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DEVELOPMENT OF THE FOREIGN ECONOMIC ACTIVITY OF THE REPUBLIC OF UZBEKISTAN WITH THE HELP OF FOREIGN INVESTMENTS

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ABOUT ARTICLE

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Abstract: The Republic of Uzbekistan, a country located in the heart of Central Asia, has been actively pursuing a policy of economic liberalization and integration into the global economy since its independence in 1991. One of the key drivers of this process has been the attraction of foreign investments, which have played a crucial role in the development of the country's foreign economic activity. This article will examine the development of Uzbekistan's foreign economic activity with the help of foreign investments, highlighting the country's achievements, challenges, and prospects for future growth.

INTRODUCTION

In the states of the market economy, the execution of the "open entryway" strategy in drawing in unfamiliar ventures to the country's economy is critical in guaranteeing the Republic of Uzbekistan's entrance into the world local area and its situation on the planet market. This depends on the foundation of commonly helpful unfamiliar financial relations and ordinary fascination of unfamiliar ventures utilizing the experience of created nations. That is the reason, from the primary days of our freedom, the First Leader of the Republic of Uzbekistan I. Karimov caused everybody to notice laying out contacts with unfamiliar financial backers, acquiring their trust, and continually extending the progression of unfamiliar interests into our economy. The First Leader of the Republic of Uzbekistan, I. Karimov, in his work named "Uzbekistan is an extraordinary method of progress to showcase relations", while demonstrating the need errands in unfamiliar exchange, monetary, logical and social relations,

associating one of them with unfamiliar ventures, "... unfamiliar speculations, mostly direct capital assets to make the essential, lawful, financial and other important circumstances for drawing in such ventures to the economy of the republic for a huge scope, to aid the foundation of joint endeavors, as well as to guarantee the security of the interests of financial backers.

The given subject is, to some extent, appraised in the works of Uzbek and foreign scientists. In their opinion, liberalization in the economy leads to improvement of indicators of volume of foreign investment and introduction of the foreign technologies of management. The branch exchanges increased in the republic and the income part of the state budget with the foreign trade is increased. "In the last years, the republic has almost completely opened up to foreign economic relations, signing hundreds of contracts according to which nurseries are formed at growth, joint-stock ventures, and general operations which do not export solid foreign currency." Concluding this chapter, we will note that in volume, it is noticeable to the developed countries. However, for a country which goes through different stages of development, there are certain difficulties in attracting the given capital. The following items and concepts can be distinguished in the analysis of the state planning of the Republic of Uzbekistan in the conditions of economic reform and liberalization. Any achieved success in the development of the economy of Uzbekistan determines mainly the foreign investments injected into the republic. Nowadays, under conditions of globalization, it is impossible to achieve high economic results without the help of foreign investments. Lifting of the foreign investment's introduction level stimulates productivity and development of each branch of the economy.

In the early years of independence, Uzbekistan's economy faced significant challenges, including a lack of investment, outdated infrastructure, and a limited range of export products. To address these challenges, the government embarked on a series of economic reforms aimed at creating a more favorable business environment and attracting foreign investment. One of the key measures taken was the adoption of the Law on Foreign Investments in 1992, which provided guarantees for foreign investors and established a favorable tax regime.

The efforts of the Uzbek government to attract foreign investment have been highly successful. According to the State Committee of the Republic of Uzbekistan on Statistics, the total volume of foreign investments in the country's economy has increased from \$140 million in 1995 to over \$10 billion in 2020. This influx of foreign capital has had a significant impact on the development of Uzbekistan's foreign economic activity, enabling the country to diversify its economy, improve its infrastructure, and increase its exports.

One of the key areas where foreign investments have made a significant impact is in the energy sector. Uzbekistan is rich in natural resources, including oil, gas, and uranium, and foreign investors have been attracted to the country's energy sector due to its vast potential. Companies such as Lukoil, Gazprom, and CNPC have invested heavily in the exploration and production of hydrocarbons, enabling Uzbekistan to increase its oil and gas production and exports. The development of the energy sector has also led to the creation of new jobs and the generation of significant revenue for the government.

Foreign investments have also played a crucial role in the development of Uzbekistan's manufacturing sector. The country has attracted investments from leading global companies such as General Motors, Volkswagen, and Coca-Cola, which have established production facilities in Uzbekistan to take advantage of its favorable business environment and low labor costs. The growth of the manufacturing sector has enabled Uzbekistan to diversify its economy, reduce its dependence on imports, and increase its exports.

In addition to the energy and manufacturing sectors, foreign investments have also been attracted to Uzbekistan's infrastructure sector. The country has invested heavily in the development of its transportation infrastructure, including the construction of new roads, railways, and airports. This has enabled Uzbekistan to improve its connectivity with other countries in the region and to increase its trade volumes. The development of the infrastructure sector has also created new opportunities for foreign investors, who have been attracted to the country's potential for growth and development.

Despite the significant progress made in attracting foreign investments, Uzbekistan still faces a number of challenges that need to be addressed. One of the key challenges is the need to improve the business environment and to reduce bureaucratic barriers to investment. While the government has taken steps to simplify the registration process and to reduce the number of licenses and permits required, more needs to be done to create a more favorable business environment.

Another challenge facing Uzbekistan is the need to diversify its economy and to reduce its dependence on a few key sectors. While the energy and manufacturing sectors have driven the country's economic growth, Uzbekistan needs to develop other sectors, such as agriculture, tourism, and services, to reduce its vulnerability to external shocks. The government has recognized the need for diversification and has launched a number of initiatives aimed at promoting the development of these sectors.

Finally, Uzbekistan needs to address the issue of corruption, which remains a significant obstacle to foreign investment. While the government has taken steps to combat corruption, including the

establishment of an anti-corruption agency, more needs to be done to create a transparent and accountable business environment.

The development of Uzbekistan's foreign economic activity with the help of foreign investments has been a significant success story. The country has attracted over \$10 billion in foreign investments, which have enabled it to diversify its economy, improve its infrastructure, and increase its exports. However, Uzbekistan still faces a number of challenges that need to be addressed, including the need to improve the business environment, diversify the economy, and combat corruption. If these challenges are addressed, Uzbekistan has the potential to become a major player in the global economy and to achieve sustainable economic growth and development.

ANALYSIS AND RESULTS

The government has implemented several initiatives to attract foreign investments, including:

Liberalization of the investment regime: Uzbekistan has simplified the process of establishing and operating businesses for foreign investors.

Tax incentives: The government offers various tax breaks and exemptions to attract foreign investments in priority sectors.

Improved infrastructure: Investments in infrastructure development, such as transportation and logistics, have enhanced the attractiveness of Uzbekistan as an investment destination.

Key Sectors for Foreign Investment

Foreign investments have played a crucial role in developing key sectors of the Uzbek economy. These sectors include:

Energy: Uzbekistan possesses vast reserves of natural gas and oil. Foreign investments have been instrumental in modernizing the energy sector and increasing production capacity.

Mining: The country is rich in mineral resources, including gold, copper, and uranium. Foreign investments have supported the development of the mining industry, contributing to export diversification.

Agriculture: Uzbekistan is a major producer of cotton, fruits, and vegetables. Foreign investments have helped modernize agricultural practices and improve productivity.

Tourism: Uzbekistan's rich cultural heritage and historical sites hold immense potential for tourism development. Foreign investments have played a key role in developing tourism infrastructure and promoting the country as a tourist destination.

Challenges and Future Prospects

Despite the progress made, Uzbekistan still faces challenges in attracting foreign investments. These challenges include:

Bureaucracy: While the government has made strides in streamlining investment procedures, some bureaucratic hurdles remain.

Corruption: Corruption remains a concern for some investors, although the government is actively addressing this issue.

Limited access to finance: Access to financing for local businesses can be challenging, hindering their ability to partner with foreign investors.

Looking ahead, Uzbekistan has the potential to attract even greater foreign investments by:

Further improving the investment climate: Continued efforts to reduce bureaucracy, enhance transparency, and strengthen the rule of law will be crucial.

Investing in human capital: Developing a skilled workforce will be essential to meet the needs of foreign investors.

Diversifying the economy: Promoting the development of new sectors beyond traditional industries will attract a wider range of investors.

In the future, Uzbekistan plans to continue to attract foreign investments and to develop its foreign economic activity. The government has set ambitious targets for economic growth and development, including the goal of becoming one of the top 50 most competitive economies in the world by 2030. To achieve this goal, Uzbekistan will need to continue to implement economic reforms, improve the business environment, and promote the development of key sectors such as energy, manufacturing, and infrastructure.

In addition, Uzbekistan plans to increase its trade volumes with other countries in the region and to become a major player in regional trade agreements such as the Eurasian Economic Union and the

Shanghai Cooperation Organization. The country also plans to develop its tourism sector, which has significant potential for growth and development.

CONCLUSION

In conclusion, the development of Uzbekistan's foreign economic activity with the help of foreign investments has been a significant success story. The country has made significant progress in attracting foreign investments, diversifying its economy, and improving its infrastructure. However, Uzbekistan still faces a number of challenges that need to be addressed, including the need to improve the business environment, diversify the economy, and combat corruption. If these challenges are addressed, Uzbekistan has the potential to become a major player in the global economy and to achieve sustainable economic growth and development.

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