

## THE ROLE OF FOREIGN INVESTMENTS IN THE DEVELOPMENT OF THE ECONOMY OF THE REPUBLIC OF UZBEKISTAN

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### ABSTRACT

*The article is devoted to foreign investments which play an important role in assisting countries with a transitional type of economy in their evolution to a market economy. Each state should make efforts to attract, first of all, both domestic and foreign investors to the sphere of material production. To this end, a certain investment policy is being developed and implemented, and an appropriate investment climate is being formed. To this end, a certain investment policy is being developed and implemented, and an appropriate investment climate is being formed.*

**KEYWORDS:** *Investment, Economy, Market Economy, Development, Production.*

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### INTRODUCTION

Foreign investment is one of the main factors contributing to the accelerated economic development of the country.

At the first Tashkent International Investment Forum, the President spoke about the conditions created for investors in Uzbekistan. The head of Uzbekistan Sh.M. Mirziyoyev talked about the measures taken over the past 5 years to reform the economy. Among them are free currency conversion, the issuance of international bonds, the elimination of forced labor, the simplification of taxes and licensing, and others. [1]

The annual volume of foreign investment over the past 5 years increased by 3.5 times, and their amount during this time summed up \$25 billion. 59,000 investment projects have been implemented in Uzbekistan, due to which 2.5 million jobs have been created.

During this time, the Uzbek economy grew by an average of 5% per year, industrial production - by 8%. Even in the pandemic year of 2020, there was a slight increase, the President stressed. The annual volume of exports of Uzbekistan increased to \$20 billion.

The leader of Uzbekistan will accelerate work to create conditions for investors. The main task here is to change the worldview and way of thinking of people, the head of state stressed.

He also noted the importance of digitalization, innovation and green technologies for development in all areas of business.

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“Ensuring your success in our country is guaranteed by the President and the Government of Uzbekistan,” Mirziyoyev assured.

The issue of guarantees for investors in Uzbekistan - in particular, the protection of property rights - has been acute for several years.

Such cases have a negative impact on the investment attractiveness of the country. They nullify all efforts, experts point out - the declared priority of attracting investments, the work of departments, regular forums.

At the end of 2019, the president signed a law that gives investors a number of guarantees - asset protection from nationalization, capital protection, free withdrawal of funds and, in particular, conversion, and so on. [2]

Foreign investment plays an important role in helping countries with economies in transition in their evolution towards a market economy. This circumstance is of particular interest to us. Let us dwell on the most important tasks facing the economy of our republic that can be solved with the help of foreign investment.

Today it has become obvious that a necessary condition for the sustainable development of the republic is high investment activity, which is achieved through the attraction and efficient use of internal and external resources. Further liberalization of the economy, expansion of economic freedoms of economic entities and the scale of private property in all spheres of the national economy, strengthening of international economic relations stimulate the successful implementation of work to attract and use foreign investment. In his message to the Oliy Majlis in 2017, the President of the Republic of Uzbekistan Sh. Mirziyoyev emphasized, “... I propose to open an Investment Portal on the Internet that provides local and foreign investors with the necessary statistical data and provides information on the conditions created in the country for doing business [1]”. The experience gained over the past period shows that foreign investments, combined with national natural production and labor resources, create a high cumulative effect when introducing advanced technologies, modern methods of management and organization of production, and more actively involving local, often previously unused wealth in the economic circulation.

Foreign investors not only invest in national enterprises, reconstruct and technically re-equip them, but also open access to world markets, which improves the adaptation of economic entities to civilized market relations, helping to raise their production and financial and economic activities to the relevant world standards.

Therefore, stimulating foreign investment, increasing the efficiency of their use determines the need to maintain and improve favorable conditions and a preferential market in the republic.

World experience quite convincingly shows that the attraction and use of foreign investment contributes to the development of the economy and serves as a powerful stimulus for socio-economic reforms. The idea that investment is the engine of the economy, ensuring its movement forward, is an axiom of any economic theory. Each state should make efforts to attract, first of all, both domestic and foreign investors to the sphere of material production. To this end, a certain investment policy is being developed and implemented, and an appropriate investment climate is being formed. The economic transformations carried out in Uzbekistan during the

years of independence, based on its own model of transition to a market economy in a short period of time, undoubtedly gave tangible positive results. Despite the fact that only 30 years have passed since independence, Uzbekistan has become a country with a stable economy, sustainable economic growth, a liberal foreign exchange market, low inflation rates, and a dominant position of non-resource-oriented finished products in the export structure. [3]

An important role in achieving these successes, undoubtedly, is played by the ongoing reforms in the sphere of property, the basis of which is the large-scale privatization carried out in the country - the transfer of state property into the hands of real investors. Today, new horizons for investment are opening up in Uzbekistan - the most favorable conditions for business have been created, including political and macroeconomic stability, strong guarantees have been established to protect the rights of foreign investors, and an extensive system of benefits has been provided for them. In addition, foreign investors are attracted by low prices compared to neighboring countries for raw materials, materials, energy resources, and highly skilled labor that are vital for production.

Foreign investments are valuables in various forms (movable, immovable, intellectual property, etc.) and income from them (profit, interest, dividends, royalties, license and commission fees, payments for technical assistance, maintenance and other forms of remuneration), invested by foreign states, legal (other entities) and individuals in various areas of activity of the recipient country, mainly for the purpose of subsequent profit. [4]

The investment activity of economic entities is carried out through the investment resources they form. In a market economy, the sources of formation of investment resources are very diverse. When analyzing them, one should distinguish between internal and external sources of investment financing at the macro- and microeconomic levels. At the macroeconomic level, domestic sources of investment financing include all sources associated with national savings, and external sources include foreign sources. At the microeconomic level, internal sources of investment are the own funds of enterprises (profit, depreciation, investments of the owners of the enterprise), and external sources are attracted and borrowed funds (state financing, investment loans, funds raised by placing own securities, etc.).

The possibility of attracting foreign investment largely depends on the state of the investment climate.

Important conditions for attracting foreign capital are legal regulation and state guarantees for foreign investment. In countries with developed market economies in relation to foreign investors, a national regime is used, according to which the activities of companies with foreign participation are regulated by national legislation that does not contain differences in the regulation of the economic activities of national and foreign investors. State guarantee of the rights and interests of foreign investors can be carried out: on the basis of constitutions or special regulations; within the framework of interstate agreements on the protection and promotion of foreign investment; through participation in the Convention on the Settlement of Investment disputes between states and citizens of other countries.

It is known that today the entire world economy is moving towards digitalization. Green technologies and innovations are the priority in any industry and business.

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