

ISSUES AND SOLUTIONS IN ATTRACTING FOREIGN INVESTMENT

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Annotation

The article discusses methods and forms of attracting foreign investments, the role of foreign investment in the development of the Uzbek economy, as well as proposals and concepts aimed at increasing the attractiveness of the investment environment and actively attracting foreign investments.

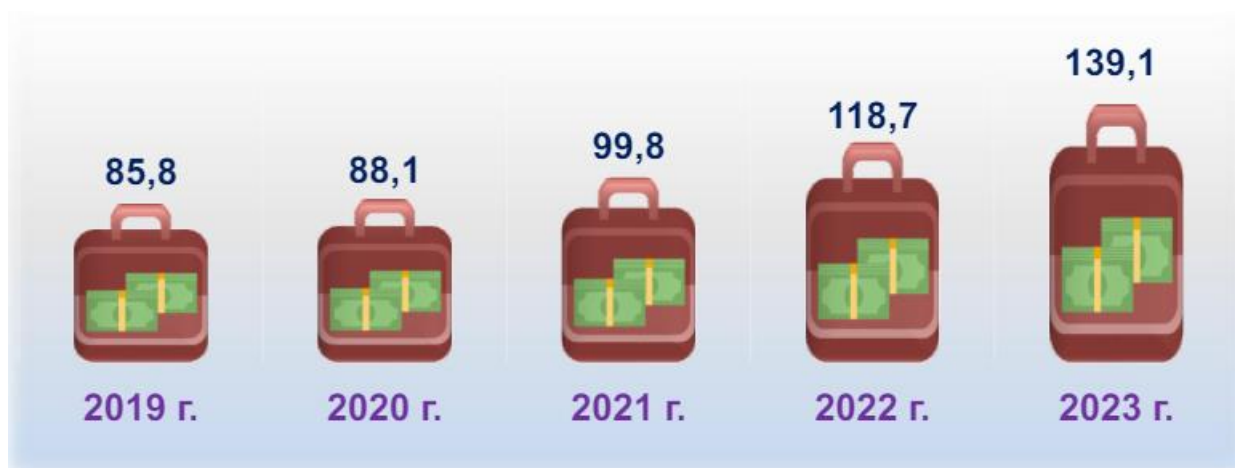
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INTRODUCTION

The rapid globalization trends in the world today require countries and governments to increase opportunities for attracting direct foreign investments in their economies¹. "Attracting foreign direct investments is one of the key factors in developing the country's economy," according to studies by world countries. In attracting direct foreign investments, it is important to create favorable conditions for the active involvement of private sector entities, as well as the successful utilization of their resources and objects, the establishment of favorable conditions for investment, the expansion of cooperation with international financial institutions, financial institutions of foreign governments, leading foreign companies, and banks, as well as increasing the attractiveness of foreign investments.

The role of regions in developing the economy of Uzbekistan is particularly important. One of the main problems in attracting foreign investment in the national economy is the fair distribution of them in the regions.

¹ (REFERENCES) 1. James E. Anderson, Mario Larch, Yoto V. Yotov. Trade and Investment in the Global Economy. Journal of NBER Working Paper No. 23757



Dynamics of investment volume in fixed capital for January-June, trillion sums²

If we look at the growth rates of the investment volume over the past five years, it becomes evident that until 2019, it was increasing and reached 158.9%. In 2020, there was a decrease - 90.6%, in 2021 it increased to 102.5%, and then continued to grow, reaching 107.9% by the present time. "Defining the investment policy of the Republic of Uzbekistan, improving the investment environment, implementing quality annual investment programs, creating favorable conditions for attracting foreign investments, increasing the profitability of foreign investments," the task was set separately³.

MAIN PART

Direct foreign investments are a broad concept, which we will explain as follows. According to the Law of the Republic of Uzbekistan "On Investment and Investment Activities," direct foreign investments are investments made by foreign investors without government guarantees, in particular, their own funds or borrowed funds.

The absence of a developed legal basis for investment activities, the elimination of restrictions on the use of property and land, the identification of issues ensuring transparency in business, have become urgent issues. In case of such problems, the use of financial resources is limited. Investors often face difficulties in identifying business markets and rely on us to provide information for investment. Conversely, creating a conducive environment for investment and development requires systematic efforts to attract and interest investors, such as organizing specific promotion campaigns and initiatives. The main factors in attracting foreign investments are entry into markets and resources. The concentration of foreign capital in only certain regions and sectors hinders the development of the economy of other regions, primarily affecting regions with underdeveloped industries.

The main problems encountered in attracting foreign investments are as follows:

- **Legal conditions:** It is possible for each state to have its own laws and conditions for attracting foreign investments. These conditions and laws may create difficulties in implementing investments.
- **Political and economic stability:** Political and economic conditions may affect the attraction of foreign investments in the country. Instability or other changes may create risks for investments.
- **Infrastructure:** The necessary infrastructure for attracting foreign investments, such as transport networks, energy supply, and communication, may be lacking or inadequate, causing problems.

² <https://stat.uz>.

³ O'zbekiston Respublikasi Prezidentining "2017 - 2021 yillarda O'zbekiston Respublikasini rivojlantirishning beshta ustuvor yo'nalishi bo'yicha harakatlar strategiyasini «Faol tadbirkorlik, innovatsion g'oyalar va texnologiyalarni qo'llabquvvatlash yili»da amalga oshirishga oid Davlat dasturi to'g'risida" gi Farmoni. 2018 yil 22 yanvardagi PF-5308-son.

- Legal and regulatory issues: Legal and regulatory issues are important factors in attracting foreign investments, such as intellectual property rights, financial acceptance, and personal data protection.
- Human resource development: The need for skilled labor training in both government and service sectors and the availability of qualified personnel to attract investments may be challenges.
- Inflation and currency regulations: The growth of inflation and currency regulations may increase financial risks in attracting foreign investments.

Solutions may include:

- Special incentives: Governments may offer special incentives, such as tax breaks and customs regulations, to improve the local and regional economic environment.
- Legal reforms: Governments may enact legal reforms to ensure compliance, such as regulations to protect intellectual property rights, financial guarantees, and personal data protections, to promote financial development.
- Infrastructure projects: Infrastructure projects, such as the development of transport and energy networks, can greatly assist in attracting foreign investments.
- Discussions with investors: Governments may engage in discussions with investors to ensure their compliance, provide financial and legal protections, and improve regulatory environments.
- Human resource training and development: Offering training in specialized skills and providing incentives for attracting qualified personnel to invest in specialized training and development programs can address human resource issues.
- Advance monitoring of financial and legal issues: Advance monitoring of financial and legal issues, such as ensuring investors' rights to property and contractual rights, can promote financial development.

These solutions and issues are important for successful investment and growth of foreign investments.

World experience shows that whichever country implements an active investment policy, it achieves sustainable economic growth. Therefore, investment is not just a "driver of the economy"; it is essential for the development of various sectors and regions, bringing new technologies, advanced experiences, highly skilled professionals, and promoting entrepreneurial development.

CONCLUSION

The following conclusions are drawn regarding attracting foreign investments. Namely: Firstly, it is necessary to develop a comprehensive development strategy for attracting foreign investments, secondly, to create "roadmaps," thirdly, to develop a long-term concept aimed at long-term goals. The decision to attract investments depends on various factors affecting the investor's choice of sector, but it is scientifically justified to differentiate the investment environment of the region by providing indicators that describe the investment environment and serve them. Conclusion is that various approaches are needed to attract foreign investments to the national economy, and their main goal is to provide opportunities for the country's economic development.

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