

MODERN ISSUES OF ATTRACTING FOREIGN DIRECT INVESTMENTS TO THE REGIONS

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Abstract

The article examines the views of foreign and domestic economists-scientists on the theoretical and practical aspects of attracting foreign investments to the economy. The total volume of foreign direct investments and fixed capital investments in the regions has been analyzed. Also, the problems of attracting foreign investments to our country were identified and proposals and recommendations were developed to solve the problems.

Keywords Foreign investment, foreign direct investment, investment in fixed capital, investment project, authorized capital, investment environment.

INTRODUCTION

It is crucial to attract foreign investments to improve the economy of our country, to establish and reconstruct new enterprises equipped with modern equipment and technologies. First of all, this gives an opportunity to solve important social problems, such as employment of the population and increase of its income. For this reason, encouraging the enterprises that attract foreign investments to our country from the economic and financial side, creating the necessary conditions for them and raising them to the level of state policy is considered acceptable in all respects.

Today, the most important thing is to place investment projects correctly. In this regard, the only requirement of investors is that the location of the project has the necessary infrastructure networks. Therefore, the President's decision on the improvement of the urbanization process was recently adopted. The main goal is that if investors are attracted to places where infrastructure is available and development is convenient, we will achieve systematic development of the industry.

Where there is industry, there will be jobs and income, and it will create a foundation for the construction of housing, social facilities, and towns.

Analysis of literature on the topic

Russian economist-scientists G.F. Birgulyeva, N.N. Levensev, G.M. Kostyunina, D.V. Mukha, L.V. Matrayeva, Yu.M. Filatova, S.G. Yerokhin, M.D. Suleymanov, A.A. Mikhin [1, 2] have studied the theoretical and practical aspects of attracting foreign investments to the economy.

A. V. Vakhobov, Sh. Kh. Khajibakiyev, N. G. Mominov, B. B. Valiyev, N. Kh. Jumayev, D. G. Gozibekov, E. I. Nosirov, U. S. Nadirkhanov, N. G. Karimov, J. I. Karimkulov, J. R. Khoshimov and B. K. Tukhliyev [3, 4] from Uzbek scientists. In his scientific works, the problems of attracting foreign investments to the national economy, the activities of free economic zones, the financial mechanisms of attracting foreign investments were studied and analyzed, and scientifically based conclusions and recommendations were developed in this regard.

J.R. Khoshimov - gave definitions that various

forms of wealth that are transferred from the territory of one country to the territory of another country for a certain period of time in order to obtain a relatively high level of profit are called foreign investments [5].

G.A. Karimova - foreign investment is the introduction of foreign capital into business and other objects of activity in order to achieve economic, social and other types of results [6].

RESEARCH METHODOLOGY

Logical and structural analysis, grouping, statistical analysis, comparison, and factor analysis methods were used in the article.

ANALYSIS AND DISCUSSION OF RESULTS

Attracting foreign investment brings a number of advantages to host countries. Foreign investments "...in most cases, foreign loans are attracted for the long term, only to finance investment projects for the modernization of strategic sectors of the economy, support of small businesses and private entrepreneurs." It is important to deeply study the practices and models of attracting foreign investments in the world and creatively apply their advanced experience in the modernization of the economy and the implementation of deep structural changes, taking into account the specific characteristics of our country.

Attracting foreign direct investment and high technologies, management skills brings certain changes to the production methods of national firms. From the point of view of deepening economic reforms and modernization of the economy, it is necessary to encourage the flow of

FDI, without which there will be no transfer of high technologies. Purchasing the technology itself is expensive and often impossible for many developing countries and economies in transition. FDI can increase the high technology package available in local firms. It is also important to adapt new technologies to local conditions.

"Road show" is an important factor in attracting foreign investments. Mass privatization of state assets and transformation of state-owned enterprises have begun in Uzbekistan in order to ensure rapid transition to market relations, to create a transparent and competitive environment, and to actively develop entrepreneurship in the leading sectors of the economy.

Foreign direct investments are financial and non-financial investments of a foreign investor with a share of not less than 10 percent in the authorized capital. In 2020, 28,740.5 billion soums were absorbed from foreign direct investments, which decreased by 5.3 percentage points compared to 2019 and made up 14.2 percentage of total investments. 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 soums of investments financed by foreign direct investments, or investments equal to 12.3 percentage of the total investments with a decrease of 1.8 percentage points compared to the figure in 2020 was mastered.

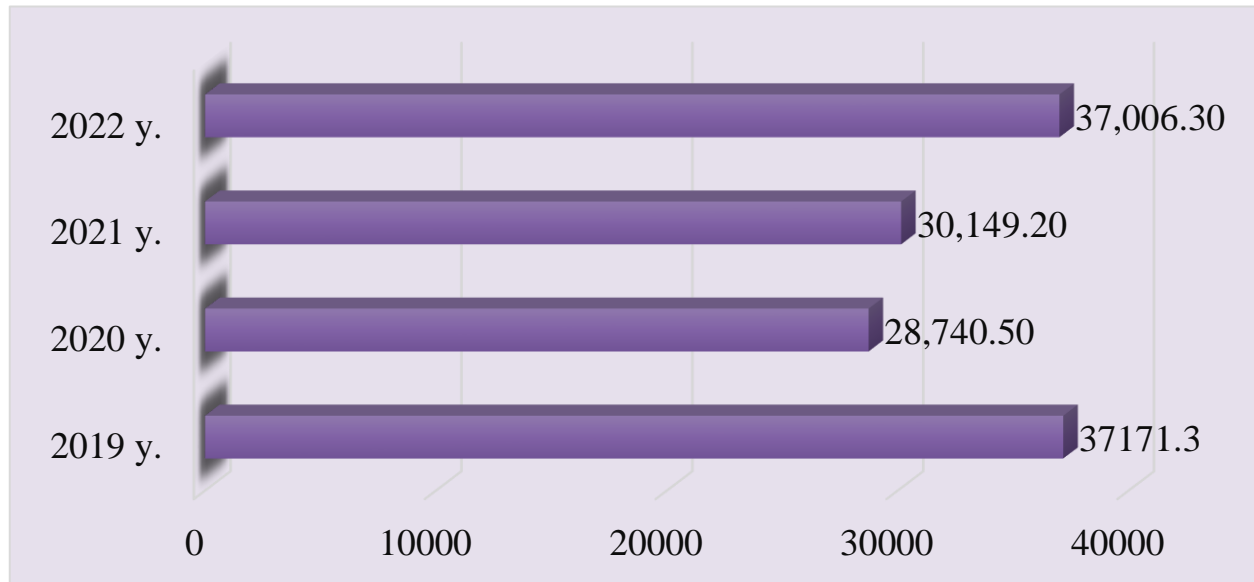


Figure 1. Volume of foreign direct investments, bln. soum [7]

If we pay attention to Figure 2, we can see that the volume of foreign investment and loans has been increasing over the years. In 2017, it amounted to 12395.2 billion soums, and by 2022 it will reach 112219.5 billion soums. For 6 years, the volume of foreign investments and loans increased by 109,824.3 billion soums.

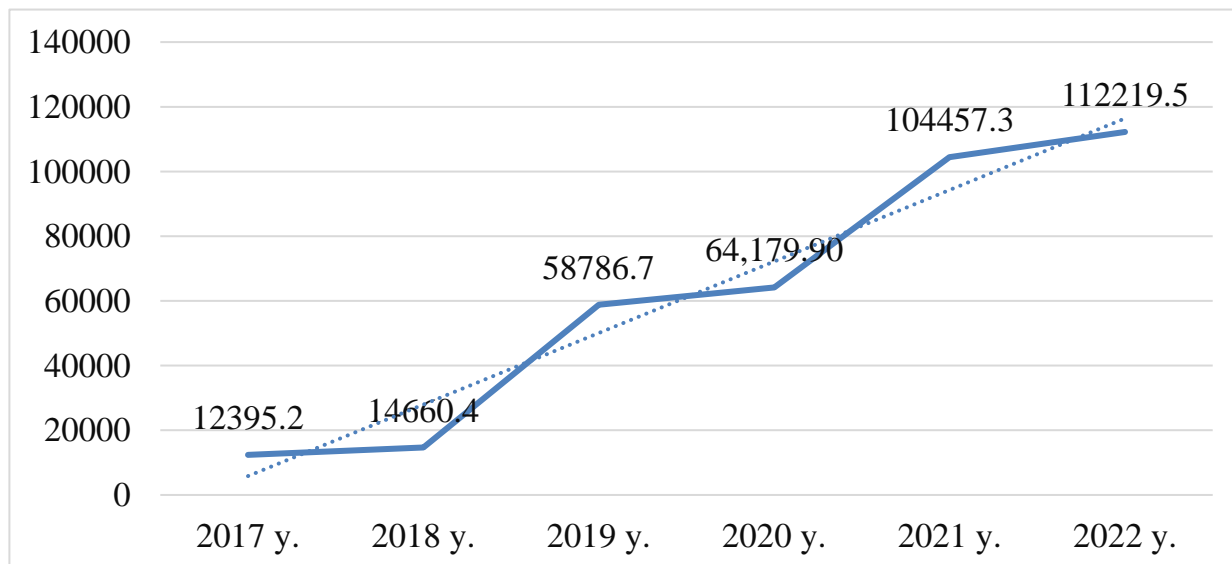


Figure 2. 2017-2022 Foreign investment and credit appropriation, bln. soum [8]

Investments in fixed capital means a set of expenses aimed at the purchase and reproduction of new fixed assets. If we analyze the total volume of investments in fixed capital, we can see that the amount of investments in 2016-2022 only shows

an increasing trend. In 2022, the volume of investments in our country amounted to 269,857.5 billion soums. Compared to 2016, it increased by 220,380.7 billion soums. In 2019, despite the COVID-19 pandemic, the amount of investments

attracted to our economy did not decrease, on the contrary, it increased by 189924.3 billion soums. The reason for this is that the head of our country has implemented a reasonable policy, so the pandemic did not affect the growth of our economy.

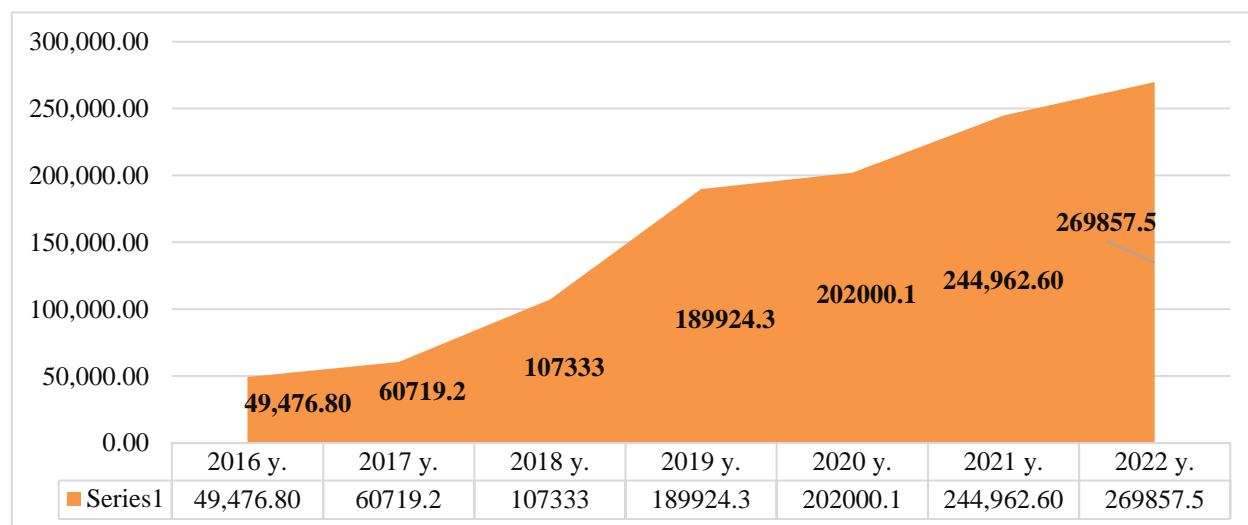


Figure 3. The total volume of investments in fixed capital, bln. soum [9]

According to Table 1, in the region in 2017 it was 4384.2 billion soums. Also, during the last 5 years (2018-2022), the volume of investment in fixed capital has increased significantly. That is, in 2022, it will increase by 2.5 times to 18199.7 billion soums. It is worth noting that, despite the conditions of the coronavirus pandemic, which caused a number of inconveniences for the economy of the countries of the world, including our republic, the volume of capital investments in the region has been constantly growing. In particular, in 2019, investments in the amount of 10,266.7 billion soums were included in the fixed capital, which increased by 145 percent compared to the previous year. In 2020, this figure was 142.7 percent. In addition, in 2021, the volume of investments in fixed capital in the region amounted to 15,641.6 billion soums, while in 2022, the figure increased by 116.3 percent, and according to preliminary estimates, this year, 18,199.7 billion soums were attracted as investments in fixed capital.

Table 1

Investments in fixed capital in Samarkand region, at current prices, amount to billion. in soum [10]

№	Regions	2017 y.	2018 y.	2019 y.	2020 y.	2021 y.	2022 y.
	Samarkand region	4384,2	7061,4	10266,7	14656,4	15641,6	18199,7
1	Samarkand city.	2150,9	2533,2	4113,1	6254,1	4577,5	4818,9
2	Kattakurgan city.	74,8	120,4	159,1	396,1	397,9	402,7
3	Akdarya	150	331,9	605,9	643,2	401,3	498,2
4	Bulungur	163,8	235,0	333,0	426,0	540,2	570,0

5	Jomboy	120,1	193,5	394,4	519,6	409,2	679,1
6	Istikhan	80,2	300,6	458,6	352,6	743,4	894,8
7	Kattakurgan	98,8	177,8	177,2	249,6	317,3	1001,9
8	Khushrabat	337,8	338,6	533,7	960,8	897,1	918,4
9	Narpay	99,5	153,3	180,0	290,9	301,6	342,0
10	Payarikh	139,3	290,5	171,3	472,1	1270,6	967,8
11	Pastdargham	110,1	419,3	577,7	785,5	838,5	998,4
12	Pakhtachi	73,2	176,6	268,8	430,1	441,9	462,9
13	Samarkand	365,2	518,8	640,4	1165,4	2331,6	2549,0
14	Nurabad	74,5	209,6	373,2	457,3	640,6	1454,2
15	Urgut	207,2	698,5	767,0	754,5	861,1	918,4
16	Toyloq	138,8	363,8	484,9	498,6	671,9	723,0

If we pay attention to the table, in the next four years, the volume of foreign investments in fixed capital in the regions increased. Although this is a positive situation, it can be observed that the regions have not yet fully utilized their potential. The increase in the volume of investments in fixed capital allowed to increase the volume of production in the regions, to create modernized enterprises and organizations to provide employment to the population [11].

No matter how high the investment attractiveness of Samarkand region is, it cannot be considered effective enough for sustainable economic development. In general, the following are the main problems in attracting direct investments in Samarkand region and neighboring regions competing with it for attracting investments:

1. Inadequate development of investment infrastructure;
2. Lack of effective participation of commercial banks, investment funds, insurance and leasing companies in the implementation of investment projects;
3. Inadequate business skills of entrepreneurs, including the experience of working with investment projects and legal knowledge - failure to improve the organization and operation of consulting, marketing and legal service centers in the regions;

4. Non-compliance of investment proposals and technical and economic bases of the project with established requirements - insufficient practical assistance provided to entrepreneurs in the development of investment projects by commercial banks, regional chambers of commerce and industry and other official agencies [12].

In finding a solution to the above reasons, it is necessary to create an effective system of attracting direct investments in the regions and to develop important strategies, "roadmaps" and long-term concepts based on this. The set of factors that influence the decision to make investments differs depending on the sector the investor belongs to, but when attracting investors of all types and groups, it is necessary to have indicators that describe the investment environment of the region and serve it.

CONCLUSIONS

The following proposals and recommendations for attracting foreign direct investment to the regions were formulated:

1. Forming and maintaining a unified state investment policy, including encouraging the expansion of investment volumes in economic sectors and regions of the country for attracting foreign investments, further improving the investment environment in the republic, and supporting the development of enterprises with

foreign capital participation work must be coordinated;

2. It is necessary to ensure the development and implementation of measures to further improve regulatory legal documents in the field of attracting foreign investments and create more favorable conditions for expanding investment activities in the territory of the Republic of Uzbekistan;

3. Coordination of mutual cooperation of state and economic management bodies, local state authorities in the formation of state investment programs and regional investment programs, as well as in monitoring the implementation of investment projects included in the above-mentioned programs;

4. To attract foreign investments, loans and financial and technical assistance funds, it is necessary to ensure the maintenance of a single database of investment proposals;

5. State administration bodies, local executive authorities, heads of diplomatic missions of the Republic of Uzbekistan abroad, as well as trade and economic authorities in terms of determining and increasing the main directions of development of investment cooperation with international financial institutions and foreign investors, as well as attracting foreign investments it is necessary to coordinate the activities of advisers on issues and permanent representatives in international organizations;

6. Systematic monitoring of the implementation of investment projects, analysis of the activities of enterprises with the participation of foreign capital, the full fulfillment of investment obligations by the investor, identification of factors that prevent the timely and effective implementation of investment projects with the participation of foreign investments, and it is necessary to increase the effectiveness of the use of foreign investments attracted to the country's economy by taking prompt measures to solve them [13];

7. It is necessary to support the organization of international conferences, seminars, investment forums in the Republic of Uzbekistan and abroad in

order to widely inform foreign investors about the country's economic and investment potential;

8. Coordinating the work of state administration bodies, business associations, local executive authorities to ensure the effective operation of the investment portal, regularly updating the content of the portal, including the status of implementation of investment projects, reviewing investor appeals it is necessary to maintain a centralized database about the results and so on;

In conclusion, the introduction of the interactive investment map of the Republic of Uzbekistan, which shows the production potential and investment needs of each region, specific projects calculated in advance and other information of interest to potential investors, and its coordination of the work of ensuring the activity will lead to an increase in the volume of foreign investments in the regions.

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