy transition strategy, "the amount of funds allocated for green development purposes will be approximately 2 percent of GDP annually." The Republic of Korea government has also established the Low Carbon Green Fund, which aims to support research and development in the field of renewable energy, establish an emissions trading system, and finance emission reduction projects.

According to the international consulting firm McKinsey, "the amount of financing for green infrastructure in the G-20 or large 20 countries did not exceed US$160 billion per year on average in the 7-year period up to 2020, which is equivalent to 0.2 percent of GDP, while the current need is estimated to be 5.0 percent." At the same time, private investment in infrastructure in middle- and low-income countries is even lower, with three-quarters of investment financed by the public sector, development banks, and export credit agencies.

It should be noted that the Paris Agreement creates a solid basis for using international markets, increasing transparency and accountability of parties. In particular, recognizing the importance of international carbon markets, Article 6 of the Paris Agreement allows parties to use international carbon trading, introduce generally accepted accounting principles, and use market mechanisms to reduce carbon emissions.

According to the World Bank, the amount of investment required for the transition to a "green economy" in Uzbekistan to achieve a zero emission balance by 2060 is 4.0 percent of GDP per year in the energy sector and 9.0 percent in the transport sector. In general, the amount of investment required for decarbonization processes in the national economy is projected to range from 262 billion. USD to 341 billion. USD.

If we look at the scale of our country, attracting green direct investments to the national economy is one of our most urgent tasks today. We will express this through the following facts. In particular: within the framework of the program for the transition to a "green" economy and ensuring "green" growth in the Republic of Uzbekistan until 2030, it was determined to implement work in the following areas. It is worth noting that reducing the specific emissions of greenhouse gases per unit of gross domestic product by 35 percent from the 2010 level; increasing the production capacity of renewable energy sources by 15 GW and bringing their share to more than 30 percent of the total volume of electricity generation; increasing energy efficiency in the industrial sector by at least 20 percent; reducing the volume of energy consumption per unit of gross domestic product by 30 percent, including by expanding the use of renewable energy sources; The tasks set were to significantly increase the efficiency of water use in all sectors of the economy, introduce water-saving irrigation technology on an area of up to 1 million hectares; expand green spaces in cities by more than 30 percent by planting 200 million seedlings per year and increasing the total number of seedlings to 1 billion; increase the reserve index of the republic's forest fund to more than 90 million cubic meters; and increase the level of recycling of generated solid household waste to more than 65 percent.

CONCLUSION

The transition to a green economy in our country, the implementation of projects and programs aimed at introducing energy and resource-saving technologies, requires the development of a system of appropriate state preferences (incentives), improvement of the legal framework for the development of public-private partnerships, the widespread introduction of green instruments for attracting investments, the introduction of "green" criteria in the state investment program and the system of public procurement. The modern world economy is in a state of change and rebalancing, and the trends in regulating green foreign direct investment during this period demonstrate the efforts of leading countries to create new areas of growth around them. The formation of new investment relations and institutions, as well as the regulation of foreign trade, are currently used not only to create economic benefits for companies and consumers, but also to ensure technological independence, which ultimately limits economic growth and development.

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