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Article



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FOREIGN EXPERIENCE IN INCREASING THE INVESTMENT ATTRACTIVENESS OF METALLURGICAL ENTERPRISES IN THE REGIONS

Abstract: This article considers that as a result of effective economic reforms in our country, the volume of metallurgical products in the regions is growing. In the regions, proposals have been developed to use the experience of foreign developed countries to increase the investment attractiveness of economic entities in the metallurgical industry.

Key words: Metallurgy, investments, investment attractiveness, economic reforms, regional economy, investment processes, economic methods.

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Introduction

The economic reforms being carried out in our country are aimed at strengthening economic integration with the international community and require sufficient caution in the state regulation of this or that sector, taking into account global trends. In this regard, it is expedient to find new mechanisms and directions in addressing regional development

problems, especially in the development of investment processes in the regions and increasing the investment attractiveness of individual regions, which meet the requirements of the current stage of reforms.

In this regard, it is scientifically and practically important to study the experience of developed foreign countries on investment, investment processes, investment attractiveness and investment

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attractiveness of the regions, especially to identify general trends in improving the investment attractiveness of the regions.

As a result of studying and analyzing a large number of economic literature and research, it was observed that in developed countries in the development of investment activities in the regions and increasing investment attractiveness, the main focus is on government support and incentives. Specific measures to support and encourage the development and intensification of investment processes include:

- construction of infrastructure facilities (transport, communications, telecommunications, information technology) with the participation of the state;
- state participation in the creation of construction bases for new small businesses;
- provision of regional resources (land, water, fuel and energy, etc.) to investors on favorable terms;
- providing tax and credit benefits for the placement of new enterprises in priority areas;
- introduction of bans and restrictions on investment projects, taking into account the rational use of nature and environmental requirements;
- training at the expense of public funds in accordance with the national training program, which significantly reduces the costs of entrepreneurs;
- increase and rational distribution of soft loans in accordance with the priorities of investment policy and the policy of industrial placement in remote areas;
- creating a favorable investment climate for the location of industry and entrepreneurship in rural areas and increasing the investment attractiveness of the regions, especially in rural areas.

The experience of developed foreign countries in developing investment processes and increasing investment attractiveness in regions with relatively low levels of development is important, and they include the following main mechanisms of government incentives:

- providing investment incentives for industrial buildings, machinery and equipment, guarantees for loans and credits;
- assistance in the acquisition of land and industrial zones for the location of industrial enterprises;
- assistance in training skilled labor;
- assistance and subsidies to newly established enterprises;
- provision of subsidies for social security;
- providing tax incentives to increase income;
- financial assistance for operating costs.

The above measures have enabled the sustainable socio-economic development of the regions in many developed countries, attracting

investment, especially foreign investment, locating industry in rural areas, increasing employment and, ultimately, improving the welfare of the population.

Summarizing the experience of developed countries shows that one of the main tools to increase the investment attractiveness of the regions is legislative activity. It is worth noting the experience of the Russian Federation in this regard. It is through the formation of a regulatory framework in the regions of the Russian Federation that there is an opportunity to create a clear and effective system of mechanisms to stimulate investment in various sectors of the economy and provide a "favorable environment" for doing business in the region with the support of regional governments. That is, in Russia, regional governments have the ability to directly and indirectly influence investment processes to ensure sustainable economic growth in the regions within their competence. Direct influence is carried out through legal (legislative) methods of regulation, administrative and economic influence. However, the main parameters of investment mechanisms are determined at the federal level. Legal regulation of investment activities is provided on the basis of civil, budgetary, administrative, tax, customs and international law. The subject of legal regulation of investment activities includes issues related to the joint powers of the federal state authorities and the state authorities of the Russian Federation, as well as issues within the competence of the federal state authorities or the state authorities of the Russian Federation.

Unlike the methods of direct influence, the use of indirect methods of influence is carried out at the regional level only by economic means. Thus, the regions of the Russian Federation have been provided with ample opportunities for complex regulation of investment mechanisms using both direct and indirect methods of management. The main supports used by local governments are listed in Table 1.

In order to attract foreign investment, it is worth noting the work being done in China to increase investment attractiveness. Since the 1980s, China has begun to achieve significantly higher results in attracting investors. Economic reforms have been deepened by the government and the principle of openness has been fully implemented. In this regard, the main focus was on radically changing the policy of tax incentives for foreign investment, and work was carried out mainly in the following areas:

- exemption from customs duties on industrial equipment and raw materials imported into China;
- the taxation system is organized in two directions: preferential and national.

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Table 1. Methods of state regulation of investment processes in the regions of the Russian Federation

Methods of direct action	Indirect methods
1. Targeted regional programs for the development of key sectors of the economy; 2. Regional budget and extra-budgetary funds; 3. Direct state capital investments; 4. Regional standards and norms; 5. Quotas; 6. Licensing; 7. Regional controlling stakes; 8. Regional and municipal property; 9. Demand stimulation and price regulation; 10. Government funding of research.	1. Tax rates and preferential taxation; 2. Tax holidays; 3. Preferential interest rates on loans; 4. Credit incentives for export promotion; 5. State guarantees for loans for the development of priority production in the region; 6. Investment tax credit; 7. Regional and municipal loans; 8. Payments for the use of regional and municipal resources; 9. Payments for environmental pollution.

As a result of such benefits, China has become one of the leaders among developed countries in attracting foreign investment. As a result of a significant reduction in tax sales and a complete exemption of foreign investors from taxes, China accounted for more than half of total investments in developed countries.

However, by 1996, for a number of objective and subjective reasons, the conditions created by the Chinese government to attract foreign investment began to be reconsidered. The focus was on creating new opportunities for foreign investment and eliminating "ineffective" benefits and maintaining high "efficiency". The above changes have also led to the fact that the provision of long-term benefits and conveniences to any foreign investor creates some problems in ensuring the national and economic security of the country. At the same time, in order to attract investment in new areas and regions, a new approach has been developed in the areas of governance, legislation and regulation of domestic markets. Changes in China to attract foreign investment and increase investment attractiveness are mainly aimed at creating the same conditions and providing the same benefits to both domestic and foreign investors.

The benefits provided for free economic zones in China, ie preferential rates of income tax and the abolition of customs duties on imported goods for consumption or use in these zones, ensure the high investment attractiveness of such free economic zones.

The changes in attracting foreign investment also have a direct impact on the activities of large enterprises, especially transnational companies, which have been rapidly entering the Chinese market in recent years. This is because the bulk of the funds allocated for the implementation of high-value and large projects falls on the contribution of these transnational companies. Naturally, these projects are directly related to the import of large amounts of high-cost production equipment and technology. The introduction of new preferential treatment for the

import of machinery and technology in these areas has led to an increase in the number of investment projects implemented by multinational companies in China.

At present, the main strategy is to invest in China, which is considered to be the largest in the world. While many large investors now want to have both national and preferential status, this is almost impossible. This is explained by the fact that banks operating in China tend to operate more in the national currency, and investors are trying to gain the opportunity to conduct their business in the national currency. Such opportunities are currently provided mainly in the new development zones. For example, the city of Pudong, near Shanghai, which has the status of a free economic zone, has been given the status of a new development zone.

The Chinese government has also allowed foreign insurance, auditing and law firms to operate in all types of free economic zones, new development zones and open port cities. In the future, it is planned to allow them to operate in all regions of the country.

As part of the new policy of the Chinese government to attract foreign investment, a program of measures has been developed, which was implemented in free economic zones from 1996 to 2000. This program mainly addresses the following issues:

- further expansion of the activities of financial institutions with foreign investment. Introduce a tax policy on local banks;
- partial opening of domestic markets for joint ventures and foreign enterprises. At the same time, there is no correlation between the share of goods sold by high-tech enterprises in domestic markets and import-substituting goods. The procedure requiring a certain portion of the raw materials used by foreign companies to be procured from China itself has been abolished;
- organization of export-import transactions and operations for foreign entrepreneurs;
- foreign citizens were allowed to engage in wholesale and retail trade;

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- allowing citizens to use air transport for cargo transportation. Major international airlines have won the right to sell air tickets and have been allowed to engage in cargo transportation;

- reduction of restrictions on the information support business. Foreign investors operating in the information and consulting business were provided with a national order.

We also found it necessary to mention the work done in the Socialist Republic of Vietnam to increase the investment attractiveness of the country and pursue an effective investment policy. In Vietnam, in the 1990s, foreign direct investment played a crucial role in ensuring the sustainable development of the economy in an environment where the national economy was not strong and production was not significantly developed. At the same time, the implementation of a socially oriented economic strategy by the government while maintaining political stability has played an important role in attracting foreign capital to the country.

At the initial stage of work to increase the country's investment attractiveness (1987), the adoption of the Law on Foreign Investment increased the interest of China, the European Union, the United States, Japan and ASEAN in the Vietnamese economy. Later, along with these countries, East Asian countries also began to come in with their own investments, and today, developed countries such as Singapore, Taiwan, Japan, Korea and Hong Kong (Hong Kong) continue to be Vietnam's main foreign investors. 2/3 of the total foreign capital falls on their share. In the early 2000s, the economy of Vietnam attracted investments from more than 40 countries. Economic growth is projected at 7-8% per year only due to large foreign investments.

The analysis shows that the investment climate and investment attractiveness in the country are formed on the basis of several conditions, the most important of which is stability in politics, economy and society. These include the relative advantages of a number of competitive industries, relatively cheap labor, institutional structures and mechanisms to ensure the security and inviolability of foreign owners in the law, as well as the provision of favorable conditions for foreign investors to do business and live.

Another important aspect is that along with the ongoing reforms in the country, the relevant legal framework is being improved and developed.

In particular, the Unified Law on Investments, the Law on Enterprises, the Law on Corruption, the Law on Intellectual Property, the Law on Tenders, the Law on Special Bidding, the Law on Transactions, and the Law on Trade. The adoption of the Law "On Trade Tax" has brought to a new level the stimulation of foreign investment in the country.

In recent years, a number of measures have been taken in our country to improve the investment

climate, attract foreign direct foreign investment in the economy, create favorable investment conditions, especially to provide them with reliable legal protection and guarantees with benefits and preferences. In particular, in recent years, the country has adopted a number of laws aimed at developing investment processes and increasing investment attractiveness:

- "On Amendments and Addenda to the Tax Code of the Republic of Uzbekistan" and the Law of the Republic of Uzbekistan "On Guarantees and Measures to Protect the Rights of Foreign Investors";

- "On amendments and additions to some legislative acts of the Republic of Uzbekistan in connection with the improvement of the system of legal protection of business entities and the liberalization of their financial responsibility";

- Laws "On Amendments to Some Legislative Acts of the Republic of Uzbekistan in order to Improve the Procedure for Application of Customs Privileges".

In connection with the adoption of the above laws, in practice, the following benefits and privileges have been created for foreign direct investment in the Republic of Uzbekistan:

1. Taxable profit of legal entities shall be reduced by the following amount:

- the amount of funds allocated for the expansion of basic production in the form of new construction, reconstruction of existing buildings and structures, repayment of loans for these purposes, in the amount not exceeding 30% of profits;

- modernization of production, technical and technological re-equipment, purchase of new technological equipment, repayment of loans for these purposes, reimbursement of the cost of the leased object, the amount of funds allocated after deducting the appropriate depreciation.

2. Imports of the following goods are exempt from value added tax:

- technological equipment, as well as components and spare parts imported into the territory of the Republic of Uzbekistan according to the list approved in accordance with the legislation, if provided by the terms of delivery;

- property imported as an investment obligation in accordance with the agreement between the investor and the authorized state body for state property management;

- technical means of telecommunication operators and system of search operations with the written confirmation of the authorized state body;

- raw materials, materials and semi-finished products imported for use in the production of children's shoes;

3. The tax on property of legal entities shall be reduced by the following:

- equipment received at the expense of the loan for a period of 5 years from the date of its

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commissioning, but not more than the term specified for the repayment of the loan;

- leased property for the term of the lease agreement;

- new technological equipment, newly introduced into production, for a period of 5 years.

4. The following shall be exempt from the property tax of legal entities:

- newly established enterprises - within two years from the date of state registration.

The following are exempt from duty:

- the share of foreign investors and foreign investment in the charter capital;

- property imported by enterprises with foreign investment of at least 33% for their own production needs;

- property imported for the personal needs of foreign investors and citizens of foreign countries residing in the Republic of Uzbekistan in accordance with employment contracts with foreign investors;

- the total cost of the economy of the Republic of Uzbekistan is 50 million. Goods imported by foreign legal entities with a direct investment of more than USD, if they are their own products;

- technological equipment, as well as components and spare parts imported under the approved list are provided for in the contract.

According to foreign investors operating in Uzbekistan, it is noteworthy that the favorable investment climate created for them, the availability of certain benefits and preferences, the protection of the legal and guaranteed interests of investors. At the same time, political stability, peace and tranquility in the country, the availability of large reserves of natural resources, uninterrupted power supply and developed road and transport infrastructure are important. One of the most important decisive factors is the availability of a large number of highly qualified personnel.

Recently, due to the localization of production, modernization of the most important sectors of the economy, the active implementation of programs of technical and technological equipment, the amount of direct investment and loans in the economy is growing from year to year.

Studying the experience of developed countries on the guaranteed conditions for investment activities in our country and measures to protect their rights,

their further generalization will be an important factor in ensuring the implementation of investment programs, accelerating the modernization and technological renewal of key sectors of the economy.

In this regard, in order to improve the investment climate and further increase the investment attractiveness of the country, it is necessary to:

- strengthening the role of the state as a guarantee of supporting favorable and mutually beneficial regulatory procedures for economic activities of domestic and foreign investors, ensuring the transparency of public investment policy;

- introduction of investor immunity in the context of deteriorating conditions for domestic investment under the influence of legal norms in force in the relationship between public and foreign investors, providing legal guarantees to investors based on the specifics of the regions to maintain stable conditions for business;

- creation of an equal competitive environment that allows all investors, regardless of ownership, to effectively invest their funds and sustainable economic development, eliminating unnecessary interference in doing business;

- introduction of effective legal and practical mechanisms to protect the interests and rights of investors in the implementation of investment projects, elimination of contradictions in the regulatory framework of investment activities;

- liberalization of the investment project market on the basis of simplification of the negotiation process in the production and implementation of investment projects and optimization of the process of obtaining permits;

- expanding access to reliable information on the relevant region, enterprises and organizations for the study and selection of investment objects (improving the structure and structure of information provided to investors in financial and non-financial form, strengthening the mechanisms for their submission, national accounting system in line with international standards organization and improvement);

- assistance in the creation of modern institutional infrastructure of the investment market, ensuring the effective transformation of savings in the national economy for industrial investment in the regions, etc.

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