



WAYS TO INCREASE THE ATTRACTIVENESS OF THE INVESTMENT ENVIRONMENT IN UZBEKISTAN

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Annotation:

The article developed scientific and practical proposals and recommendations on the importance of increasing the attractiveness of the investment environment in attracting foreign investment in the economy, increasing the attractiveness of the country's investment environment. Also, the trend of recent years in attracting foreign investment in the country was analyzed.

Keywords: Foreign investments, foreign direct investments, attractiveness of the investment environment, Doing business index.

INTRODUCTION

In the Address of the President of the Republic of Uzbekistan Sh.M. Mirziyoev to the Oliy Majlis: "World experience shows that any country that has pursued an active investment policy has achieved stable growth of its economy. That is why investment is the driver of the economy, in Uzbek terms, the heart of the economy, it is no exaggeration. We will achieve rapid development of our economy only by actively attracting investments and launching new production facilities. Positive results in the economy make it possible to systematically solve the accumulated problems in the social sphere. We must all understand this deeply and organize our work on this basis. In order to widely attract foreign investments, it is necessary to take measures to fully demonstrate the investment potential of our country, which should be one of the most urgent issues in our daily life [1], and he acknowledges the extremely important importance of foreign investments in the development of the economy and the urgency of attracting them.

Management of the investment policy is important as a driving force of the economy of the world countries, ensuring its development and high level of development. "Although the volume of foreign direct investments in the world in 2019 amounted to 1.54 trillion US dollars, by the end of 2020, its volume decreased to 40 percent". This trend is related to the weakening of the investment potential of the countries, and at the same time, they are achieving a favorable investment environment based on management of investment activity through stability

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indicators, expansion of free economic zones and effective use of resource potential.

LITERATURE REVIEW.

Economists-scientists A. Vakhobov, Sh. Khajibakiev, N. Muminov emphasize the following about the investment environment: "Investment environment is a set of economic, political, legal and social factors that predetermine the volatility of foreign capital investments and the possibilities of their effective use in the country". The investment environment is a complex, multifaceted concept, and has indicators such as national legislation, economic conditions (crisis, growth, stagnation), customs regime, currency policy, economic growth rate, inflation rate, exchange rate stability, level of foreign debt" [2]. Also, the set of economic, political, regulatory, social and other conditions affecting the investment processes in the country represents the investment environment.

"Investment environment" and "investment climate" are used as synonymous concepts. In this regard, economists-scientists D.Gozibekov and T.Koraliev expressed the following opinions: "Investment climate is a concept used in a very broad sense and embodies all the problems and issues considered by the investor. The favorable and unfavorable aspects of allocating capital to a certain country are determined by the investor, and at the same time, great importance is attached to the ideology, politics, economy and culture of the country in which the capital is to be invested" [3].

Also, economists K. Eklund, J. Keynes, M. Sornarajah, V.N.shcherbakov, K.V. Baldin, V.M. Askinadzi, V.F. Maksimov, E.S. Khazanovich, Ali Salim, Muhammad Reza Razavi, Liu Wang and N.G. Karimov, D.G'. Gozibekov, A.V. Vakhobov, Sh.Kh. Khajibakiev, N.G. Muminov, M.A. Raimjonova, B. S.Mamatov, Sh.I.Mustafakulov, D.Yu. Khojamkulov's scientific work deals with the attractiveness of the investment environment and the problems of attracting foreign investments to the national economy.

RESEARCH METHODOLOGY. Methods such as induction and deduction, targeted development, systematic and comparative analysis, graphic representation, expert assessment and economic statistics were widely used in the development of scientifically based conclusions and recommendations based on the detailed analysis of the problem raised in the article, the systematization of the analysis results.

ANALYSIS AND DISCUSSION OF RESULTS

Since the attractiveness of the investment environment and investment capacity in the regions of the republic have their own characteristics, it is necessary to consistently study its composition and characteristics in order to ensure the high level of investment status of the region and the level of stability of this indicator. In particular, it is necessary to create a scientific basis for eliminating imbalances based on a deep analysis of the existing changes and differences between investment opportunities and investment capacity.

Compared to 2019, the flow of direct foreign investments in our country increased by 0.6 billion. A decrease in the US dollar is observed, and in 2020 it will be 1.7 billion. amounted to US dollars. The total volume of foreign investments in 2020 will be 4.2 billion due to the investment projects planned in our country in previous years and as a result of the government's support of business entities and entrepreneurs implementing investment projects in the conditions of the pandemic. There was no decrease compared to 2019, amounting to US dollars. However, in 2021, the volume of foreign investments will reach 10 billion. If it was US dollars, the flow of direct foreign investments was 8.1 billion. formed the US dollar. The reason for the increase in the volume of foreign investments indicates that the attractiveness of the investment environment in our country is improving (Figure 1).

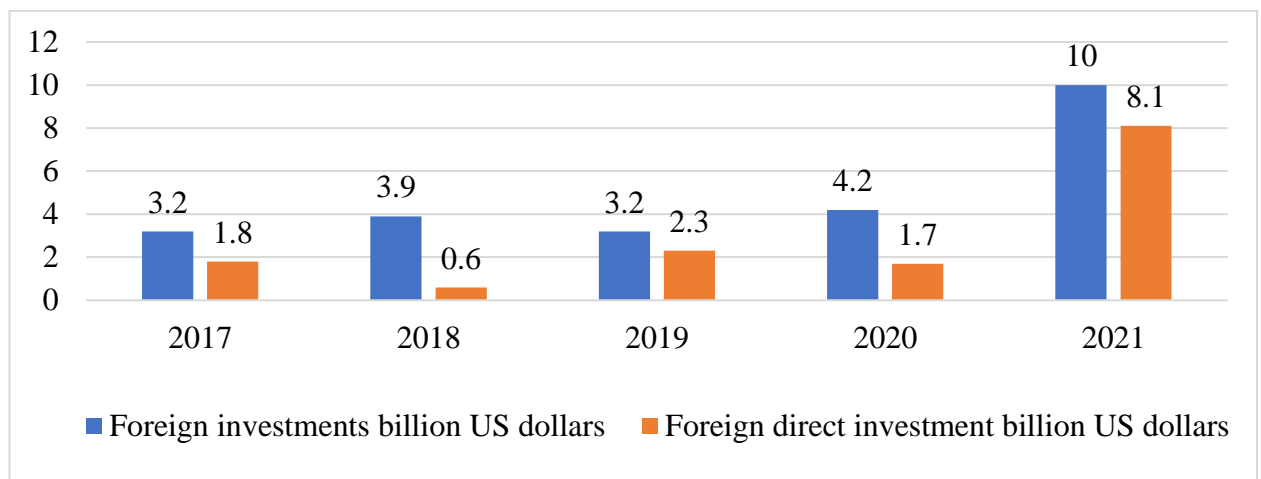


Figure 1 . Information about foreign investments in the economy of Uzbekistan [4]

Relying on the international experience of attracting foreign investments (Russian Federation, People's Republic of China, Republic of Belarus, Kazakhstan, Czech Republic, Poland, Latvia, Republic of Korea, etc.), it is appropriate to pay special



attention to the following directions in increasing investment attractiveness in Uzbekistan:

- it is necessary to speed up the organization of international conferences and investment forums in order to widely inform foreign investors about the economic and investment potential of the country, the conditions created for doing business and legal guarantees;
- it is necessary to further reduce the minimum amount of the share of foreign investments in the charter fund of enterprises established with the participation of foreign investment and the minimum amount of the charter fund of this type of enterprises;
- it is necessary to accelerate the creation of special or free economic zones, to attract large strategic investors to these zones;
- it is necessary to strengthen the position of Uzbekistan in international ratings and indexes ("Economic freedom", "Logistics efficiency", "Business management", etc.);
- it is necessary to create an effective system of presenting investment objects to foreign investors (provision of information, advertising, joint meetings of government and business representatives, provision of production infrastructure, investment obligations, etc.);
- it is allowed to sell state shares in the authorized capital of organizations such as large industrial enterprises, commercial banks to potential foreign investors.

Before investing in a country, foreign investors refer to international ratings maintained by international economic organizations, one of these ratings is the Doing Business rating, and below we will analyze Uzbekistan's position in this index.

In the "Doing Business 2020" annual report, Uzbekistan rose 7 places and entered the ranks of the 20 countries with the highest performance in improving the business environment (Table 1).

At the end of 2020, Uzbekistan scored 69.9 points out of 100 and took 71st place among 190 countries. Compared to the 2016 ranking, the country rose from 87th to 16th place.



Table 1 Doing Business rating of some countries in 2016-2020 [5]

№	Countries	2016 year	2017 year	2018 year	2019 year	2020 year
1	New Zealand	2	1	1	1	1
2	Singapore	1	2	2	2	2
3	Denmark	3	3	3	4	4
4	USA	7	8	8	6	6
5	Great Britain	6	7	9	8	8
6	Kazakhstan	41	35	28	25	25
7	Russian Federation	51	40	31	28	28
8	China	84	78	46	31	32
9	Kyrgyzstan	67	75	70	80	82
10	Uzbekistan	87	87	76	69	71

According to the press service of the World Bank office in Tashkent, together with four other countries in Europe and Central Asia, including Tajikistan, Azerbaijan and Kosovo, Uzbekistan was ranked among the 20 countries that have made the greatest progress in improving the business environment [6].

It should be noted that a number of issues and problems regarding the attraction of foreign investment funds to Uzbekistan are still open. The Ministry of Foreign Affairs (MFA) conducted a survey among foreign investors, businessmen and experts of financial organizations with experience of working in Uzbekistan in order to determine the reasons for the continuing low rate of attracting foreign investments to the economy. They listed the following as some of the conditions that are adversely affecting the flow of investment to Uzbekistan:

- lack of improvement of the banking-credit system;
- weak protection of investors' rights and an insufficiently effective judicial system;
- administrative-bureaucratic obstacles (many foreign companies are dissatisfied with the procedures for obtaining licenses and permits to carry out their activities);
- low investment rating [7].

In order to eliminate the above-mentioned problems and shortcomings that are an obstacle to increasing the attractiveness of the investment environment, the implementation of the suggestions below would be an acceptable way to increase the attractiveness of the country's investment environment. Also:

- active participation in surveys conducted by international organizations, ensuring the participation of Uzbekistan in all ratings showing the investment attractiveness of world countries (GRI, GII, BERI, etc.) [8];



- increasing the value of the soum and stabilizing bank interest rates based on this;
- putting an end to cases of administrative injunctions and changing the views of foreign investors towards the country;
- it is necessary to organize marketing, legal consulting and other services in the centers of each region for the development of business activities in the future, as well as to protect the rights and interests of investors;
- it is necessary to create a single electronic program in order to improve the monitoring of foreign investments attracted to the country;
- makes it possible to monitor state budget expenditures and investments made online.

We believe that the effective implementation of these proposals and recommendations will become one of the important measures to increase the attractiveness of the investment environment in attracting foreign investments to the economy of Uzbekistan.

CONCLUSIONS AND SUGGESTIONS

The following proposals and recommendations were developed to increase the attractiveness of the investment environment in Uzbekistan:

Extensive efforts are being made to create a favorable investment climate in Uzbekistan, in this regard foreign investors are given various financial benefits and rights, market infrastructure is being formed. Therefore, the following actions together, in our opinion, provide an opportunity to further improve the investment climate:

- increasing the value of the soum;
- ensuring property security;
- further increase the protection of investors' rights;
- stabilization of bank interest rates;
- improving the tax system on a scientific basis, taking into account the gradual implementation of reforms;
- put an end to cases of administrative injunction;
- To increase the prestige and liquidity of shares of joint-stock companies in Uzbekistan, to attract foreign investors to them, to develop the stock market.

The effective implementation of these proposals and recommendations will allow to expand the attraction of foreign investments to the economy of Uzbekistan



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