



OBJECTIVES OF IMPROVING THE INVESTMENT CLIMATE OF THE REPUBLIC OF UZBEKISTAN

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Abstract: Foreign investment plays an important role in the development of the economy of any country. They are a necessary condition for developing the growth of competitiveness of the national economy, and also contribute to the development of domestic investment, bring new technologies and modern management methods. In recent years, large-scale reforms have been carried out in Uzbekistan, one of the priorities of which is to ensure the openness of the national economy and create the necessary conditions for its integration into the international market.

Key words: investment, financing, state, foreign, incentive, growth, method, investors.

Аннотация: Иностранные инвестиции играют важную роль в развитии экономики любой страны. Они являются необходимым условием развития роста конкурентоспособности национальной экономики, а также способствуют развитию внутренних инвестиций, приносят новые технологии и современные методы управления. В последние годы в Узбекистане проводятся масштабные реформы, одним из приоритетов которых является обеспечение открытости национальной экономики и создание необходимых условий для ее интеграции в международный рынок.

Ключевые слова: инвестиции, финансирование, государство, иностранный, стимул, рост, метод, инвесторы.

A favorable investment climate has been created in Uzbekistan, an effective system of benefits and preferences is in place, which leads to a decrease in the level of influence of investment risks on the performance of foreign investors. Compared



to other developing countries, Uzbekistan has a number of advantages among the factors that form the investment climate, of which we can highlight:

- ✚ Political stability in the country;
- ✚ Macroeconomic stability and dynamic growth of the economy of Uzbekistan;
- ✚ Favorable geographical location, agroclimatic conditions and the presence of optimal transport corridors;
- ✚ Rich natural resource potential and the possibility of exploration, production, processing and export of resources;
- ✚ Availability of qualified labor and relatively low wages (compared to developed countries);
- ✚ Availability of the necessary market infrastructure;
- ✚ Rich consumer potential of Uzbekistan and access to consumer markets of the CIS countries;
- ✚ Created preferential treatment for foreign investors, ensuring the protection of their rights and the provision by the state of certain guarantees for their activities;
- ✚ Favorable sociocultural conditions and openness of the Uzbek people;
- ✚ A special focus of innovation activity in Uzbekistan, characterized by certain sectors of the economy that differ from the products of innovation activity in developed countries, etc.

As the results of an analysis of the current state of the investment climate in the Republic of Uzbekistan show, the investment climate created in Uzbekistan allows the republic to compete in the struggle to attract foreign capital with other countries, as evidenced by the main macroeconomic indicators of our country in recent years. However, there are certain shortcomings and investment risks for the activities of foreign investors in our republic that need to be studied and improved, among which the following stand out:

- ❖ Uneven economic development of the regions of the republic and, as a consequence, uneven distribution of investments;
- ❖ Bureaucratic obstacles in the work of local authorities with foreign investors;
- ❖ Problems of free use of infrastructure in the regions of the republic for production needs (water, electricity, gas, heating, sewerage, etc.);
- ❖ The availability and quality of information support and communications deteriorate depending on the distance of the region from the capital;
- ❖ The presence of environmental problems in some regions of the republic associated with the drying up of the Aral Sea and the aluminum smelter in Tajikistan;



- ❖ Abundance of inspections by regulatory authorities of the financial and production activities of enterprises with foreign investment;

- ❖ Barriers to the widespread use of preferential treatment created for the activities of foreign investors;

- ❖ Problems with full currency conversion and repatriation of profits of foreign investors, etc.

- ❖ Problems of insufficient experience and modern knowledge of local entrepreneurs about investment project activities, conducting marketing research, joint entrepreneurship, skills in drawing up high-quality business plans and other documentation.

- ❖ Lack of access to the sea, to the cheapest mode of transport for import-export operations - sea transport.

These investment climate factors are barriers to the activities of foreign investors, to the development of the republic's production potential, and to the creation of the "image" of Uzbekistan as an effective and favorable investment target.

Since most of the problems are related to the regional development of Uzbekistan, namely its unevenness, therefore, the main work to improve the investment climate in Uzbekistan should be assigned, first of all, to local authorities, to the khokimiyats of regions, districts and cities, which could assist in providing foreign investors with information about the investment potential of this particular area, creating special regional web portals, holding international and national conferences, seminars on this topic; in assisting local authorities in providing enterprises with foreign investment with the necessary infrastructure for production needs (water, electricity, gas, heating, sewerage, etc.); in organizing and improving the activities of centers for the provision of consulting, marketing and legal services in the regions in order to eliminate economic illiteracy of local entrepreneurs.

Indicators in Uzbekistan on construction permits are unsatisfactory, and in 2019 it holds 134 positions. Although this figure has improved since 2016-2018, only 17 of the number of procedures (16 in Europe and Central Asia) require 246 days for permission, which necessitates government reforms in this area.

Looking at foreign experience, the tendency to hire private sector engineers or specialized construction firms in the public service sector, which started in high-income countries such as Australia, Japan and the UK, has been accelerating in low- and middle-income countries. Modern construction systems are increasingly turning to private engineers or firms that are certified or approved to perform the facility's



control function. In general, the role of the private sector can range from a very limited scope to a much wider scope that controls the design and construction process of the private sector. According to the World Bank's Doing Business 2018 report, 93 out of 190 countries use some form of outsourced private services to manage construction. Of the upper and middle income countries, 66.1% and 56.9% use third-party services to regulate construction, while only 37.7% of low- and middle-income countries use third-party services. In contrast, only 25 percent of low-income countries use private third-party services to regulate construction.

Ways to use foreign investment to ensure economic growth rates: Creating a favorable investment climate that will attract foreign capital to the country. To do this, it is necessary to provide legal protection for foreign investors, reduce administrative barriers and corruption, improve infrastructure and logistics, provide tax breaks and incentives for investment projects. It is also important to actively promote the benefits of investing in Uzbekistan on international platforms and forums. Development of public-private partnership, which will allow attracting foreign investment in strategic sectors of the economy, such as energy, transport, housing and communal services, healthcare, education. Public-private partnership involves joint financing and implementation of projects between government agencies and private companies, including foreign ones. This approach reduces risks and costs for both parties, as well as increases the efficiency and quality of the services provided.

These transformations will have a significant impact on improving the investment climate in Uzbekistan, its economic growth, large-scale attraction of foreign investment, growth of the country's production and innovation potential, improving the standard of living and well-being of the population of the Republic of Uzbekistan.

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