



DEVELOPMENT OF BUSINESS AND FAVORABLE INVESTMENT ENVIRONMENT IN UZBEKISTAN

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Annotation

Appropriate conclusions have been drawn on the radical improvement of the business and investment climate in Uzbekistan`s economy and the introduction of a system of criteria for assessing the conditions of doing business.

Key words. Business, investment, investment climate, doing business, “Small business 4.0”, entrepreneurship.

Introduction

Nowadays according to the experience of developed and highly developed countries, every nation has a worthy place in the world community with the ability to set great and promising goals and achieve them. It is no exaggeration to say that today Uzbekistan is at such a responsible crossroads in its history. Therefore, the Strategy of Action, developed by President Shavkat Mirziyoyev, is becoming an important and new national idea that will determine the fate of our future. By the 21st century, the concept of strategy has expanded significantly. The strategy covers the issues of organization of governance aimed at predicting and overcoming crises in the economic, socio-political and other spheres of the world and in the internal life of the state.





Hence, the state strategy is expressed in many interrelated but distinct concepts. The emergence of fair governance in society will undoubtedly provide an opportunity to improve the priorities of economic development and liberalization. They provide opportunities to strengthen macroeconomic stability and maintain high economic growth rates, deepen structural reforms, modernize and diversify the leading sectors of the national economy, increase its competitiveness, especially the modernization of agriculture and the introduction of new innovative technologies. That is, according to the internal laws of development, complex but improved forms of ascension to a new qualitative stage emerge. This, in turn, will lead to institutional and structural reforms aimed at reducing state participation in the economy, protecting the right to private property and further strengthening its priority position, and stimulating the development of small business and private entrepreneurship. As a result, a balanced socio-economic development will be achieved through the effective use of existing potential. A set of measures has been adopted. The processes of state registration of business entities, obtaining loans, consideration of economic disputes, liquidation of business have been significantly simplified and reduced in cost. Work on the registration of property, land allocation, construction permits, mass introduction of the “one-stop shop” principle of connection to the electricity grid is in full swing. At the same time, the current business environment and business conditions in Uzbekistan still meet the requirements of a free market economy. and does not fully comply with its principles and generally accepted international norms. As before, there are cases of over-regulation of entrepreneurial activity, the opportunities for the effective introduction of contactless forms of interaction between government agencies and business entities are not fully used. Measures taken to improve the conditions for doing business are not sufficiently implemented in the field.

Research methodology

In writing this article, the methods of analysis and synthesis were used in the study of the investment climate in our country, macroeconomic analysis, comparison and comparison in the analysis of foreign and domestic investment attracted over the years.





Analysis and results

In order to create the most favorable investment climate for attracting direct investment to the country, liberalize the economy, reform public administration, limit interference in business activities, reduce and simplify licensing and permitting procedures, ensure free access to goods (works and services). In addition, large-scale measures have been taken to create the necessary infrastructure in the regions. Tax policy and customs and tariff reforms aimed at reducing the tax burden and simplifying the tax system for investors, maintaining a healthy competitive environment are being implemented rapidly. However, there are still bureaucratic hurdles and obstacles in working with investors, especially in the field, due to the fact that investor's initiatives are not adequately supported by all levels of government, and the activities of ministries and departments are not clearly coordinated. Also hinders the strengthening of confidence in the consistency of public policy on the formation of a favorable investment climate. The concept of investment climate should be considered at the level of macro and micro economy in terms of its complexity and perfection. At the macroeconomic level, it covers the current political, economic, and social situation in the host country. At the macroeconomic level, public policy on foreign investment, compliance with international agreements, nationalization of foreign property, participation in the system of international agreements on various issues, the strength of public administration, the inevitability of political leadership, the degree of state intervention in the economy, economic efficiency, banking system level, monetary circulation and stability of the state budget, the amount of internal and external debt of the state, etc. are crucial. In addition to the direct costs reflected in the laws of the host country and the factors limiting or prohibiting the activities of foreign firms, the investment climate is negatively affected by the existence of some incomplete rules and uncoordinated processes. A number of measures to radically improve the business environment in our country - measures were taken. In particular, a favorable business environment and reliable legal guarantees have been created for the rapid development of small business and private entrepreneurship, which is an important factor in the sustainable growth of the economy. The rapid development of this industry has allowed to fill the domestic market with quality import-substituting and export-oriented products, create new jobs, especially the employment of young people, and ultimately increase the living standards and incomes of the population.





As a result, small business and private entrepreneurship serve as an important factor in creating new jobs in our country, the consistent and sustainable development of our national economy, ensuring socio-political stability in society.

Joining the process of globalization taking place in the world today means cooperation with the world's leading countries, the formation of public policy in the economic, political and social spheres on a mutually beneficial basis. At the same time, in the context of globalization, due to the requirements of market relations, there is a fierce and fierce struggle for interstate investment in the world. All countries of the world are focusing on attracting foreign investment to their countries by directly improving the legal, socio-economic and other conditions. The ongoing global economic crisis, political instability, and the presence of geopolitical risks, including regional conflicts, are intensifying the competition and struggle for investment in the world.

According to UNCTAD1 reports, in 2018, the global inflow of foreign direct investment (FDI) in the world decreased by 13% compared to the previous year to 1 trillion. 297 billion US dollars. The main reason for this was found to be the decline in direct capital inflows in developed countries. The decline in capital inflows was mainly due to tax reforms by US President Donald Trump in 2017 (i.e., a reduction in corporate taxes from 35% to 21%) and a large-scale repatriation of funds by transnational corporations. FDI inflows to developed countries have been on a declining trend since 2004, falling to 27 percent and reaching a record low. The repatriation of funds led to a significant decline in investment in the UK, and in particular to capital outflows from several major recipient countries (Ireland, Switzerland), leading to a twofold reduction in capital inflows to Europe (less than \$ 200 billion). Capital inflows to the United States fell 9 percent to \$ 252 billion. One-third of the mergers and acquisitions (M&A) agreements that had to be made in other countries failed to materialize, mainly due to the formation of the US dollar. The inflow of FTIs into developing countries was stable, up 2 percent from the previous year. Most importantly, as a result of this 2% growth and the unusual decline in FDI in developed countries, the share of developing countries in global FDI has reached a record 54%. Global FDI inflows have been severely affected by the COVID-19 pandemic this year. These important resources will reach 1.5 trillion in 2019. The U.S. dollar fell sharply, well below the lowest level achieved during the global financial crisis.





The pandemic is projected to have a severe impact on the flow of FDI to developing countries, as it is natural to expect a decline in FDI, especially given that the deficit of investment in export-oriented manufacturing and raw material suppliers is more than 50%. Preliminary data on the profit margins of TMKs show that in the first months of 2020, the volume of both investment projects starting from scratch and those related to international mergers and acquisitions (M&A) decreased by more than 50% compared to last year. In the field of global project financing, which is an important source of investment in infrastructure projects, the amount of newly concluded agreements has decreased by more than 40%. Today, almost all countries' investment policies include measures to combat the coronavirus pandemic. More than 70 countries have taken measures to mitigate the negative impact of the crisis on the inflow of foreign investment or, conversely, to protect local industrial enterprises from being incorporated by foreign companies.

- 1) In the context of the coronavirus crisis, new policy measures have been taken to simplify investment, maintain and encourage investment. A number of countries have taken measures to reduce administrative barriers by giving administrative incentives to firms to speed up the production or delivery of goods during a pandemic.
- 2) The crisis has disrupted the normal delivery of public services, thus accelerating the introduction of web tools and e-government services platforms to ensure the continuity of key public services to businesses and investors.
- 3) Several countries have introduced incentives in government programs to produce medicines and vaccines. Other incentive schemes include expanding production lines to increase the supply of medical products.
- 4) To help local airlines, several governments have bought shares in these airlines or are considering nationalizing the companies.
- 5) Finally, most states have included support for small and medium-sized businesses in government assistance programs to ensure that supply of consumer goods in the country is not disrupted, and they are provided with tax incentives or financial assistance.
- 6) The coronavirus pandemic has led to increased controls on foreign investment in health and other strategic sectors. In developed countries, measures have been taken to protect local enterprises producing healthcare, pharmaceutical and medical products and equipment.



7) Another government intervention that affected investors in health care was to require factories, manufacturing companies, and private health care providers to switch to the production of medical products needed to fight the coronavirus pandemic.

Conclusions and suggestions

It is necessary to accelerate the implementation of the achievements of the Fourth Industrial Revolution through the widespread application of the principles of “Industry 4.0” in small business and private entrepreneurship, as in all sectors. It is necessary to create a new system of innovative small business and private entrepreneurship, compatible with the digital economy, based on innovation from traditional production in all sectors of the economy. Due to the rapid changes in market conditions in the world economy, the need to change each sector due to the rapid change in the balance between supply and demand, it is necessary to provide a fast-changing industrialized and innovative “Small Business 4.0” in small business. It is necessary to develop a “Concept for the development of small businesses in Namangan region on the basis of digital technologies” using the “Strategy for the development of the metallurgical industry based on digital technologies, developed by the SMS group of the German concern”. New technological revolutions are changing human working and living conditions and opening up new opportunities. Underlying such changes will be the formation of new business models, ideas and significant structural and innovative changes in companies operating in the traditional way. These innovations serve to replace outdated and outdated mechanisms, to radically change them, to start reforms anew. The rapid development of new technologies and their introduction into practice will lead to the formation of new industries in the long run. With the development of digital technologies, the integration between countries and enterprises has deepened, the transformation of countries` economies into the global economy has developed. In 2011, the term “Industry 4” appeared at the Hanover Fair in Germany. The development of new technologies has created “mind factories”. The fourth industrial revolution created a new virtual world. This virtual world has developed on a large scale and has begun to cover all sectors of the economy. 17% of the globe and 1.3 billion population under the influence of the achievements of the second industrial revolution, half of the globe and 4 billion and the population is developing under the influence of the achievements of the third industrial revolution.





Some developed countries are taking advantage of the achievements of the Fourth Industrial Revolution, and they are very deficient. One of the longest-running crises in the world economy, the coronavirus pandemic, was observed in the first half of 2020. In turn, this situation has had a negative impact on the economy of the Republic of Uzbekistan. In order to eliminate them, it is necessary to re-establish the economy of the country and small business and private entrepreneurship, to revive the industry, which fell into a state of stagnation during the quarantine period:

First, the rapid development of integration between small business and large enterprises;

Second, to continue production and service at home through the development of home-based activities;

Third, the development of mechanisms to support small business and private entrepreneurship by the state for the quarantine period;

Fourth, the establishment of counseling centers for the quarantine period for small business and private entrepreneurship.

In order to further improve the investment climate in the context of the coronavirus pandemic, which has a significant impact on international capital flows in the national economy, we believe that a number of measures should be taken:

1. Pay attention to the introduction of online services in the organization of a competitive investment market, including not only trade, exchange, insurance and banking services, but also public services and online services for the circulation of electronic documents;
2. Use the advice and experience of the most modern consulting firms in preparing quality business plans for investment projects, strengthening measures to identify and reduce the risk of investment;
3. Creating a database of information on the characteristics of various investment projects and securities and developing opportunities to publish this information to the general public;
4. Implement measures aimed at increasing the literacy of the population, entrepreneurs and business people on the Internet and information technology;
5. Accelerate the attraction of investment in education, including the opening of branches of leading foreign higher education institutions, the development of investments in human capital and the introduction of distance learning mechanisms;



6. The role and responsibilities of credit unions, pawnshops and microcredit organizations for the sustainable development of the economy of Uzbekistan should be addressed.

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