

THE IMPORTANCE OF ATTRACTING FOREIGN DIRECT INVESTMENT IN UZBEKISTAN.

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Abstract: In the last decade, the flow of direct foreign investments into our country and the activity of attracting them have increased. In addition to trying to attract foreign direct investment to its economy, every country strives to make optimal use of them. We can see from the experience of foreign countries that today the importance of foreign direct investments in world development is increasing more and more. That is why, this article is about foreign direct investment. In this article, some theoretical foundations of foreign direct investment are highlighted, indicators are analyzed, problems associated with attracting foreign direct investment are analyzed. To achieve this goal, the following considerations should be taken into account:

- Strategy of attracting foreign direct investments to the Republic of Uzbekistan and their management;
- Problems related to attracting direct foreign investments to the Republic of Uzbekistan;

Аннотация: В последнее десятилетие наблюдается приток прямых иностранных инвестиций в нашу страну и активность по их привлечению. Помимо попыток привлечь прямые иностранные инвестиции в свою экономику, каждая страна стремится оптимально их использовать. По опыту зарубежных стран мы видим, что сегодня все больше возрастает значение прямых иностранных инвестиций в мировом развитии. В связи с актуальностью темы статья посвящена прямым иностранным инвестициям. В данной статье выделены некоторые теоретические основы прямых иностранных инвестиций, проанализированы показатели, проблемы связанные с привлечением прямых иностранных инвестиций. Для достижения этой цели следует учитывать следующее:

- Стратегия привлечения прямых иностранных инвестиций в Республику Узбекистан и стратегия управление ими;
- Проблемы привлечения прямых иностранных инвестиций в Республику Узбекистан;

Annotatsiya: So‘nggi o‘n yillikda mamlakatimizga to‘g‘ridan-to‘g‘ri xorijiy investitsiyalar kirib kelish oqimi va ularni jalb harakatlari faolligi oshgani kuzatilmoqda. Har bir davlat o‘z iqtisodiyotiga xorijiy investitsiyalarni jalb qilishga harakat qilish bilan bir qatorda, xorijiy investitsiyadan optimal foydalanishga intiladi. Xorijiy mamlakatlarning tajribasidan ham ko‘rishimiz mumkinki, bugungi

kunda jahon taraqqiyotida to'g'ridan-to'g'ri xorijiy investitsiyalarning ahamiyati tobora ortib bormoqda. Mavzuning aktualigi sababli ham, maqola to'g'ridan-to'g'ri xorijiy investitsiyalar haqida. Ushbu maqolada, to'g'ridan-to'g'ri xorijiy investitsiyalarning ayrim nazariy asoslari yoritib beriladi, ko'rsatkichlar tahlil qilinadi, to'g'ridan-to'g'ri xorijiy investitsiyalarni jalb qilish bilan bog'liq muammolar tahlil qilinadi. Ushbu maqsadga erishish uchun quyidagi fikrlarni hisobga olish kerak:

- O'zbekiston Respublikasiga to'g'ridan-to'g'ri xorijiy investitsiyalarni jalb qilish va ularni boshqarish strategiyasi;
- O'zbekiston Respublikasiga to'g'ridan xorijiy investitsiyalarni jalb qilish bilan bo'g'liq muammolar;

Foreign direct investments are all property, financial and intellectual assets that foreign investors mobilize in the economy, entrepreneurship and other activities of another country in order to achieve high income and efficiency. [1] Foreign investment, unlike domestic investment, is a source of external financing. They are attracted to the national economy from abroad and their entry is encouraged. But not all forms of attracting foreign capital can be a source of external financing. This applies primarily to loans and debts that require repayment with interest payments. This is because foreign loans and loans from international financial institutions require fixed interest rates to be repaid over time along with the principal. There are clear differences between foreign investment and foreign loans. In this regard, the range of risks of foreign investments differs from the range of risks of foreign loans. The amount of investment costs depends on two factors: the first is the expected rate of net profit calculated by entrepreneurs from investment costs. The second is the interest rate, or the price an entrepreneur must pay to obtain the money needed to purchase real capital. If the expected rate of return is higher than the rate of interest, the investment is profitable, and conversely, if the rate of interest is higher than the expected rate of return, the investment is not profitable. Any form of property directed from one country to another for profit can be called a full foreign investment. But there are forms of ownership that we cannot call foreign investment. For example, if an embassy is the property of a foreign country or a foreign citizen buys a private house, it is considered foreign property, but it cannot be a foreign investment. It should be noted that mutually beneficial cooperation with foreign partners is bearing good results. After all, Uzbekistan is trying to create all the conditions to strengthen the confidence of foreign investors. The state investment policy of our country is intended for the long term and is aimed at creating all the necessary conditions for the effective work of investors. Uzbekistan's geographical location, developed transport network, abundant natural resources, highly developed production and social infrastructure allow investors to look to the future with confidence.

All countries that want to develop are trying to attract direct foreign investment to their economy. They direct foreign investment to strategic sectors of the economy, industry, medical institutions and other important sectors that require development. At the same time, a number of restrictions have been introduced in order to protect local producers and maintain employment. Restrictions may work temporarily, but foreign direct investment is needed to attract economically important sectors. Foreign direct investment can be considered as an alternative economic strategy adopted by enterprises that invest to establish a new enterprise or, alternatively, purchase existing assets of a foreign enterprise. These businesses seek to supplement or replace international trade by producing (and often selling) goods and services in countries other than where the facility was first established.

Companies or governments considering foreign direct investment (FDI) typically consider target firms or projects in open economies that offer skilled labor and moderate growth prospects for the investor. FDI often goes beyond simple capital investment. This may include management, technology and equipment provision. The main feature of foreign direct investment is that it effectively controls the foreign business, or at least has a significant influence on its decision-making. However, it should not be forgotten that the economic policy of the state can be an obstacle to foreign direct investment. According to Djakov (2000), if there are differences for the entry of foreign direct investment, it will harm the economy of developing countries the most. [2]

Foreign direct investment can be made in a variety of ways, including establishing a subsidiary or associated company abroad, acquiring a controlling interest in an existing foreign company, or merging with a foreign company or joint venture. is carried out by establishing an enterprise. According to the guidelines set by the Organization for Economic Co-operation and Development (OECD), the threshold for foreign investment that determines the controlling interest is at least 10% ownership of a company located abroad. There are situations where it is possible to establish an effective controlling interest in a firm by purchasing less than 10 percent of the company's voting stock. Foreign direct investment is generally classified as horizontal, vertical or conglomerate.

With horizontal foreign direct investment, a company establishes the same type of business operation abroad as it operates in its home country. An example is a US-based cell phone provider that bought a chain of phone stores in China. In vertical FDI, a business acquires additional business in another country. For example, a US manufacturer may be interested in a foreign company that will supply it with the necessary raw materials.

There are several reasons why companies engage in FDI, including access to new markets, lower production costs, access to local resources and expertise, and access to a larger pool of skilled labor. FDI can also help companies reduce the risks associated with their investments by diversifying their operations in different countries. [3]

FDI can also bring significant benefits to the host country. It can create new jobs and stimulate economic growth, transfer technology and expertise, and provide new market access for local companies. Foreign direct investment can help develop infrastructure and improve the investment climate, which can attract additional investment in the future.

However, FDI can also have potential disadvantages, such as cultural conflicts, political instability, and competition with local companies. It is important for the host country to carefully balance the advantages and disadvantages of direct investment and implement policies that encourage investment while protecting the interests of local businesses and communities. Foreign direct investment is an important source of capital and expertise for both the investing country and the host country. This has the potential to generate significant benefits for both parties, but it is important to carefully manage risks and ensure that the investment is aligned with local economic and social objectives. [4]

The example of China

China has become one of the world's largest recipients of foreign direct investment over the past few decades. China's experience with foreign direct investment has been characterized by a combination of both benefits and challenges.

On the plus side, FDI has helped China rapidly industrialize and modernize its economy, creating millions of jobs and spurring economic growth. Foreign investment has brought

new technology and experience, which is important in modernizing the country's production processes and increasing its competitiveness in the world market. In addition, it directly helped to develop infrastructure, improve the investment climate and attract additional investments.

However, China has also faced difficulties as a result of its reliance on direct investment. Foreign investors have sometimes been accused of exploiting China's cheap labor and resources, and suffered from poor working conditions and environmental degradation. In addition, competition from foreign companies sometimes leads to the decline of local businesses, causing job losses and economic hardship for many Chinese communities.

Despite these challenges, China has continued to pursue FDI as a key component of its development strategy. The country has implemented policies to attract investments, including tax incentives and easing restrictions on foreign ownership of business entities.

Zhang (2002) noted that in the 1990s, countries experienced a large increase in FDI flows, particularly to low-income and middle-income countries. It has become urgent to empirically study the important question of the relationship between direct investment and growth. In his opinion, the attraction of foreign direct investments is inextricably linked with the political regime of the state. In order to attract large-scale foreign direct investment, it is necessary to create free market conditions that are convenient for investors. [5]

Uzbekistan can learn from China's experience in foreign direct investment, while attracting investment, as well as protecting the interests of local businesses and societies. Uzbekistan can implement policies aimed at foreign investment, creation of new jobs, transfer of technology and experience, and stimulation of economic growth. The country should also create clear regulations and guidelines to address concerns about working conditions and environmental degradation, and to ensure that foreign investment benefits the local economy. Following the example of China, Uzbekistan has the potential to maximize the benefits of foreign direct investment while minimizing risks, and to create a foundation for a strong and stable economic future.

Conclusion. During the transition to the digital economy, expanding cooperation with foreign investors, establishing new types of production, and also creating additional jobs are of great importance today. In addition, investments serve to increase the standard of living of the population by ensuring sustainable economic growth and creating new jobs. Every country strives to attract more foreign investments to its economy, to use the opportunities of direct and indirect foreign investments. Today, foreign investments play a decisive role in the development of the world economy. As we all know, Uzbekistan is rich in natural resources, especially mineral resources. Large-scale projects aimed at the proper use of resources and the attraction of foreign investments in related industries are being implemented. However, foreign flows to Uzbekistan should enter not only the main sector, but also the service sector. It is desirable to diversify them. There are some problems in investing in Uzbekistan. For example, the lack of bureaucracy and legislation in Uzbekistan is a strong barrier to investment. Recently, Uzbekistan has significantly increased its position as a region for attracting foreign investments. This is very important for the economy of our country. Foreign investment is one of the important foundations of Uzbekistan's economic growth. Accelerating the process of attracting investments to the economy of Uzbekistan requires proper diversification of the sources of investment flow to the country at the expense of economically developed countries and rapidly developing markets. The use of the system of guarantees focused on the specific characteristics of foreign investments should be aimed at overcoming obstacles in the system.

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