



ANALYSIS OF THE CURRENT STATE OF CREATION OF A FAVORABLE FOREIGN INVESTMENT ENVIRONMENT IN THE REPUBLIC OF UZBEKISTAN

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Abstract. *In order to create the most favorable investment environment for attracting direct investments in the Republic of Uzbekistan, liberalize the economy, reform public administration, limit interference in the activities of business entities, reduce licensing and permitting procedures, and wide-scale measures have been taken to simplify, provide free access to goods (works and services), as well as create the necessary infrastructure in the regions. Develop ways to increase the role of the capital market in creating a favorable investment environment in our country main directions set, in our republic work on ways to increase the role of the capital market in creating a favorable investment environment work on the way out and can be used in scientific research devoted to statistical analysis.*

Key words : *investment , foreign investors , tax load , capital , capital market , valuable securities , liquidity .*

Introduction. In the context of financial globalization, scientific research is being conducted to achieve a solution to issues aimed at the international development of the capital market, effective use of investments. Based on the results of the research, the development of national and international systems of the capital market is emphasized and continuously improved. In globally developed countries, " stock market turnover has been 100-200 percent of GDP in recent years, and it is predicted to reach ²⁸300 percent after 2020. " However, the high share of the state in the share capital structure of large companies, the improvement of attracting investment through the capital market, increasing the liquidity of financial instruments, expanding the attraction of financial resources by ensuring their integration into the world capital market, conducting scientific research aimed at the development of the secondary market of securities is relevant.

²⁸ A scientific and popular guide dedicated to the study and promotion of the Address of the President of the Republic of Uzbekistan Sh.M. Mirziyoev to the Oliy Majlis. - T.: "Spirituality", 2018. p. 189.



Also, at the International Tashkent Investment Forum, which took place on March 24-26, 2022, the President of our country made a special mention of the reforms being implemented in our country and said : We eliminated all the factors that prevented it and started to create favorable conditions for entrepreneurship. First, in 2017, we introduced the free conversion of our national currency, the soum, and removed all restrictions on the repatriation of profits by foreign investors. For the first time, our banks and large enterprises have received international ratings and entered the world financial markets. International bonds were issued to world markets in our national currency. Ninthly, based on the "single window" principle, a completely new system of working with foreign investors was introduced in Uzbekistan, and the Ministry of Investments and Foreign Trade, which provides comprehensive assistance to investors and covers all regions and sectors, launched its activities. year. As a result, the annual volume of foreign investments attracted to our economy increased by 3.5 times, and their total value in the last 5 years was 25 billion dollars. Due to this, 59,000 investment projects were implemented, which made a worthy contribution to the creation of more than 2.5 million new jobs in our country ²⁹.

increasing the opportunities to attract the general public to stock trading, developing the secondary market of securities, regularly announcing the value of shares on the capital exchange, shares in the public increasing enthusiasm and desire to buy, turning shares into real securities and ensuring that they become an important source of income are important factors in ensuring the development of the capital market of Uzbekistan. Therefore, it was emphasized by the Honorable President that "developing a capital market development strategy in 2020-2025 and bringing the ratio of total securities in free circulation to GDP to at least 10-15% by the end of 2025 is the main issue on the agenda. ³⁰" The effective implementation of such priority and urgent tasks shows the necessity of researching the characteristics and development trends of increasing the role of the capital market in the formation of a favorable investment environment in our country and activating the measures aimed at the development of the capital market.

²⁹ <https://president.uz/uz/lists/view/5077>

³⁰ <https://president.uz/uz/lists/view/5077>



Literature review. The analysis of economic literature on research and the opinions presented by world scientists show that there are a number of effective proposals for the development of ways to increase the role of the capital market in creating a favorable investment environment. Among the scientists who made a great contribution to the scientific foundations of ways to increase the role of the capital market in the formation of a favorable investment environment in the world, the following can be mentioned: Sivakova S., Brodsky M., Kostenko S., P. Ryzberg B., Lozovsky L., Starodubseva These ³¹are including Organization and regulation of the stock market, the mechanism of its operation, theoretical and practical aspects of problems related to the capital market R. Braley, S. Myers, R. Veithlingham, B. Williams, U. Sharp, D. Bailey, W. Neal, E. Peters, E. Rode, R. Rosen, A. Siegel, Dj. Soros, F. Fabossi, Dj. Hicks, K. Morris, Dj. Thewles, Researched in the scientific works of foreign scientists such as E. Bradley . ³²The above-mentioned scientists have conducted a number of scientific researches in such areas as efficient market theory, investment portfolio management, capital structure, corporate financial management, financial risk assessment, stock assessment.

Many economists in our country, including Ghulomov SS, Rasulev AF, Vahabov AV, Sirojiddinov N., G'ozibekov D., Mustafaqulov Sh ³³. and others' scientific works also focused on attracting investments to the economy, creating a favorable investment environment, and increasing the attractiveness of the investment environment.

³¹ Sivakova S. Yu. Formirovanie investitsionnogo klimata s tselyu privilecheniya inostrannykh investitsiy: Na primere Smolenskoj oblasti, dissertation po VAK RF 08.00.05, kandidat ekonomicheskikh nauk. - M., 2004. Brodsky M., Kostenko S. Investitsii kak istochnik konkurentosposobnosti // Uchenye zapiski Instituta prava S.Peterburgskogo gosudarstvennogo universiteta ekonomiki i finansov / Pod ed. A.A. Livrevskogo. 2001. Vyp. S.95. Ryzberg B., Lozovsky L., Starodubtseva E. Modern economic dictionary. - M.: INFRA - M. 2000.

³² Braley R., Myers S. Principles of corporate finance. - M.: "Olymp-Business", 1997. - 1120 p.; Weithlingham R. Rukovodstvo po ispolzovaniyu finansovoy informatsii / Per. English - M.: "Finansy and statistics", 1999. - 400 p.; Williams B. Novye izmereniya and stock market: kak izvlech pribyl iz hoosa: stock market, bonds and futures. - M.: "Analitika", 2000. - 288 p.; Sharp W., Alexander G., Bailey DJ. Investment / Per. English - M.: "INFRA-M", 2001. - 1028 p.; William O'Neill. Kak delat dengi na kapitalovom rynke: strategy trading na roste i padenii / Per. English - 4th izd. - M.: "Alpina Business Books", 2007. - 329 p.; Rudigervon Rosen, Werner G. Seifert. Die Übernahme borsennotierter Unternehmen. - Schriftenzum Kapitalmarkt. Section 2. Printed in Germany, 1999. - 516 p.; Peters E. Chaos and order in the capital. - Mir, 2000. - 333 p.; Soros D. Alchemy is financier. - M.: "Infra-M", 1996. - 416 p.; Fabotti F.D. Rynok bond: strategic analysis / Per. English - M.: "Alpina Business Books", 2005. - 876 p.; Hicks Dj. R. Stoimost i capital. - M.: "Progress", 1988. - 488 p.; Rode E. Bank, exchange, currency of modern capitalism. - M.: "Finance and Statistics", 1984-1988. - 345 p.; Kenneth M. Morris & Allan M. Siegel. Guide to understanding money & investing, 1993 by lightbulb press, Inc. - 173 pages; Thewles DJ, Bradley E., Thewles M. Capital market. University textbook. - M.: "Infra-M", 1997. - 648 p.

³³ And x abov A.V., X ajibakiev Sh. Kh ., Muminov N.G. X foreign investments. Study guide. T.: "Finance", 2010. Mustafaqulov Sh.I. Attractiveness of the investment environment. Scientific and practical guide. T.: " BACTRIA PRESS " 2017. 319 B.



Although some aspects of the capital market have been studied in the studies of the above-mentioned economists-scientists, at the current stage of economic development in our country creating a favorable investment environment in the country and ensuring macroeconomic stability the instability and underdevelopment of the capital market in the development of ways to increase the role of the capital market, in particular, the lack of free circulation of shares and bonds as a financial instrument of the capital market, the fact that the state owns a large package of financial instruments, the turnover and liquidity of shares are low, the presence of high risk, the low share of secondary trade turnover in the stock market, the lack of provision of income through the stock market requires scientific research in this area.

Research methodology. Scientific abstraction, induction and deduction, comparative analysis, structural analysis.

Analysis and results. Investment policy of improvement wide scope it is necessary to carry out tasks step by step: I stage (2025 until) – investment activity in order put new formation of the regulatory framework of the concept of economy structural problems solution reach and work release continuously modernization and renewal. Phase II (2026–2030) - valuable papers market based on market investment institutions development and venture investments the market form, investment institutions improvement, scientific investigation and experimental design work effective financing of production and introduction of innovations system formation 2030 up to has been of investments forecast GDP dynamics (international and local experts), external economic situation, also forecast estimates for specific areas and sectors of the economy calculated taking into account. Option 1 investment processes inertial development, and the 2nd option includes the scenario of mobilization manifestation does. First option initial stage in the country investment of activity basis state investments (budget and off-budget funds, loans under guarantee, etc.) organize does. Investments size increase still important concept is considered



Second option investment activity of investors different groups (businesses, population, foreign investors, commerce banks) for comfortable conditions formation through is provided. This more attention to the efficiency of the use of investments in the option is focused. This while of development capital capacity reduce enable will give and finally As a result the first option relatively much high to growth take will come.

Table 1

Investments of growth variant forecasts³⁴

Indicators name	2017 y.	2018 y.	2019 y.	2020 y.	Scen- dreams (1/2)	Prognosis		
						2021 y.	2025 y.	2030 y.
Prognosis to be done indicator								
Investment growth rate, %	20.4	29.9	33.9	-4.4	1	7.7	24.7	23.0
					2	8.6	27.2	28.4
Prognosis to be done indicator dynamics formative factors								
Real GDP growth, %	4.5	5.1	5.6	1.7	1	5.7	5.9	5.1
					2	6.7	7.1	7.4
Funding sources according to of investments structure, total investments in %								
State budget	4.8	4.5	7.6	6.5	1	8.6	7.2	6.1
					2	7.2	4.9	4.9
of trust funds	3.5	5	0.9	1.0	1	4.5	7.1	5.8
					2	3.8	5.2	4.6
Recovery and development fund	7.9	6.4	3.4	0.9	1	5.7	8.0	6.3
					2	4.7	5.2	7.3
Under government guarantee foreign investments and loans	6.1	13.8	14.7	11.1	1	16.1	11.7	8.4
					2	12.2	9.0	4.3
Enterprises funds	29.2	30.5	20.7	25.7	1	19.5	21.2	25.3
					2	20.6	22.9	27.6
Population funds	18.1	11.4	8.6	8.9	1	6.0,	5.8	6.4
					2	6.7	6.0	6.5
Foreign direct investments and loans	17.7	10.5	31	31.8	1	19.5	20.7	22.0
					2	23.3	24.9	24.2
Bank loans and others debt funds	12.6	17.8	13.1	14.1	1	19.9	18.5	19.8
					2	21.7	21.9	20.7
Foreign investments and loans	23.8	24.3	45.6	42.9	1	36.0	32.4	30.3
					2	35.4	33.9	28.4

³⁴ <http://www.sharqjurnali.uz/> / formed on the basis of data



Work release modernization to do and technical and technological update deepening, work productivity increase and work to issue innovations active app achieve from investments use efficiency increase - investment of politics main directions. Deep processing of products with high added value and exporting quality and competitive products to the world market, modern technologies app achieve investment input priority with foreign investors quality of the composition change, foreign of investors high technological networks and scientific investigation and experimental design work outputs sector has been interest to increase take will come.

Investment environment is this of firms efficient investment input, work seats Create and expand possibilities and encouraging factors sure defines places is a set 35. In this the government policy and actions, costs, risks and competition barriers such factors have a strong influence. (Fig . 1)



Figure 1 . Investment environment and its organizational elements³⁶

World practice and research show that investment activity plays an important role in the development of the country's economy. It contributes to structural changes in the economy and social sphere, and has a direct positive effect on the volume of social production and employment of the population. At the same time, banking institutions play an important role in meeting investment demand. Therefore, significant work is being done on the effective regulation of investment and foreign trade activities as a basis for improving the investment environment, increasing export potential, and rapid business development in Uzbekistan.

³⁵ World Bank (2005), The investment climate, growth, and poverty. Washington DC, Berlin Workshop Series 2005. - 20 p.m.

³⁶ http://iqtisodiyot.tsue.uz/sites/default/files/maqolalar/12_Qasimov_Yuldashev_Qurbano_v.pdf



According to the analysis, the net inflow of foreign direct investments in 2021 will increase by 18% compared to the same period last year to 2.0 billion. amounted to \$1.7 billion in 2020.

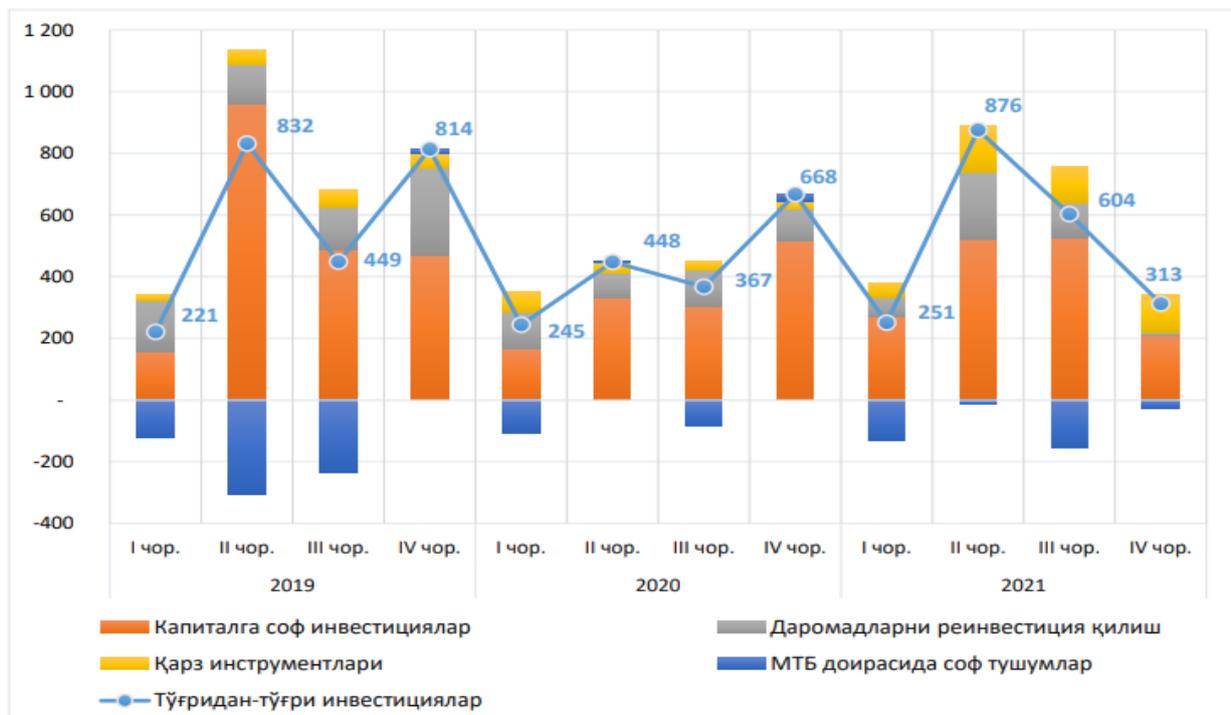


Figure 2 . Volume, growth rate, and share of fixed capital investments in Uzbekistan³⁷

During the reporting period, the net increase in the capital of direct foreign investments attracted to the country was 1.5 billion. equal to USD, the volume of foreign direct investments attracted to the country was partially offset by the increase in the volume of repatriation of investments within the framework of agreements on product distribution (MTB). The net increase in debt obligations from parent companies is 435.0 mln. amounting to 2.8 times more compared to 2020. Also, the reinvestment of income by foreign investors decreased by 3% compared to the corresponding period of last year and amounted to 407.0 million. was equal to dollars (419.3 million dollars in 2020).

In 2021, the balance of portfolio investment operations will be negative, amounting to 2.0 billion. made up the dollar. From this:

State bond 635 mln. dollar (for 10 years with an interest rate of 3.9);

State bond 2.5 trillion. to soums (for a period of 3 years with a 14.0% interest rate);

³⁷ https://cbu.uz/upload/medialibrary/17d/uz_BOP_-IIP_-EXD_4Q2021.pdf



"UzNeftegaz" JSC bond worth 700 mln. dollar (for a period of 7 years with an interest rate of 4.75);

"UzAvto Motors" JSC bond is worth 300 mln. dollar (for a period of 5 years with an interest rate of 4.85);

Bond of "Ipoteka Bank" JSC 785 billion. soums (for a period of 3 years with an interest rate of 16.0).

According to the results of the analysis of the composition of investments made by financial sources, the share of foreign investments and loans has been increasing in recent years. In particular, in 2010, the volume of investments made at the expense of the own funds of enterprises and residents made up 52.5 percent of total investments, and by 2020, this indicator was 34.6 percent. The share of foreign investments and loans in total investments was 26.4 percent in 2010 and 42.9 percent in 2020. It can be seen that the volume of foreign investments and loans compared to 2010 is 82.3 trillion. increased to soums or nearly 20 times. The main reason for this can be said to be the fact that foreign investors and investment activities in our country are being supported and encouraged at the government level in recent years.

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. Summarizing the positive experience in the development of the capital infrastructure of the world, it can be said that market mechanisms and instruments tested by European investors for decades to solve the tasks within the framework of the improvement of the capital infrastructure of Uzbekistan, to attract investments to the economy of Uzbekistan and to protect the interests of investors, to adapt to the conditions of Uzbekistan and as much as possible must be used. Formulation of the strategy taking into account the



direction of development of the world financial system allows to achieve the necessary competitiveness in the conditions of globalization and integration of national capital markets.

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