



ISSUES OF INCREASING THE ATTRACTIVENESS OF THE INVESTMENT CLIMATE WHEN ATTRACTING INVESTMENTS INTO THE ECONOMY

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Received: 8 th November 2023	The article examines the role of the investment climate in attracting domestic and foreign investment into the national economy and issues of increasing its attractiveness. Suggestions and recommendations are given to further increase the attractiveness of the investment climate in the country.
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INTRODUCTION.

The future indicators of the national economy following the path of modern, stable, innovative economic development are, first of all, the rational use of existing internal financial, economic, labor and other resources, on the second hand, the effective use of attracted foreign investments and loans, and thirdly, the development of a strategy for successfully attracting foreign investment resources. exit depends on the mobilization of foreign investments on the basis of favorable conditions for the priority areas of the economy, especially during the creation of a guaranteed protection system for foreign investments and loans. At the current stage of the development of the world economy, the implementation of foreign investments and loans is becoming more and more important, becoming one of the most important elements of investment activity in the economy of various countries. At the same time, the ongoing global financial and economic crisis, increasing competition in the global and regional investment markets, create an even more favorable investment environment in the country, stimulate the attraction of foreign investments for the implementation of projects on the modernization of production, technical and technological renewal, as well as requires the adoption of additional measures to eliminate existing bureaucratic problems and obstacles in working with foreign investors, to prevent illegal interference by state and control agencies in the activities of enterprises with foreign investments.

A number of measures aimed at increasing the investment attractiveness of our country's economy and improving the system of effective use of 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 country¹.

LITERATURE REVIEW.

In order to attract investments and use them effectively, certain conditions, usually called the investment environment, are required. In the literature of modern economics, this term is very common, but it still does not have a clear definition. This concept is characterized by extremely uncertain qualitative characteristics of the state of economic systems. In a number of works, it is emphasized the importance of distinguishing the concepts of "investment attractiveness" and "investment environment" depending on the different levels of the economic system where they are used. The concept of investment attractiveness has a number of similar concepts such as "investment environment" and "investment image" in economic literature. But they are not the same. Usually, the term "investment environment" is understood as a set of economic, political, and financial conditions affecting the entry of domestic and foreign investments into the country's economy, while "investment image" is a complex reflection of various aspects of the investment environment in the imagination of investors.

¹ Decision PQ-4300 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".

As world economists who conducted scientific research on investments, investment environment and increasing its attractiveness, V. Behrens, D. Smith, R. Folk, Ya. Honko, V. Hoyerlar are great for studying the theoretical and methodological foundations of the concept of investment environment in the context of the transition to a market economy. Russian scientists who contributed include E. Avdokushin, I. Belousov, I. Veretennikov, G. Marchenko and others.

Based on the analysis of the existing scientific and methodological base in this field in our country, M. Abdusalyamov, K. Abirqulov, N. Aimbetov, T. Akhmedov, A. Sodikov, A. Soliev, A. Kadirov, A. Qayumov, F. Egamberdiev, Sh.Imomov, Sh.Nazarov, D.Gozibekov, N.Haydarov, N.Karimov from the scientists of the national investment policy school and Sh.Mustafagulov, U.Madrahimov, A.Sabirov, S.Abdurakhimova, A. H. Ergashev can be cited as an example.

RESEARCH METHODOLOGY.

Methods such as abstract-logical thinking, generalization, etc. are used to cover this topic.

ANALYSIS AND RESULTS.

In recent years, more than 12 Laws, more than 60 Decrees and Decisions have been adopted in Uzbekistan in order to improve the investment environment and support entrepreneurship. In order to consider the appeals of entrepreneurs, the "Business Ombudsman" institute, Prime Minister's offices and a single center for investors were established under the President of the Republic of Uzbekistan. In 2021, the process of privatization of non-agricultural land began for the first time in the history of our country. If in 2016 the number of countries whose citizens can enter and exit our country without a visa was 9, then as a result of the reform of the visa system, the number of such countries will increase to 90 in 2022. Also, a separate "investment visa" system was introduced for investors and their family members.

For example, in 2017-2022, Uzbekistan improved its position by 31 places, from 148th to 117th place in the overall rating of the International Index of Economic Freedom. In 2017, the total amount of investments in the economy amounted to 14 billion US dollars, and in 2022, this indicator increased 1.7 times to 24 billion US dollars. Today, more than 50 countries of the world are steadily investing in Uzbekistan. They operate mainly in the metallurgical, energy, chemical industry, electrical engineering, mechanical engineering, and light industrial sectors of our economy. Reforms aimed at improving the investment environment serve the sustainable development of our economy and the improvement of people's living standards.

Various barriers to business and investments have been removed and an open and strict policy is being implemented in the republic. Today, our country has established close cooperation with major international financial institutions and organizations such as World Bank, Asian Development Bank, Islamic Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank. As a result of active foreign policy, the geography of countries investing in our republic is also expanding. By 2022, the number of countries investing in our economy will increase to 50. Among them, countries such as Russia, China, Turkey, Germany, and South Korea are leading. The volume of foreign investments and loans to our country amounted to 3.3 billion US dollars in 2017, and by the end of 2022, this figure has tripled to 9.8 billion US dollars. As a result, the share of foreign investments and loans in total investments increased from 23.8% to 40.5%. At the same time, the volume of foreign direct investments and loans amounted to 2.5 billion US dollars in 2017, and by 2022 it increased 3.4 times and reached 8.5 billion US dollars. Their share in total investments increased from 17.7% to 35.4%. The number of enterprises and organizations with foreign investments is also increasing year by year: in 2017, there were 5,500, and by 2022, their number will reach 15,800. 6.4 thousand of them are joint ventures, 9.3 thousand are wholly foreign enterprises. 30.5% of enterprises with foreign capital are trade, 27.5% are industry, 8.0% are construction, 4.8% are agriculture, 4.1% are accommodation and catering establishments, 2.9% are storage and transportation, 4.8% in communication and information, 17.4% in other fields.

In recent years, several works have been carried out in order to increase the investment attractiveness of our country and attract more foreign investments to the economy. In particular, in order to protect the rights and interests of investors, a new "Tax Code", "Law on Investment and Investment Activities", and "Law on Mediation" were adopted. To create more favorable conditions for investors, the International Tashkent Arbitration Center was established and new mechanisms such as "investment credit", "investment subsidy" and "investment visa" were introduced. The number of free economic zones operating in the country was 3 at the beginning of 2017, and by 2022, it will reach 22. 12 of them specialize in industry, 6 in pharmaceuticals, 2 in tourism, and 2 in agriculture. Changes in legislation and created opportunities have a positive impact on the investment environment in the country. For example, in 2019, for the first time, Uzbekistan was included in the Organization for Economic Co-operation and Development (OECD) "Index of Regulatory Restrictions on Foreign Direct Investment" and according to this index, in 2020 it ranked 43rd in the world and 7th in the Asian region. . In 2017-2022, Uzbekistan improved its position by 31 places, from 148th to 117th place in the overall rating of the International Index of Economic Freedom.

In 2017, the volume of direct foreign investments in our country amounted to 2.2 billion US dollars, and at the end of 2022, this figure increased by 1.5 times and reached 3.3 billion US dollars.

Table 1
Investments in fixed capital by regions in 2022 by sources of financing ²

	<i>Total investments, billion soum</i>	<i>including by funding sources: (in % of the total)</i>						
		<i>Republic budget</i>	<i>enterprise and population funds</i>	<i>population</i>	<i>foreign investment and loans</i>	<i>Water supply and sewage systems development fund</i>	<i>Recovery and Development Fund</i>	<i>commercial bank loans and other debt funds</i>
Republic of Uzbekistan	269857,5	7,8	31,3	9,5	41,6	1,1	0,9	7,8
Republic of Karakalpakstan	10099,8	12,7	28,1	11,9	38,9	1,4	1,7	5,3
regions:								
Andijan	14758,6	7,6	23,9	12,2	47,1	2,5	-	6,7
Bukhara	21138,0	4,8	21,6	11,1	56,8	0,6	-	5,1
Jizzakh	10763,1	9,7	23,7	6,0	44,5	1,5	-	14,6
Kashkadarya	16181,5	9,1	23,6	14,8	46,5	2,0	0,2	3,8
Navoi	19396,1	3,6	30,7	9,9	54,9	0,3	-	0,6
Namangan	14348,2	6,1	19,8	16,3	34,3	1,1	-	22,4
Samarkand	21955,2	9,1	26,6	7,4	43,7	0,7	-	12,5
Surkhandarya	11507,3	12,1	15,0	16,3	43,1	5,7	-	7,8
Syr Darya	12574,7	5,5	10,7	1,8	77,5	0,5	-	4,0
Tashkent	34954,7	6,0	39,3	8,0	32,9	0,5	5,4	7,9
Ferghana	15396,7	7,2	21,4	17,2	46,1	2,3	-	5,8
Khorezm	8806,6	9,3	25,6	24,0	30,7	1,2	1,2	8,0
Tashkent sh.	56725,8	8,2	52,1	3,2	28	-	0,5	8,0

It can be seen from the data of Table 1 that foreign investment and loans have a special place in the structure of the involved sources of financing. The highest indicators of the share of foreign investments and loans in total investments were observed in Syrdarya and Bukhara regions, which were 77.5 and 56.8%, respectively.

Investments in fixed capital means a set of expenses aimed at the purchase and reproduction of new fixed assets.

In international practice and statistics, in addition to direct and portfolio foreign investments, other foreign investments are distinguished, including trade loans, loans from international financial institutions, and loans from foreign governments. However, they can only be called investments with a high level of conditionality, because such loans, as a rule, serve only short-term turnover of goods or are temporary measures to cover the deficit of the balance

² Ўзбекистон Республикаси давлат статистика агентлиги маълумотлари асосида тайёрланди.

of payments. Thus, it is important to distinguish between entrepreneurial and credit capital movements based on the nature of use. But today, in the economy of Uzbekistan, many investment projects are financed with foreign loans.

The dynamics of the volume of investments in fixed capital over the last five years shows that it has increased by almost two and a half times and has a growing tendency.

Table 2
Dynamics of the volume of investments in fixed capital, trillion. soum ³

Indicators	Years				
	2018	2019	2020	2021	2022
The volume of investments in fixed capital	107,3	189,9	202,0	245,0	269,9

CONCLUSION.

In conclusion, it should be noted that the strategic policy in the field of attracting internal and external investment and loans to the national economy is based on the development of an investment regime that provides favorable investment conditions at the level of international and national standards. For this, long preparatory work is needed to implement changes in tax, investment and corporate legislation that can be intensively adapted to investment processes. First of all, it is the legality of the relationship in which capital ownership has arisen, and it is determined by the legal guarantees of the property acquired as a result of privatization of domestic and foreign investors and the provision of adequate protection of foreign investments. Secondly, one of the important goals of administrative reforms carried out in the country should be to eliminate administrative obstacles that hinder entrepreneurship and its development (first of all, at the regional and local level). The experience of many countries in transition economies shows that improving the investment climate is a necessary but not sufficient condition for attracting foreign investment and loans. In such conditions, the attractiveness of the investment environment depends on risk factors. In most cases, commercial risks are within the investor's sphere of influence, while non-commercial risks are distinguished by the fact that it is difficult for the investor to calculate in advance due to its complex and burdensome characteristics, and the fact that the main subject of this risk is the state itself.

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³ Ўзбекистон Республикаси давлат статистика агентлиги маълумотлари асосида тайёрланди.

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