Impact Factor:

ISRA (India) = 4.971
ISI (Dubai, UAE) = 0.829
GIF (Australia) = 0.564
JIF = 1.500
SIS (USA) = 0.912
РИНЦ (Russia) = 0.126
ESJI (KZ) = 8.716
SJIF (Morocco) = 5.667
ICV (Poland) = 6.630
PIF (India) = 1.940
IBI (India) = 4.260
OAJI (USA) = 0.350

QR – Issue QR – Article

SOI: 1.1/TAS DOI: 10.15863/TAS
International Scientific Journal
Theoretical & Applied Science
p-ISSN: 2308-4944 (print) e-ISSN: 2409-0085 (online)
Year: 2020 Issue: 05 Volume: 85
Published: 30.05.2020 http://T-Science.org

Shoxistaxon Nomanjanovna Axunova
Ferghana Polytechnic Institute
Docent of department of Economics

DIGITAL TRANSFORMATION OF ECONOMIC SYSTEMS PRODUCING INTERNATIONAL BUSINESS INVESTMENT ACTIVITY

Abstract: *In this article, the study of the essence, principles, capabilities and threats of international business investment activity becomes relevant.*

Key words: *Digital economy, economic, international investment, investment activity, long money economy, investment decisions, state.*
Language: *English*
Citation: Axunova, S. N. (2020). Digital transformation of economic systems producing international business investment activity. *ISJ Theoretical & Applied Science, 05 (85),* 773-776.
Soi: http://s-o-i.org/1.1/TAS-05-85-142 ***Doi***: crossref https://dx.doi.org/10.15863/TAS.2020.05.85.142
Scopus ASCC: *2000.*

Introduction

UDC: 14.02.03

The digital economy will evolve and transform in the next few years to achieve its main purpose - the use of unused or underutilized assets in the global economy. In this regard, the study of the essence, principles, capabilities and threats of international business investment activity is becoming relevant.

As a result, the importance of the digital economy for international investment and digital development is substantiated. Firstly, the introduction of digital technologies can fundamentally change the nature of the international activities of companies and the influence of foreign affiliates on investment policy. Secondly, the digital development of all countries and the participation of developing countries in the global digital economy require a focused international investment policy, without which it is impossible to build a network infrastructure that stimulates the development of a business working with digital technologies and supports the process of transformation of the new economy as a whole. The authors conclude that digital is becoming the main factor in economic growth, the methods of conducting production processes and the technical means of their implementation have become complex. In this regard, the level of development of engineering and technology has affected socio-economic development and, as a result, has an impact on international investment activity of a business.

The defining vector of world development is the ubiquitous transition to the digital economy. It fundamentally changes the nature of production and sale by companies of their goods and services abroad. Multinational corporations using digital technologies can maintain contacts with foreign customers and sell them their products without major investments in physical infrastructure in foreign markets. This makes their economic impact on the host countries less tangible, whose role in the process of generating productive capacity and creating jobs with the naked eye is much more difficult to notice.

Technological progress has accelerated so much that technology, which is effective in modern conditions, becomes morally obsolete by the time the investment process is completed, and therefore, the likelihood of a significant limitation of the long-term international investment decisions increases, which can negatively affect the dynamics of economic growth. A low level of investment hinders the growth of the economies of the countries in the medium term, that is, "long money" in the context of the digital economy is a very limited resource.

The digital transformation of international production has serious implications for investment promotion and facilitation, as well as for regulating investor behavior. Standards developed for the material economy may need to be revised in light of new digital business models. Some countries are already taking steps to modernize their policies; others risk staying with outdated rules or, not wanting to, slow down digital development.

Global investment is showing modest growth, and forecasts for 2018 are cautious. Expectations of accelerated growth in major regions, resumption of trade growth and increase in corporate profits may contribute to a slight revival of foreign direct investment [1].

International investment policy is becoming increasingly complex, heterogeneous and uncertain. The imperatives of sustainable development pose new challenges and give it greater diversity. This policy is becoming more heterogeneous, reflecting the diversity of approaches that guide society and the state in the face of the effects of globalization and digitalization. Along with increased government intervention, this makes investment policies less predictable for investors [2].

Most investment policies in the past few years have been aimed at encouraging, simplifying, and liberalizing investments. Many countries regulate cross-border investments based on specific investment laws, which raise the same issues as in international investment agreements. Such laws exist in no less than 108 countries. The G20 countries have adopted guidelines for global investment policy, the essence of which is as follows:

- The principle of the new generation, in which the emphasis is on sustainable development and inclusive growth, recognition of the right to regulation in the interests of achieving the goals of state policy and reliance on responsible business practices.
- The principle of global promise in such elements of the system of international investment as justification; protection and regulation; encouragement and simplification; dispute resolution.
- The principle of coherence between national and international policies, as well as between investment policies, policies in other areas and sustainable development goals.
- The principle of a delicate balance between the rights and obligations of companies and states, between liberalization and regulation, as well as between the strategic interests of the host countries and their countries of origin.
- The principle of the advisory nature of international investment policy. All principles are not binding. They should provide guidance in evaluating and formulating national investment policies and strategies. In addition, they should become an important guide in the preparation and approval of international investment treaties.

In order for the international activities of organizations to proceed efficiently, the company's management must first establish the feasibility and prospects of doing business on the international market, especially in the context of the development of the digital economy.

Countries can adopt these options when reforming and adapt them to their political priorities. If the state does not carry out a detailed market research, then it will be very difficult for it to correctly assess its capabilities, since this requires matching market requirements with the corresponding parameters of the national economy.

The digital economy is important for investment, and investment, in turn, is extremely important for digital development. The introduction of digital technology can fundamentally change the nature of international investment and the impact of foreign affiliates on host countries. The digital development of all countries and the participation of developing countries in the global digital economy, in particular, require a focused investment policy.

At present, the specific mechanisms for changing the paradigm of “long money” are not yet clear, and the theoretical, methodological and instrumental basis for the digital transformation of the world economy, especially in the long term, in terms of its impact on international investment activity of the business, has not been developed.

The study of the impact of a paradigm shift in the economy of “long money” on the investment activity of a business includes the development of problems in the formation of transformation processes for a model of functioning of an economy under conditions where short-term and long-term measures to support the adoption of investment decisions contradict each other.

The model in which the state could invest five years in oil and gas and 25 years to pay back or build a railway with the most modern technologies and operate it, is leaving. It is very likely that when the construction of such a road is completed, it turns out that the technology is already very old. This significantly limits the long-term investment decisions, including international ones.

The incorporation of digital technology into global production chains across industries will have a profound impact on international manufacturing. Depending on the preferences of specific industries, this can lead to a reduction in large investments in centralized production projects built on large volumes of data, as well as to the development of a more flexible, decentralized production based on 3D printing technologies.

The incorporation of digital technology into global production chains across industries will have a profound impact on international manufacturing. Depending on the preferences of specific industries, this can lead to a reduction in large investments in centralized production projects built on large volumes of data, as well as to the development of a more flexible, decentralized production based on 3D printing technologies. The tendency to return production and at the same time outsource services can be developed. In addition, supplier relationships in host countries may change and new partnership opportunities may open up.

New digital technologies are developing rapidly in international economic systems [3]. Large international companies use technologies such as social networks, mobile, analytic and embedded devices to change customer interactions, internal operations and even their business models [4].

The cyclical rise, which began in mid-2016, continues to increase. In 2017, growth acceleration compared to the previous year was observed in approximately 120 countries, which account for three quarters of global GDP, this is the most extensive synchronized recovery that the world economy has experienced since 2010. Among advanced economies, growth in the third quarter of 2017 was higher than forecast in the fall, especially in Germany, Korea, the United States, and Japan. Leading emerging and developing economies, including Brazil, China and South Africa, also had higher growth in the third quarter than anticipated for fall forecasts. Reliable data with a high periodicity and indicators of economic sentiment indicate the preservation of active dynamics in the fourth quarter.

World trade in recent months has been growing rapidly, this is facilitated by an increase in investment growth, especially in advanced economies, and an increase in manufacturing in Asia on the eve of the release of new smartphone models. Purchasing Managers' Indices Point to Future Active Growth in Manufacturing, Corresponding to High Consumer Confidence Evidence of Strong Final Demand [5].

According to external economic bank, the main contribution to investment growth in 2018-2020 will be made by private investments (excluding fuel and energy complex and transport), which will grow by 2.8-5.2% per year [6]. Infrastructure sector investment growth is expected to be 2–3% per year. Among them, investments in rail transport will grow most actively - an average of 5.7% per year over the forecast period. In addition, in the medium term, growth in investment in the transportation of hydrocarbons is expected.

According to current estimates, the global economic growth rate in 2017 amounted to 3.7 percent, which is 0.1 percentage points higher than forecasted in the fall. An unexpected increase in growth was especially noticeable in Europe and Asia, but it had a broad basis; the results for both the group of advanced economies and the group of emerging and developing countries exceeded autumn forecasts by 0.1 percentage points.

It is expected that this more active dynamic observed in 2017 will continue in 2018 and 2019, the global growth forecast is increased for both years to 3.9 percent (0.2 percentage points higher than the autumn forecast).

Risks for forecasting global growth in the near term appear to be generally balanced, but they are still biased towards lower growth in the medium term.

As for the positive aspects, the cyclical recovery of growth may turn out to be more significant in the near future, since the acceleration of growth and the softening of financial conditions reinforce each other. The negative factor is that high asset prices in the markets and very low premiums over the term increase the likelihood of a correction in the financial markets, which can weaken growth and confidence.

A possible trigger is a faster than expected increase in core inflation and interest rates in advanced economies while accelerating demand growth. If the mood in the global economy remains positive and inflation moderate, then financial conditions can remain soft in the medium term, which will lead to the accumulation of financial vulnerability factors in both advanced economies and emerging economies. Closure policies, geopolitical tensions, and political uncertainty in some countries also pose risks of not achieving a forecast

References:

1. Izmalkova, S.A. , Golovina, T.A., Avdeeva, I.L., Bakhtin, S.S., & Tronina, I.A. (2016). *Management in the system of international investment: a training manual*. Eagle: OSU named after I.S. Turgenev, p. 100.
2. Kabalina, A.S. (n.d.). *Foreign investment in the system of international capital flows and globalization of the world economy*. In the collection: Education.
3. Lastovich, B. (2017). Digital Transformation of the Economy in the Global Aspect. *The First Mile*, No. 7 (68), pp. 64-68.
4. Gurova, I.P. (2016). Foreign direct investment and the globalization of the economy. *Symbol of science*, № 10-1 (22), pp. 56-60.
5. Volkova, A.S. (2016). The role of Russia in world investment flows. *Economics and Entrepreneurship*, No. 9 (74), pp. 915-919.

6. (n.d.). *According to the official website of Vnesheconombank* - URL: Retrieved from https://new.veb.ru.
7. Farhodjonovna, F. N. (2017). Spiritual education of young in the context of globalization. *Mir nauki i obrazovanija*, №. 1 (9).
8. Ergashev, I., & Farxodjonova, N. (2020). Integration of national culture in the process of globalization. *Journal of Critical Reviews*, T. 7, №. 2, pp. 477-479.
9. Normatova, D. I., & Nurova, D. (n.d.). *Innovative methods of teaching foreign languages.* "ўzbekistonda ilmij-amalij tadkikotlar" mavzusidagi respublika 13-kўp tarmokli ilmij masofavij onlajn konferencija materiallari 3-kism, p. 88.
10. Xudoyberdiyeva, D. A. (2019). Management of the services sector and its classification. *Theoretical & Applied Science*, (10), 656-658.