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FINANCING INVESTMENTS DIRECTED TO THE REAL SECTOR OF THE ECONOMY IN DEVELOPED COUNTRIES

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ABSTRACT

This study examines the modern features of financing investments directed to the real sector of the economy in developed countries. The research analyzes the main sources of investment financing, including the role of bank loans, capital market instruments, venture capital, and private equity mechanisms. It also highlights the participation of the state in investment processes and its impact on economic efficiency. Based on the experience of developed countries, diversified and innovative approaches to financing the real sector are revealed. The results of the study contribute to the effective use of investment resources and ensuring economic growth.

KEYWORDS

Real sector, investments, financing, developed countries, capital market, bank loans, venture capital, private investment, economic growth, investment policy.

Introduction

In developed countries, financing of investments in the real sector of the economy is one of the most important and strategic directions of the modern economic system. The real sector is the main pillar of the economy, which includes the manufacturing industry, agriculture, construction and services. Investments in this sector are crucial for ensuring economic growth, creating new jobs and accelerating innovative development.

In developed countries, such as the USA, Germany, Japan, France and the UK, financing of the real sector is based on a multi-source and deeply diversified system. In these countries, along with bank loans, capital markets (stocks and bonds), venture capital, private investments and institutional investors (pension funds and insurance companies) actively participate in the process of financing investments. In particular, the development of capital markets allows enterprises to attract long-term and cheap financial resources.

Also, the role of the state in investment processes is important in developed countries. The state mainly uses guarantee and subsidy mechanisms to support strategic sectors, finance infrastructure projects, and stimulate private investment. In recent years, the “blended finance” approach has been widely used, in which state funds act as a catalyst for attracting private capital.

According to the World Bank and other international financial institutions, the demand for financing the real sector in developing and developed economies is increasing year by year. In particular, there is a need for large investment resources in the areas of infrastructure, energy, the “green economy” and

innovative production. Therefore, the development of capital markets and expanding the participation of the private sector have become a priority of global economic policy.

In the Republic of Uzbekistan, special attention is also being paid to improving the financing of the real sector. As a result of economic reforms in recent years, the banking system has been modernized, and the volume of investment lending is expanding. A number of measures are also being implemented to develop the capital market, modernize the stock exchange, and attract foreign investment. The flow of investment into the real sector is being increased by the state's support for industrial enterprises, the creation of free economic zones, and the provision of tax incentives to investors. However, the financing system of the real sector in Uzbekistan is still highly dependent on bank loans. The relatively underdeveloped capital markets, limited long-term investment resources, and the low share of private investment are among the main problems in this area. Therefore, it is urgent to study the experience of developed countries in depth and introduce innovative financing mechanisms.

LITERATURE REVIEW AND METHODS

"The experience of developed countries shows that government programs and the institutional environment play a key role in ensuring the effectiveness of investments. The strength of institutional rules, the ability to reduce transaction costs and the efficient allocation of financial resources serve to expand investment activity." In this regard, it is important for developing countries to study best practices and integrate them into the national economy. For example, ways to attract private and foreign investment through public-private partnerships, tax and subsidy policies, and mechanisms for financing strategic sectors require scientific analysis.

World scientific research suggests that financial markets, the institutional environment, and government mechanisms play an important role in financing investments. "For example, the work of the OECD emphasizes the effective use of financial resources through bank loans, bonds, and capital markets to finance the real sector. This analytical report states that the stability of the financial system and the expansion of access to credit are important factors for the growth of the real sector and the effectiveness of investment spending."

In this regard, Uzbek scientists A.Vakhabov, D.Gozibekov, N.Karimov and Sh.Mustafaqulov conducted scientific research on the economic essence of investments, issues related to the attractiveness of the investment environment, difficulties in attracting foreign investments to the national economy, factors affecting investment activity and investment potential. Professor N.Karimov believes: "An analysis of the economic development of highly developed countries shows that the relationship between investment activity and economic growth is not the same. However, they are considered to follow each other. Since economic growth depends on economic activity, this, in turn, determines the real possibilities of the country at each specific stage of economic development". Sh.Mustafaqulov studied ways to increase investment attractiveness and develop a system of measures for regional economic development. According to the analysis of factors influencing investment activity, "One of the most important and solvable issues in regulating investment activity is the optimal, uniform distribution of enterprises with foreign investment throughout the territory. The natural conditions of the regions, the business environment created there, fairly established social, organizational and management principles, the population's enthusiasm for business and entrepreneurship, risk tolerance and workforce skills, the presence of various institutional structures and their development are among the important factors indicating investment attractiveness."

Research Methodology

In the process of conducting the research work, logical thinking, forecasting, synthesis, systematic approach, structural and comparative analysis, economic comparison, scientific generalization, and statistical calculation methods were used.

RESULTS

In developed countries, including the United States, Canada, the United Kingdom, and Italy, the system of financing fixed capital investments is formed on the basis of strategic directions that support infrastructure projects, stimulate active participation of the private sector, and serve sustainable economic growth. In these countries, investment processes are implemented as a complex mechanism aimed not only at the efficient allocation of capital, but also at achieving long-term economic stability, innovative development, and social goals. Thus, their experience provides important practical recommendations for other countries, in particular developing countries, on the effective financing of fixed capital investments.

In the experience of these countries, financing of fixed capital investments is characterized by: first, strategic orientation, including investments in infrastructure projects, industrial modernization, development of energy and transport systems, as well as projects that serve sustainable growth in social sectors; second, the financing process is organized on the basis of attracting the private sector along with state resources; thirdly, a combination of financial instruments, including investments financed through long-term loans, bonds, government grants, insurance and tax incentives. At the same time, the financing structure is aimed at optimizing project costs and increasing efficiency; fifthly, the principle of sustainable development, including the effectiveness of projects is focused not only on economic, but also on environmental and social sustainability. For example, energy efficiency and the introduction of green technologies are an integral part of the investment strategy; sixthly, a control and monitoring system, that is, each investment project is gradually controlled, risks are analyzed and performance indicators are regularly assessed. This system ensures maximum use of capital.

The long-term trend in the structure of investments made in the United States is a decrease in the share of tangible components and an increase in intellectual property products. Since the early 1950s, the total share of buildings, structures and equipment in gross production investment has decreased from about 90% to 67%, while intellectual property products have increased from 10% to 33%. In the 1980s and 1990s, a significant increase in intellectual production and the introduction of intensive innovations made it possible to effectively manage investment costs. Thus, it was found that increasing the share of intellectual capital in investments has a direct positive effect on economic development and improving efficiency. In general, the United States is a country with intensively developing investment activity, which is actively supported by the state. The innovative economic renewal of investment activity is largely due to the interrelated determination of the goals of the state's science, technology and investment policy in the American economy. “The main goals of scientific and technical policy are: - to create a favorable business environment for expanding innovation and increasing the competitiveness of the private sector; - to encourage the development, commercialization and use of new technologies; - to invest in world-class infrastructure to support American industry and trade; - to promote the integration of military and civilian production; - to develop a world-class workforce that can actively participate in a rapidly changing knowledge-based economy.”

Here, we analyze the dynamics of changes in the share of fixed capital investments in the GDP of some developed economies over the last seven years.

Table 1 Dynamics of fixed capital investment in selected developed countries (billion US dollars)

Country	2018	2019	2020	2021	2022	2023	2024	2025	2026 (Q2)
World	22150	22740	22030	23580	24650	25090	25700	26250	13200
GDP share %	25.4	25.7	25.6	24.0	24.1	23.5	23.1	22.9	22.5
USA	4326.3	4467.8	4333.5	4622.8	4844.01	4905.7	5076.7	5200	2650
GDP share %	21.1	21.2	20.6	19.8	18.9	17.9	17.6	17.4	17.2
Germany	776.4	773.1	753.5	801.6	786.9	771.7	748.8	760	385
GDP share %	19.1	19.5	19.1	18.4	18.7	16.9	15.9	15.7	15.5
Japan	1164.2	1164.9	1102.1	1126.8	1129.9	1132.1	1128.7	1140	575
GDP share %	23.1	22.7	21.8	22.4	26.5	26.9	28.0	28.2	28.5
Italy	362.8	359.4	323.6	415.0	459.7	456.3	457.6	465	235
GDP share %	17.3	17.8	16.9	19.0	21.8	19.7	19.2	19.0	18.8
United Kingdom	562.9	571.1	516.2	574.1	581.1	591.5	628.0	640	325
GDP share %	19.4	19.8	18.9	17.9	18.3	17.3	17.0	16.8	16.5
France	572.7	594.0	552.8	592.9	602.9	595.9	568.7	580	295
GDP share %	20.6	21.8	20.9	19.9	21.6	19.5	17.9	17.7	17.5
Canada	388.1	387.9	353.3	402.3	428.1	403.6	395.3	405	205
GDP share %	22.5	22.2	21.3	19.9	19.5	18.6	17.6	17.4	17.2

While the dynamics of fixed capital investment in some developed countries showed an overall growth trend in 2018–2024, a short-term decline was observed in 2020 due to the impact of the pandemic. While global investment fell to $22,030 billion in 2020, it recovered to $25,700 billion by 2024, returning to a steady growth path. The United States, as the country with the largest investment volume, recorded an increase from $4,326.3 billion in 2018 to $5,076.7 billion in 2024. However, its share in GDP decreased from 21.1 percent to 17.6 percent, indicating that although investment volume is increasing, the overall size of the economy is expanding faster.

In European countries (Germany, France, Italy, Great Britain), investment dynamics were relatively volatile, and a recovery process was observed after the 2020 crisis. While a slight decline was observed in Germany and France by 2024, a slow growth trend was maintained in Great Britain and Italy. Japan, on the other hand, demonstrated a certain stability, increasing its share in GDP to 26–28 percent in 2022–2024. Canada, on the other hand, had relatively moderate dynamics, and a downward trend was observed starting in 2022. In general, although the volume of investment in fixed capital increased in developed countries, the decrease in the share in GDP was explained by economic diversification and the expansion of the service sector. Table 2 below presents the flows of foreign direct investment attracted to the economies of developed countries over the past seven years. The decrease in investment flows in all countries in 2020 is justified by the consequences of the pandemic.

Table 2 Foreign direct investment attracted to the economies of developed countries (billion US dollars)

Country	2018	2019	2020	2021	2022	2023	2024	2025	2026 (Q2)
USA	203.2	230.0	93.4	386.1	316.9	233.1	279.0	295	150
GDP share %	0.98	1.06	0.44	1.63	1.22	0.84	0.95	1.00	0.98
Singapore	74.4	98.1	71.5	130.9	142.1	135.1	143.5	150	76
GDP share %	19.7	26.0	20.4	30.1	28.5	26.9	26.2	26.5	26.7
Canada	37.7	50.5	25.6	61.4	45.8	46.5	64.1	66	34
GDP share %	2.2	2.9	1.5	3.1	2.1	2.2	2.9	3.0	3.1
Germany	67.4	57.2	64.2	74.2	53.3	52.0	5.7	6.0	3.0
GDP share %	1.7	1.4	1.6	1.7	1.3	1.1	0.1	0.1	0.1
France	34.8	21.4	11.4	32.7	76.5	42.3	33.7	35	18
GDP share %	1.2	0.8	0.4	1.1	2.7	1.4	1.1	1.2	1.2
Japan	10.0	13.7	11.8	34.3	34.2	20.8	13.5	14	7
GDP share %	0.2	0.3	0.2	0.7	0.8	0.5	0.3	0.3	0.3

Foreign direct investment (FDI) attracted to the economies of developed countries is one of the most important components of global capital flows. These investments play a crucial role not only in expanding production capacity, but also in technological innovation, innovative development and increasing competitiveness. The table data shows significant fluctuations in investment flows between developed countries in 2018–2024 and the forecast for 2025 and the second quarter of 2026. Although the volume of FDI in the United States sharply decreased in 2020 under the influence of the pandemic, falling to $ 93.4 billion, in 2021 there was a sharp recovery to $ 386.1 billion. In subsequent years, a relatively stable, but decreasing trend has been maintained. The decrease in its share in GDP from 1.63 percent to 0.95 percent indicates a slowdown in investment flows relative to the size of the economy.

Singapore stands out as the country with the highest relative investment activity. Its share in GDP is in the range of 26–30 percent, which confirms the country's role as a global investment center. While investments in Canada and France have remained moderately stable, Germany has seen a sharp decline in 2024, indicating the presence of systemic changes. Japan is characterized by a relatively low but stable share, which is explained by a conservative investment climate. In general, the dynamics of FDI inflows in developed countries are directly related to global economic instability, geopolitical risks and capital market volatility. At the same time, open economies such as Singapore maintain high investment attractiveness.

International experience shows that the flow of foreign direct investment and international loans is directed mainly towards countries with high economic growth rates and striving for high labor productivity indicators. Therefore, in the global context of the investment process, direct investment is of particular interest. The ongoing globalization of economic systems is accompanied by an expansion of the geography of investment relations, that is, their territorial expansion. Since the European Union is one of the most developed regional integration blocs in the modern world, it has a global impact on other countries and determines the vectors of global trends, therefore, it is necessary to carefully study the investment policy of this regional association aimed at attracting foreign direct investment, critically analyze the achievements achieved or the shortcomings made. In general, mutual foreign investment, carried out within the framework of the economic policy of the EU member states, serves as a key infrastructural factor ensuring the integration of the European economy into global value

chains. “Over time, three main directions have emerged in the regional (including investment) policy of the Eurozone on the basis of the integration movement: first, the policy of economic convergence (cohesion), which emphasizes the provision of assistance (including investment) to outsider regions in order to narrow the socio-economic gap with the leading regions; second, the policy of increasing the competitiveness of regions and employment; third, the policy of promoting regional and national cooperation in order to reduce the economic importance of country borders”.

“It is known that the development of infrastructure is a key condition for economic development. According to some estimates, by 2030 the global need for infrastructure investment will reach 50 trillion US dollars.” “Studies on the impact of infrastructure on economic development in developed countries show that a 1% increase in the share of investment in this sector in GDP increases economic growth by 0.4% and by 1.5% over the next four years.” These indicators reflect the high efficiency of infrastructure projects, which increases the interest of the private sector in such investments.

Let us now turn to Japan, one of the four Asian countries included in the UN list of developed countries. Japan is the only Asian country to have entered the post-industrial era, becoming a member of the Group of Seven (G7). In the 1980s, Japan became the world's second largest economy after the United States, largely due to a manufacturing development strategy aimed at capturing foreign markets, and Japan's share of global exports reached 10%. The stagnation of Japan's GDP was due to the following factors: a slowdown in economic growth in China; the fastest aging population in the world, with a high proportion of citizens over 65, which entails significant social costs. Another important factor is the fact that Japan has not created a new generation of innovative firms that could replace traditional Japanese companies in foreign markets. Unlike Japan, the United States has been able to ensure the continuity of generations of high-tech companies. Thus, IBM was replaced by Microsoft and Intel, which in turn were replaced by Google and Apple. In Japan, Sony and Panasonic have not found worthy successors. Since 1946, not a single new company has been included in the list of Japan's 20 largest electronics manufacturers.

CONCLUSION

The analyzed table data shows that there have been significant fluctuations in the dynamics of foreign direct investment (FDI) attracted to developed countries in recent years. Investment flows in the period 2018–2026 were formed in close connection with global economic processes, the impact of the pandemic, geopolitical instability and volatility in financial markets. In general, although the investment attractiveness of developed countries remains high, their growth rates are not the same.

In the case of the United States, the volume of FDI is one of the highest. Although a sharp decline was observed in 2020, a recovery process has occurred in recent years. However, after the maximum in 2021, a downward trend in investment volumes is observed. The decrease in the share in GDP indicates a relatively slowing growth rate of investments against the background of the large size of the US economy. This is explained by the development of the domestic capital market and increased diversification towards foreign investment. Singapore is the country with the highest relative indicator in the table, with its FDI to GDP remaining in the range of 20–30 percent. This is due to the country's open economic policy, favorable investment climate, and position as an international financial center. While Canada and France have shown moderate stability in attracting investments, Japan is characterized by a relatively low but stable share. This is explained by the greater reliance of the Japanese economy on domestic financing. Germany's performance has shown a significant decline in

recent years, especially the results for 2024, which decreased sharply. This may be due to structural changes in the industrial sector and instability in the energy market. Forecasts for 2025 also indicate cautious growth or low stabilization.

In general, while FDI flows in developed countries remain high, their distribution is uneven and volatile. This process is explained by the transformation of the global economy, the development of digital technologies, the reshaping of production chains, and increased geopolitical risks. At the same time, open and investment-oriented economies, such as Singapore, are showing the highest efficiency. In the future, innovative financial instruments, public-private partnership mechanisms, and further liberalization of the investment climate will be important to stabilize FDI flows in developed countries.

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