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#### Abdurakhman Abdulhatovich Mirisaev

Tashkent Architecture and Civil Engineering Institute (TACEI)  
PhD in Economics, Associate Professor, Department of "Economics and Real Estate Management",  
Tashkent, Republic of Uzbekistan,  
[abdurahmonm@mail.ru](mailto:abdurahmonm@mail.ru)

#### Shavkat Sharipbaevich Rajapov

Tashkent Architectural and Civil Engineering Institute (TACEI)  
Senior lecturer. Departments "Economics and Real Estate Management"  
Tashkent, Republic of Uzbekistan

#### Maftuna Sadullaevna Asadova

Tashkent Institute of Architecture and Civil Engineering Institute (TACEI)  
Assistant Department of Economics and Real Estate Management  
Tashkent, Republic of Uzbekistan

## SOME ISSUES OF ATTRACTING FOREIGN INVESTMENT FOR MODERNIZATION AND TECHNICAL RE-EQUIPMENT OF THE MOST IMPORTANT AREAS OF THE ECONOMY

**Abstract:** *In practice, the development of relations with foreign investors in Uzbekistan is currently carried out in the following areas: joint activities in manufacturing, finance, economic services, foreign and domestic trade, etc.; attracting foreign investment based on concessions or production sharing agreements; creation of free economic zones in order to actively attract foreign investment in certain regions of the country, but subject to their economic feasibility and expediency.*

*Therefore, the attraction and use of foreign capital in the economy of Uzbekistan seems to be an essential regularity of the investment process at the present stage. At the same time, the attraction of foreign investment should be based on the principles of socio-economic efficiency, environmental and economic security, mutual benefit and maintaining the priority of the state structural and reproductive policy.*

**Key words:** *investment, mechanism of economy, government, attraction of foreign investors, investment policy, investment climate, development of integration processes, ensuring economic growth, strengthening international economic relations, regulation and support of investment processes.*

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### Introduction

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Investment policy is one of the integral elements of economic policy. The implementation of an effective investment policy largely depends on the correctness of the strategy and tactics of general

economic reforms at the macro, as well as micro levels. Speaking about the fact that investments are the mechanism of the economy, which also provides a forward movement, this is an axiom of any economic theory. Each government should make efforts to attract primarily domestic and foreign investors into the sphere of material production. For this purpose, a

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specific investment policy is developed and implemented, and an appropriate investment climate is formed.

Economic reforms that are being consistently carried out in independent Uzbekistan involve achieving rational sectoral, reproductive and territorial proportions, developing integration processes, ensuring economic growth, etc. "Today it has become obvious that a high investment activity, which is achieved by attracting and efficient use of internal and external resources." Further liberalization of the economy, the expansion of economic freedom of business entities and the scope of private property in all areas of the national economy, the strengthening of international economic relations stimulates the successful implementation of work to attract and use foreign investment.

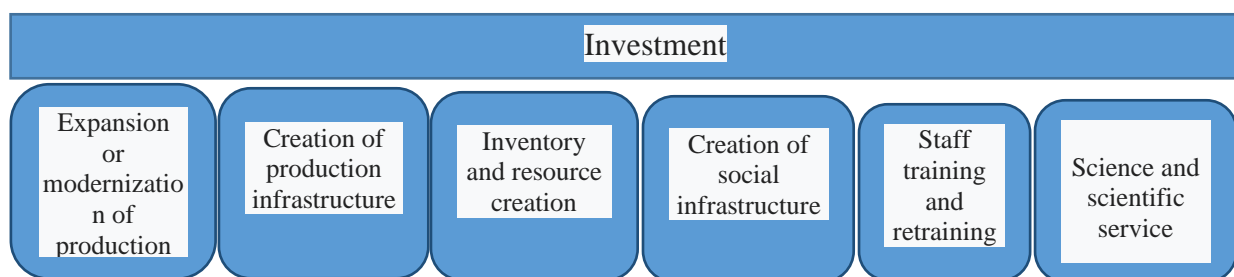
The overall solution to these problems is closely related to the implementation of the appropriate

investment policy, the formation of an effective system of regulation and support of investment processes.

### MATERIALS AND METHODS

In the system of relations of expanded reproduction, investment performs the most important structure-forming function. The future structure of the economy depends on which sectors of the national economy the funds are invested to: either machine-building plants that produce agricultural machinery or machine-building plants producing military equipment. Or further, predominance will be on the side of construction companies specializing in the construction of large industrial complexes, or on the side of construction companies that build comfortable housing.

*The investment structure can be represented using the following scheme (see Fig. 1).*



**Fig. 1. The structure of investment.**

By financial definition, investment is all types of assets (funds) invested in economic activities in order to generate income; on economic - the costs of the creation, expansion or reconstruction and technical re-equipment of fixed and working capital. The main task of the government is to create favorable conditions for investment. Our country has everything necessary to attract significant foreign investment:

- formed legislative framework that defines the legal framework for entrepreneurship, the protection of private property and competition;
- created infrastructure to support the investment process;
  - political stability;
  - favorable geographical position;
  - rich mineral resources, as well as the development potential of the agro-industrial sector;
  - qualified labor resources;
  - quite a capacious market.

Foreign capital plays an extremely important role in the implementation of structural transformations of the economy of Uzbekistan, since the productive forces of the republic need large investment for modernization and reconstruction, and domestic sources of financing for investment are insufficient. Therefore, attracting large-scale foreign

investment pursues strategic goals and is one of the most important areas of public policy.

In particular, foreign investments in the territory of the Republic of Uzbekistan can be made in various forms:

- equity participation in the authorized funds and other property of business entities and partnerships, banks, insurance organizations and other enterprises created jointly with legal entities and (or) individuals of the Republic of Uzbekistan;
- creation and development of business companies and partnerships, banks, insurance organizations and other enterprises wholly owned by foreign investors; acquisition of property, shares and other securities, including debt obligations issued by residents of the Republic of Uzbekistan;
- investment of intellectual property rights, including copyrights, patents, trademarks, utility models, industrial designs, trade names and know-how, as well as business reputation (goodwill);
- acquisition of concessions, including concessions for exploration, development, production or use of natural resources;
- acquisition of property rights to objects of trade and services, residential premises together with the land plots on which they are located, as well as the

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rights to own and use land (including on a rental basis) and natural resources.

**Table 1. Investments in fixed assets**  
(in actual prices, billion soums)<sup>1</sup>

	2012	2013	2014	2015	2016	2017	2018	January-December 2019
<b>Republic of Uzbekistan</b>	<b>24455,3</b>	<b>30490,1</b>	<b>37646,2</b>	<b>44810,4</b>	<b>51232,0</b>	<b>72155,2</b>	<b>124231,3</b>	<b>189924,3</b>
Republic of Karakalpakstan	1242,1	2415,0	3990,6	6021,2	3778,3	2822,0	6757,8	8434,6
<i>regions:</i>								
Andijan	1379,9	1462,3	1645,0	1956,5	2188,5	2986,0	4711,9	8183,7
Bukhara	2405,8	2998,7	3583,2	4075,9	5922,9	11613,4	9610,9	9867,0
Jizzakh	792,5	1128,5	1200,9	1304,9	1449,7	1788,2	3606,3	7919,3
Kashkadarya	3072,2	3667,8	4721,8	5894,7	7304,4	11175,3	16518,5	23525,3
Navoi	1688,0	1696,9	1754,1	1809,1	2963,2	3977,9	10579,5	17775,3
Namangan	917,3	1205,1	1807,5	2227,5	2824,5	3586,7	8158,1	12187,0
Samarkand	1586,0	2127,6	2540,4	3237,2	3623,5	4384,2	7061,4	9798,6
Surkhandarya	980,3	1371,0	1509,1	1843,6	2142,4	3551,0	7240,6	12232,4
Syrdarya	663,1	852,8	992,3	1083,3	1322,9	1628,0	2699,3	6129,2
Tashkent	2005,8	3195,2	4021,7	4428,1	4238,7	5938,4	11226,9	16935,1
Fergana	1505,8	2130,0	2295,3	2542,3	2643,6	2954,5	5539,1	9164,2
Khorezm	783,4	1256,9	1614,8	1531,5	1560,5	2175,9	3013,8	5566,8
Tashkent city	5433,1	4977,1	5969,5	6854,6	9268,9	13573,7	26435,7	41497,9

An important factor in the investment climate is the system of financial and economic incentives and privileges for foreign investors, which is focused on increasing foreign direct investment in the manufacturing sector, especially in manufacturing industries with great export potential.

economy, investment becomes the most important factor not only in reconstruction and renovation, but also in the creation of new industries and enterprises. Therefore, the attraction and use of foreign capital in the economy of Uzbekistan seems to be an essential regularity of the investment process at the present stage.

#### DISCUSSION

Foreign experience clearly shows that during the period of modernization and globalization of the

*The basis of legal regulation in the field of attracting foreign Investment in the Republic of Uzbekistan are:*<sup>2</sup>

- Law on foreign investment;
- Law on investment activities;
- Law “On guarantees and measures to protect the rights of foreign investors”;
- also a number of legal acts adopted in the form of decisions of the President of the Republic of Uzbekistan and government decrees.

<sup>1</sup> www. [http://web.stat.uz/open\\_data/en/5.2%20Investments%20in%20fixed%20assets\\_eng.pdf](http://web.stat.uz/open_data/en/5.2%20Investments%20in%20fixed%20assets_eng.pdf)

<sup>2</sup> www. <https://www.lex.uz/acts/103473> , <https://www.norma.uz>

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### RESULT

Moreover, the attraction of foreign investment should be based on the principles of socio-economic efficiency, environmental and economic security, mutually beneficial relations and maintaining the priority of the structural and reproductive policies of the government.

Based on these principles, it is necessary to determine the criteria for the correct choice of optimal forms of investment activity. These criteria include: field of activity and type of product (high-tech, technically sophisticated, etc.); project scope (small, medium, large); strategic goal of attraction (from importing equipment to using production and managerial experience).

A study of the advantages and disadvantages of the existing forms of attracting foreign investment shows that direct investment can be considered the most acceptable, since they are characterized by the presence of long-term interests of the investor in the economy of the host country and causes greater benefits compared to external loans.

In order to attract foreign portfolio investment in the privatization process, the principles of their currency conversion should be developed, as well as special groups of privatized enterprises should be selected for international trading, developing primary and secondary securities markets, which will provide wide opportunities for foreign investors to acquire property rights. The implementation of the full range of these measures will contribute to attracting foreign investment in the economy of the Republic of Uzbekistan.

### CONCLUSION

Summing up the above, we can make an unambiguous conclusion: the implementation of market reforms in Uzbekistan, including deepening the privatization processes, achieving macroeconomic stabilization and ensuring sustainable economic growth, fundamental structural transformations in the national economic complex are inextricably linked

with an active investment policy. An investment program has also been created, as a result of which, during its implementation, stabilization of the financial and economic condition of the company will be ensured. There is a development program that can improve the technical and economic indicators of society and accumulate funds for the further development of society. To increase the efficiency of investment in the enterprise, it is necessary to:

- have a scientifically based economic and social policy for the medium and long term; investment and depreciation policies; scientific, technical, financial and credit policy, tax policy, etc.;
- have developed priorities in the development of individual areas of scientific and technical areas, industry and manufacture;
  - create favorable conditions for investment activity of all business entities, including foreign ones;
  - create and have a good regulatory (legislative) base in the field of investment activity;
  - carry out their own investment activities, and for this purpose the necessary funds should be provided for in the federal budget;
  - monitor the efficiency of the use of investments financed from the federal budget, as well as the efficiency of the use of investments in state unitary enterprises;
    - create a developed and civilized stock and commodity market;
    - create conditions for healthy competition in the field of investment;
    - develop and approve formal guidelines for the business case and investment planning;
    - restore or re-create design organizations capable of designing the most complex objects at a high scientific level.

An indispensable condition for the efficient and rational use of both real and portfolio investments is the availability of a scientifically sound economic strategy for the future. If this is not, then there is no basis for the efficient use of investments.

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