



THE IMPORTANCE OF FOREIGN INVESTMENTS IN THE ECONOMIC DEVELOPMENT OF COUNTRIES

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Annotation

This article shows the impact of foreign investment on economic growth, the relationship between economic growth and foreign investment, the role of foreign investment in the development of the economy of Uzbekistan, the importance of foreign investment in achieving overall economic efficiency, investment in fixed assets and the role of foreign investment in its composition. The existing problems associated with attracting foreign investment and their effective use in the republic are studied, and the tasks that need to be completed to eliminate them are highlighted.

Keywords: investments, foreign investments, foreign investments carried out under the state guarantee, foreign direct investments, economic growth, GDP, investment projects, tax incentives, 1SOK index.

The experience of the leading developed foreign countries shows that the attraction of foreign investment was one of the factors of the high level of development of these countries.

In the economy, the role of foreign investment in accelerating the investment activity of enterprises, modernizing and diversifying production, implementing programs for technical and technological re-equipment, and ultimately achieving economic growth is considered significant. Thus, it will be possible to introduce technologies that embody advanced scientific and technological achievements, create new jobs, produce goods and services with high added value, and on this basis ensure the stable and even development of the country's economy.

A distinctive feature of the investment policy implemented in the development strategy of New Uzbekistan for 2022-2026 is investment projects aimed at the production of goods and services that replace imports, the deep processing of local raw materials, the organization of new industries based on energy efficiency and high-tech is manifested in the fact that the priority given to its implementation. In order to attract more investment to the economy, it is necessary to create free economic zones. A free economic zone is a special territory within the country, where, based on the





active attraction of foreign investment, all the necessary conditions are created for the production of export goods and services exclusively on the basis of high efficiency. Our country has created favorable conditions for attracting foreign investment and has the following relative advantages:

- existence of political and economic stability;
- creation of a legal and regulatory framework to support entrepreneurial activities;
- improvement of the investment climate and foreign policy;
- rich mineral resource base and energy deficit;
- convenient geographical location;
- relatively high level of industriousness and education of the population;
- low cost of economic resources;
- formation of a market for the sale of bulk goods and services;
- availability of living quarters.

Investments are of great importance in the social, economic and political development of the country. It is known that no country can develop without accepting the achievements of the world's leading countries in the field of science and technology. Advances in science and technology are usually accompanied by foreign investment. Based on this, since we are carrying out deep economic reforms and structural transformations in our economy, this process cannot be imagined without foreign investment.

The process of globalization of the world economy is an objective process. Inclusion in the process of globalization is cooperation with the leading countries of the world, social, economic and political coordination of state policy with the policies of these countries on a mutually beneficial basis. Investment activity and increased globalization of the world economy are important for the modern world economy. It is also positively influenced by the growing role of developing countries and countries in transition to a market economy in the international division of labor.

Based on the experience of developed countries, foreign investment is important in ensuring the stable and effective development of the country's economy. Therefore, the issue of attracting foreign investment in the economy of our country should be considered as an important factor in economic growth.

It cannot be denied that there are conflicting views on the impact of foreign investment on the economy of the host country, that is, they have both positive and negative effects.

Foreign investment has a number of positive effects on the sustainable economic growth of the host country and is very useful for replenishing domestic savings when there is a lack of funds in the financial stratum of the country. The essence of this





process lies in the fact that foreign investments make it possible to compensate for the lack of funds by attracting the necessary investment funds for the implementation of planned state expenditures (state savings, foreign exchange reserves, replenishment of state revenues), and prevent delays in the implementation of these expenditures. It also accelerates the economic development of the country by reinvesting profits in enterprises with foreign capital and transnational corporations (TNCs), i.e. directing them to re-profitable activities.

In order for foreign and joint ventures, as well as TNCs, to reinvest their profits and prevent capital flight, the state has legal, administrative and organizational tools at its disposal. After all, the profit earned on the hands of foreign investors is considered a ready source of additional investments in the country's economy. In this regard, President Shavkat Mirziyoyev spoke about the need to "...create a system of incentives for foreign investors that encourages them to reinvest their capital, and not withdraw it faster" [1. 7].

If the above tasks are not completed on time, the ICOR index will remain negatively high. This, in turn, indicates a low efficiency of investments. A delay in the timely implementation of investment projects leads to a "freezing" of capital, that is, capital invested for the purpose of generating income remains in one place, which, in turn, turns into inefficient capital and reduces the rate of economic growth.

Some regions are investing in various forms and new enterprises are being created, but the products created by these enterprises are not reflected in the region's GDP. This situation also leads to a high ICOR index in this area.

The President of the Republic of Uzbekistan Shavkat Mirziyoyev, in his address to the Oliy Majlis and the people of Uzbekistan on December 20, emphasized the importance of attracting foreign investment to our country and said: "... in the past three years, direct investment in the amount of \$ 8 billion has been attracted to the industry" [1.8 b] . At the same time, many problems in this direction hinder the attraction of foreign investment in our country. These may include:

- lack of a well-thought-out, long-term unified concept for the formation of investment programs;
- the implementation of agreements with foreign investment is very slow due to the lack of a well-functioning system in the field of investment;
- lack of information about a specific project in current investment programs;
- Serious mistakes were made in the identification and implementation of promising large projects, foreign loans were spent on inefficient activities, which caused damage to the development of the economy, etc.





In this regard, the President in this Message outlined the following tasks that we need to implement to solve the above tasks:

- reforming the foreign exchange market;
- refraining from radical measures in the implementation of tax policy;
- Improving the tax system in order to make our country attractive for investors who intend to implement large investment projects in Uzbekistan;
- reduction and relief of the tax burden for all business categories, thereby expanding production and the tax base;
- granting the right to defer the payment of the single tax for a certain period of time to newly created small and medium-sized businesses that carry out the construction of facilities for their own needs;
- rejection of individual approaches to the provision of tax incentives and the transition to the practice of their application only to certain sectors of the economy;
- implementation of a thoughtful, long-term policy in the tax system;
- attraction of investments in the real sector of the economy, introduction of a completely new mechanism for the formation of projects;
- completely abandon the practice of adopting fictitious investment programs developed in haste;
- development of long-term concepts of economic development;
- to mobilize the funds collected from the population in the form of investments in the development of the economy, to strengthen the sense of entrepreneurship in people;
- opening of the "*Investment Portal*" on the Internet, which provides local and foreign investors with the necessary statistical information, provides information on the conditions created for doing business;
- creation of a system of incentives for foreign investors, which will encourage them to reinvest their capital, and not withdraw it faster;
- increasing the activity of mayors, heads of state bodies and organizations in attracting investments, cooperating with foreign investors, organizing new types of production, creating jobs;
- full use of the possibilities of the Ministry of Foreign Affairs to increase the investment attractiveness of our country, to promote the widespread attraction of foreign investment.

First of all, we need to create an effective system for attracting foreign loans and investments, and learn how to use each loan wisely. In this matter, it is time to measure seven times, cut once and think carefully about the consequences.

In conclusion, we can say that it is very important to form a program for the innovative renewal of the state, to train a new generation of personnel who will





effectively use innovations and investments, a new class of investors. This requires a strong national idea, a national program for the technological development of Uzbekistan and the modernization of the domestic market. This program will quickly bring Uzbekistan into the ranks of the developed countries of the world.

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