

**EUROPEAN INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY
RESEARCH AND MANAGEMENT STUDIES****VOLUME03 ISSUE03**DOI: <https://doi.org/10.55640/eijmrms-03-03-03>

Pages: 17-26

**IMPROVING THE ATTRACTION OF FOREIGN INVESTMENTS TO THE NATIONAL
ECONOMY*****Jorabek J. Jamolov****Lecturer Tashkent State University Of Economics, Uzbekistan***ABOUT ARTICLE**

Key words: Investment, foreign investment, innovation, investment attractiveness, competition, recipient, foreign direct investment, market mechanism.

Received: 04.03.2023**Accepted:** 09.03.2023**Published:** 13.03.2023

Abstract: In the article, the processes related to attracting foreign investments to the economy of Uzbekistan and improving the ways of their effective use are researched. Attracting foreign investments is considered one of the driving factors of economic development, and considerations are made about the creation of appropriate conditions for this. Information on improving the system of attracting foreign investments to the national economy is provided.

INTRODUCTION

In the context of the ongoing complex processes in the world and the consequences of the global economic crisis, the important task of ensuring food and energy security, which is emerging against the background of various disturbances and conflicts, without attracting foreign investment to the economy of Uzbekistan, especially without expanding the participation of foreign investment in the leading sectors, it is impossible to carry out structural changes and modernize the economic system, re-equip our enterprises with modern equipment, and launch competitive production.

In the world, foreign investments play an important role in the economic development of developed and developing countries: in many ways, they determine the basis of economic development, modernization and diversification. helps to determine prospective directions. In addition, foreign investments serve to accelerate socio-economic development, introduction of new forms of corporate management, development of small business and private entrepreneurship, expansion of export potential, employment of the population, and increase of competitiveness of products on a local and international scale.

Protection of foreign investment and investors' rights, improvement of legal documents on their registration and determination of prospects in the conditions of free market economy is one of the urgent tasks of today.

In the Address of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev to the Oliy Majlis of December 20, 2022: "We will further improve the conditions for increasing local and foreign private investments in the economy. We have managed to increase the volume of investments from 30% of GDP in the last six years. Next year, about 30 billion dollars of investment will be attracted, of which 25 billion dollars will be private investments. In particular, we will launch more than 300 projects with a total value of 8 billion dollars, and another 40 new large projects will be launched. 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," he said, [1] noting that foreign investments are extremely important in the development of the country's economy and the urgency of attracting them.

A number of measures aimed at increasing the investment attractiveness of our country's economy and improving the system of effective use of the 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 investments to the economy of the Republic[2]" No. PQ-4300 attention was focused, and in this regard, priority was given to tasks related to increasing the effectiveness of attracting foreign direct investments to the republic's economy, informing foreign investors about the opportunities and potential of our country.

Based on the above, it is evidence that in the formation of ways of attracting foreign investments to the national economy and their effective use, the implementation of research aimed at ensuring the compatibility of state and market mechanisms in achieving priority in regional competitive advantages of investment potential, level of investment risk, and attracting investments is of urgent importance.

Analysis of literature on the topic

The problems of attracting foreign investments to the national economy and their effective use are discussed by foreign economists M. Porter L. Alfaro, N. Bayraktar, E. Gribova, K. Guadalupe, P. Jadhav, H. Degregorio, D. Dunning, Yu. Zaitsev, D. Kim, K. Kojima, R. Lipsey, R. Narula, T. Ozawa, E. Popov, S. Saxonova, L. Sanjaya, S. Khaimer, F. Xiolan, K. Hed, Y. Huang and other scientists' studies[3].

In particular, M. Porter analyzed the competitiveness of countries receiving direct foreign investment and studied the connection between TTXI and competitiveness [4]. He studied the competitiveness of more than one hundred export-oriented industries in ten industrialized countries. The author shows the dynamic interaction between multinational companies and the competitive advantages of countries.

Also, the unique scientific and practical aspects of the existing problems in this regard were discussed by several economists-scientists of our republic, including A. Bekmuradov, B. Berkinov, A. Vakhobov, A. Isadjanov, N. Karimov, N. Kuzieva, N. Makhmudov, J. Muinov, U. Nadirkhanov, N. Nedelkina, N. Oblomurodov, D. Rustamova, T. Sapaev, A. Sobirov, A. Sodikov, B. Tagaev, F. Umarov, Kh. Khalilov, I. Khanova, N. Khaidarov, N. Khakimov, J. Kholtaev, N. Khashimova, S. Chepel, Sh. Yuldashev and others were researched [5].

Although general theoretical and methodological results on the effectiveness of foreign investments have been obtained in existing studies, theories and methods of evaluating the effectiveness of the use

of foreign direct investments, the current state of the issues of the effective use of foreign investments by economic sector and regions are covered from a macroeconomic point of view.

RESEARCH METHODOLOGY

The available scientific researches on ways of attracting foreign investments to the economy of Uzbekistan and their effective use, the study of the experience of foreign countries, statistical and economic comparison and analysis, logical thinking, scientific abstraction, information grouping, analysis and synthesis, methods were widely used.

ANALYSIS AND RESULTS

What are the main goals of the foreign investments that are in force and are expected to be attracted in our country, their influence on independence, state policy, in particular, the development of scientifically based recommendations and suggestions for practice based on the analysis of the problems arising from the scientific and practical study of the activities of international organizations on foreign investments is the need and demand of the present day.

Based on the above, the financial issues related to the investment environment and the problems of financing investment activities are being solved in a systematic manner in order to increase the effectiveness of investment utilization in the economy of our country.

A well-thought-out investment policy is important in ensuring the rapid pace of economic development and maintaining macroeconomic stability in our republic. After all, investments, as an important factor of economic development, provide modernization of production, technical and technological updates and innovation, creation of new jobs and increase of income of enterprises. The importance of the issue can be seen in the investment policy aimed at regularly increasing investment flows over the years.

World experience shows that the role and weight of foreign investments in the country's economy determines how comfortable the investment environment is in this country. This environment is largely determined by the state's policy towards foreign investments and state regulation of foreign economic activity. Strategic investors direct large amounts of funds primarily to a country whose economy is developing steadily and consistently based on its domestic capabilities. It is only in such countries that the invested funds can be aimed at saving and receiving stable profits. Directly in the world foreign investments attraction to come supporting recipient countries. Let's look at the description.

Table 1

Directly foreign investments attraction to come supporting recipient countries description [6]

General conditions of countries receiving direct foreign investments	Type of foreign direct investment classified by purpose of corporations	Economic characteristics of recipient countries
<p>1. Political environment:</p> <ul style="list-style-type: none"> - economic, political and social stability; - rules governing the investor's arrival and conduct of business; - attitude towards branches of foreign companies; - operation and composition of markets (competition, mergers and acquisitions policy); - international agreements on support of foreign direct investments; - privatization policy; - trade policy (tariff and notary barriers). 	Expansion of sales markets	<ul style="list-style-type: none"> - market size and per capita income; - market growth rates; - access to regional and global markets; - advantages specific to the country's consumers; - composition of markets; - raw materials; - unskilled low-wage workforce; - qualified personnel; - technological innovation and other created assets (e.g. trade brands), this including people , companies and their in groups incarnate ;
<p>2. Economic factors:</p> <ul style="list-style-type: none"> - specific mechanisms; - market infrastructure; - economic freedom. 	Use of natural resources (assets). get the right input	<ul style="list-style-type: none"> - material infrastructure (ports, roads, energy supply, communication);
<p>3. Business support:</p> <ul style="list-style-type: none"> - investment support measures; - investment promotion; - "additional costs" related to the fight against corruption and management efficiency, etc. 	Investments, trade and the relationship between tax policy	<ul style="list-style-type: none"> - the combined factor of resource and asset value with labor productivity; - transport and communication costs, costs for the purchase of intermediate products;
<p>4. Investment service</p>	Increase production efficiency	<ul style="list-style-type: none"> - regional to help create a regional network of the corporation - membership in an integrated group.

As can be seen from the table, foreign investments make it possible to accelerate the rate of structural restructuring of the economies of countries transitioning to market relations. Acceleration of investment activities, including the attraction of foreign investments as the most important direction, is a matter for countries in transition today. Attracting foreign investments depends on political and socio-economic reforms carried out in one or another country.

Foreign investors index from the data the time savings in order to wide they use of the country index high or low of course importance earns . But investor of the country investment environment and his attractiveness in assessment another factors too in consideration takes _

Investment in the environment political the risk in determining efficient evaluation methods one , his own wide comprehensiveness , accuracy and simplicity with famous from the " BERI " index the world foreign investors wide they use

1 - in the table each one placed assessment experts at the price of multiplied by , at the end all indicators is added and as follows evaluated :

Ratings range from "0" to "4" : 0 is unacceptable conditions , 1- negative conditions , 2- average conditions , 3 - good conditions , 4 - ideal conditions .

- " BERI " > 80 - comfortable investment environment , economy developed ;
- 70< " BERI " >79 - enough level not comfortable and enough level undeveloped ;
- - 55< " BERI " >69 - investment has potential has been developing economy ;
- 40< " BERI " >54 - high level risk , not developed economy ;
- " BERI " < 40 - very high level risk and investment only an exception in the style of the introduction can _

Table 2

" BERI " index and his criteria [[7]

No	Criteria	Description	Weight , %
1.	Political stability	Unexpected the government coups possibilities and their entrepreneurship activity effect evaluates	12
2.	Foreign investments and to the benefit relationship	Private to entrepreneurs belongs to to social needs has been expenses volume	6
3.	Nationalization	Indiscriminate expropriation of possibilities until local to the authorities benefits until giving	6
4.	Devaluation	Devaluation effect , and enterprise to the activity of devaluation effect emollient of measures vitality	6
5.	Payment balance	Accounts balance and common to the balance , and foreign of investors to income influencer factors	6

6.	Official issues	of state intervention in the economy, customs implementation of formalities, currency transfers and other such operations	4
7.	Economic growth rates	The growth rate of annual gross product production is within the limits of 3%, 3-6%, 6-10% and above 10%	10
8.	Currency convertibility	Exchangeability of the national currency for foreign currency, as well as the position of the national currency (to the extent necessary for enterprises) in the foreign exchange market	10
9.	Ability to implement the contract	Difficulties arising from the possibility of compliance with the contract and the difference in language and customs	6
10.	Job right and work productivity expenses	Job right level , labor productivity , work acceptance to do order	8
11.	Access to experts and marketing services	The ability to provide legal, accounting, marketing advice to businesses, to receive advice in the fields of technology and construction	2
12.	Organization of communication and transport	Ability to organize and use transport routes and communication systems (including within the country) between operating enterprises and their branches. Assessment of transport infrastructure	4
13.	Local governance and cooperation	The number and capabilities of local partners who can participate with their own capital and cooperate in solving various management issues	4
14.	Short term loan	The ability to provide and use short-term loans to foreign partners	8
15.	Long-term credit and private equity	Conditions for adding shares to the charter capital by partners and conditions for long-term loans in national currency	8

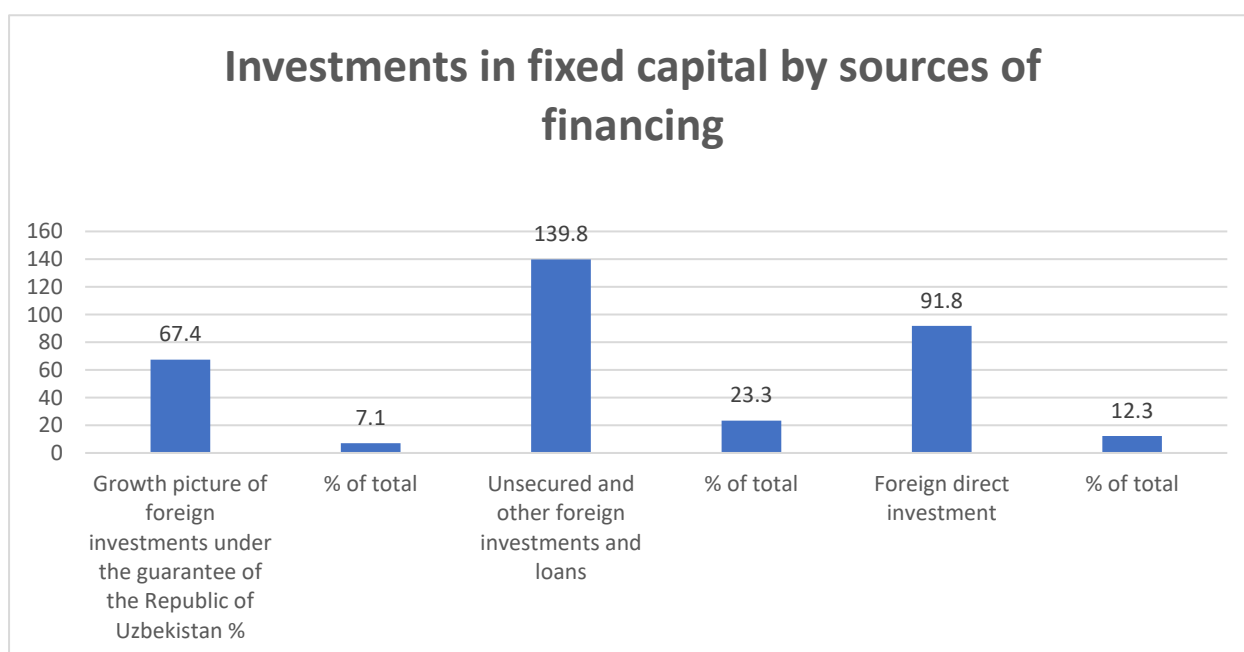
In general, "BERI" service is an organization that has gained a great reputation in this regard. This organization analyzes the investment environment in capital importing countries and determines the

risk level of investments. "BERI" service determines the level of danger and risk of investors investing in foreign countries with various indices through the press.

Currently this service pointer organization from 55 more than capital import doer in countries investment environment 15 indicator cover receiver with criterion (score). is evaluating. In this country investment environment how much high has a score if it is so much stable country is considered This score indexes in the calculation political, economic, social factors effect too account is taken.

In recent years, measures have been taken to create a large-scale favorable investment environment, to attract and absorb foreign investments, in particular, foreign direct investments. As a result, 30,149.2 billion was financed by direct foreign investments. Soum investments, or 12.3% of the total investments, with a decrease of 1.8% compared to the indicator in 2020.

Figure 1[8]



As can be seen from the diagram, the highest rate of growth of fixed capital investment was observed at the expense of non-guaranteed and other foreign investments and loans, which increased by 39.8% compared to last year 2020.

56,989.9 billion from unguaranteed and other foreign investments and loans. soums were absorbed, and its share in the total volume increased by 5.8 percentage points compared to 2020 and amounted to 23.3%. It is noteworthy that the rapid growth of the volume of investments is a practical result of conducting a far-sighted and well-thought-out investment policy in our republic.

245.0 trillion from the total financing sources for the development of economic and social spheres in the Republic of Uzbekistan in January-December 2021. soum was absorbed. 23.1 billion in dollar equivalent. US dollars. was absorbed and made 105.2% compared to 2020 .

Making investments in the country's economy, mobilizing investment projects in lagging sectors remains one of the main issues of our republic. At the same time, it should be recognized that in our republic, work with foreign investors who have the potential to invest in our economy is not being carried out at the level of demand. In particular, there is an opportunity to have the necessary and necessary information on the great opportunities available for investment in Uzbekistan in real time, as well as comprehensive, favorable conditions and guarantees created for investors.

CONCLUSIONS AND SUGGESTIONS

The use of various methods to attract foreign investors is already bearing fruit. An active and well-directed investment policy is the most important factor for rapid and proportionate economic growth, implementation of deep structural changes and diversification of the economy. Uzbekistan was able to create a unique investment climate, and the fact that the country is rich in resources and the wide opportunities given for the establishment of enterprises in the field of extraction and processing, as well as the modernization of existing ones, created the ground for the entry of foreign investors. We have also developed the following proposals:

- provide legal and judicial safeguards against withdrawal of invested funds;
- state insurance of investors' investments, formation of software platforms aimed at evaluating the existing conditions and opportunities for attracting foreign investments in the regions;
- improving the regulatory framework for attracting investments to the regions and providing tax preferences for their development, wide incentives for increasing the share of tax revenues remaining in the region;
- ensuring the practical implementation of the tasks of restructuring the internal structure of industrial sectors, directing foreign investments to the production of industrial products and advanced technologies for the preparation of high-quality industrial goods;
- ensuring economic and political stability ;
- further increase the investment attractiveness of free economic zones;
- medium -term and long-term investment programs and others.

REFERENCES

1. <https://president.uz/uz/lists/view/5774>
2. Resolution 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".
3. Alfaro L. "Gains from Foreign Direct Investment: Macro and Micro Approaches." World Bank Economic Review (2016): 1-14.; Bayraktar N. Foreign Direct Investment and Investment Climate // Procedia Economics and Finance. 2013. Vol . 5. P. _ 83-92.; Gribova E.V. "Investition climate in Russia: flow and outflow of foreign capital"// Economic analysis: theory and practice, No. 12(315), 2013. P.27-37 .; C. Guadalupe, J. Rivera, G. Castro Foreign direct investment in Mexico Determinants and its effect on income inequality// Contaduria y Administration. 2013. Vol. 58. No. 4. P. 201-222.; P. Jadhav Determinants of foreign direct investment in BRICS economies: Analysis of economic, institutional and political factors // Procedia - Social and Behavioral

Sciences. 2012. Vol. 37. P. 5-14.; De Gregorio J. "The role of foreign direct investment and natural resources in economic development". 2003. Working Paper No. 196. Central Bank of Chile, Santiago.; Dunning, JH The Eclectic (OLI) Paradigm of International Production: Past, Present and Future, International Journal of the Economics of Business, 8(2), 2001, pp. 173-190; Zaitsev Yu . K. _ « Diagnostics flow pryamyx foreign investment c Rossiyu : horse theory k practical » // Economic analysis : theory i practice , No. 19(418), 2015. S. 16-25.; Kim, DD and J. Seo 'Does FDI Inflow Crowd out Domestic Investment in Korea?' // Journal of Economic Studies, 2003. 30 (6): 605-22.; Kojima K. The flying geese model of Asian economic development: Origin, theoretical extensions, and regional policy implications// Journal of Asian Economics, 11(4): 375-401.; and others.

4. Porter M. Mejdunarodnaya konkurensiya / M. Porter. - M.: Alpina Publisher, 2019. - 947 p.
5. Bekmuradov A.Sh. Global trends and international financial markets and problems of technological and industrial investment opportunities in Uzbekistan// Electronic scientific journal of finance and banking. No.2 , January 2016 ; Berkinov BB Direct foreign investmentsefficiency// Economy and innovative technologies. No. 5, 2015; Vakhobov A. _ V. , G. _ X. _ Razikova, Sh.Khadjibakiev Inostrannye investitsii i modernization natsionalnoy ekonomiki. T.: "Finance" 2011 . -124 p.; Isadzhanov A.A. Uzbekistan: potential investment partnership// Inostrannye investment in the Republic of Uzbekistan. No. 1, 2008; Karimov N. _ G '. Economical integration conditions investment activities of financing market mechanisms current reach issues - T .: Science and technology , 2007. -214 p .; Makhmudov N. M. Investment - resource engine economy// Foreign investment in the Republic of Uzbekistan. - Tashkent, No. 2, 2008; Muinov J, Fedyasheva G. Prognozirovanie investment processes and mechanisms of further improvement of the investment climate // Otchet o nauchno-issledovatel'skoy raboty za 2015-2017 gg., IPMI, 2017 g.; Sadykov A.A. Osnovy regionalnogo razvitiya: theory, methodology, practice//Monography. Tashkent. " ECONOMY - FINANCE ", 2005. -280 p.; Khaidarov N. _ X. _ Right - right _ _ _ _ _ _ _ _ investments opportunities // Economy and innovative technologies scientific electron magazine, No. 1, 2011; Hashimova N.A. Aggregate analysis dynamics of the structure of investment potential in Uzbekistan// Ekonomicheskiiy vestnik Uzbekistana. No. 5. 2016; Chapel S.W. Systemic analysis and modeling of the perspective of the sustainable development of the national economy of Uzbekistan// Dissertation. Tashkent: IFMR , 2014. - c.116 .; Yuldashev Sh.G., "Inostrannye investitsii kak faktor ekonomicheskogo rosta i liberalizatsii natsionalnogo vosproizvodstva Respubliki Uzbekistan", dissertation na soiskanie uchenoy stepi doktor ekonomicheskikh nauk, 2001. and others.
6. Source : UNCTAD. World Investment Report. 2014: Trends and Determinants. Table IV.IP 36.
7. Imamov H. _ H. _ " Investments organization and financing " // Education manual // Tashkent - 2011 . 118-119 p .
8. www . stat . uz - sources were used.
9. Resolution of the President of the Republic of Uzbekistan of August 1 , 2018 , No. PF-5495 on measures to fundamentally improve the investment environment in the Republic of Uzbekistan.
10. Ruzmatovich, K. M. (2022). ISSUES OF EVALUATION OF COMPETITION OF COMMERCIAL BANKS IN THE INTERBANK MARKET. The American Journal of Management and Economics Innovations, 4(01), 5-13.

11. 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" Resolution no.
12. Gozibekov D, Nosirov E. Attracting foreign investments to the economy of Uzbekistan. Treatise. -T.: "Economy-Finance". 2007, -B.92
13. Bababekova D.Sh, Tursunov B.O. Directions for forming a competitive economy through active investments and social development. Scientific and popular treatise. - T.: "Economy-Finance" 2019., 40 p.
14. <https://president.uz/uz/lists/view/5774>
15. Ruzmatovich, K. M. (2020). The problems of assessing the competition of commercial banks through the index lerner. ACADEMICIA: An International Multidisciplinary Research Journal, 10(3), 142-150.
16. www.stat.uz - information from the official website of the State Statistics Committee of the Republic of Uzbekistan.
17. Meeting of the President of the Republic of Uzbekistan Shavkat Mirziyoev on the discussion of the activities of the Ministry of Investments and Foreign Trade and the Strategic Development Agency. 12.01.2022.