

## ASSESSMENT OF THE SITUATION OF ATTRACTING FOREIGN INVESTMENTS IN UZBEKISTAN INDUSTRIAL NETWORKS AND ITS EFFICIENCY

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Market economy, foreign investment, investment policy, foreign direct investment, capital investment, innovation project, investment project.

### Annotation

The article examines the scientific-theoretical foundations of attracting investments to national economic sectors, the role and importance of attracting investments in the development of national economic sectors, the processes related to creating a favorable investment environment for attracting investments to economic sectors. The current state of investment attraction in economic sectors has been practically studied and researched. In the conditions of modernization of the economy, the current level of attracting investments to industrial sectors, the state of attracting foreign investments to the industrial sector of the economy, and the scientific proposal and practical recommendations on increasing its efficiency have been formed.

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### Introduction

Investments play an important role in ensuring the socio-economic development of any country. The need for investments will be high in countries that have gone through the process of economic transformation and are on the way to form a new economic system unlike the previous one. Because investments are a decisive material factor in reforming the old economic system in national economies, preventing crises, eliminating socio-economic tension, implementing structural changes in the economy, organizing expanded reproduction and deepening reforms.

It is known that Uzbekistan is a democratic legal state that has chosen the path of establishing a socially oriented market economy. During the years of independence, a reasonable investment policy was carried out in our country and great successes were achieved in a historically short period of time. In fact, in recent years, the role of investments in the achievements made in the socio-economic development of Uzbekistan is incomparable. It can be said that investment is a force that drives the economy and ensures its development, and all countries try to attract a large amount to their economy and use it effectively.

Attracting investments to the economy is not new in the system of economic development. Because there are many countries that have achieved positive changes by attracting large-scale investments to the national economy in the creation of new economic relations, in the formation of the national economy, and in the implementation of structural changes, and this is a widespread economic practice.

Investment is a relatively new term in the national economy. Investment [1] (lat. investio - wrapping) is investing in various industries, socio-economic programs, innovation, business projects in one's country or abroad in order to develop the economy.

Although the investment theory has been named differently in different periods, it is known that it has been the focus of all scientific schools, and the theoretical views on investments have been interpreted differently by different scientific currents. Mercantilists (J.Kolter, T.Mann, L.Zenendorf, D.Hum, D.Le, I.Becher, F.Gorning) who are considered to be the first scientific stream, recognized that the wealth of the nation is in money, and the introduction of money into the country on a large scale, attracted. They believed that its implementation would ensure a positive balance in foreign trade and increase the economic and social potential of the state. However, they did not call the financial flow entering the country "investment". They increase the importance of money, organize social production, and explain economic stress in the activities of artisans and farmers as "not the lack of land and its benefits.

Also, the mercantilists for the first time noted the need to make investments in the production of goods, justified the need to regulate the conditions for the formation of investment resources and bring foreign investment into the country. The views of the representatives of this economic school at that time about money and financial flow correspond to the content of financial resources and foreign loans, which are considered as investments today.

### **Literature review**

Issues of analysis of foreign investments, especially the content of investments, sources of their formation, movement and specific characteristics E.Roll[3], A.Smith[4], Dj.S.Mill[5], Dj.M.Keynes[6], U. Sharp, G. Alexander, Dj. Bailey [7], K. Eklund [8], A. Yu. Andrianov, S. V. Valdaitsev, P. V. Vorobev [9], L. A. Zubchenko [10], studied by A.G. Ivasenko[11] and other leading foreign scientists. Modern interpretation of investments, the importance of foreign investments in the national economy, analysis and interpretation of theoretical views on investments, the role and importance of foreign investments in the renewal and modernization of the national economy A. Olmasov, N. Tokhliev[12], M.A. Raimjonova[13], D. G'.G'ozibekov, E.I.Nosirov[14], Q.B.Hoshimov[15], N.R.Kozieva[16], B.Tursunov, M.Mamadolimova[17] and a number of other economists in their scientific works reflected.

### **Research methodology**

The methods of scientific knowledge, analysis and synthesis, comparison, economic-statistical analysis, expert evaluation, abstraction, monographic observation, perspective were used in the research process.

### **Analysis and discussion of results**

In Uzbekistan, one of the priority directions of economic liberalization and modernization is the development of the leading sectors of the economy, in particular, the population is paying attention to the development and modernization of the industrial sector, which accounts for about ¼ of the country's gross domestic product.

The implementation and financing of investment projects with high socio-economic efficiency, which are important in ensuring the development of the industrial network, are achieved as a result of paying more attention to the further expansion of financing of modern, advanced and highly efficient foreign techniques and technologies, which are intended to be applied to production in these projects.

These measures and implemented reforms will be implemented directly at the enterprise scale. Accordingly, a strong focus on the development of industrial enterprises allows to ensure the development of the industrial sector at a high level. This, in turn, is important to achieve the implementation of the reforms that provide the above goods in other enterprises of the network, including the organization of modern productions, re-arming and modernization of enterprises, and above all, to create opportunities for the provision of enterprises at the expense of their own funds. The

existence of these conditions has a great impact on the implementation of the innovative projects of the enterprises in an independent manner and with the intended effect.

**Table 1. Composition of investments in fixed capital by sectors of the economy, as a percentage of the total[18]**

Economic sectors	Years			
	2018	2019	2020	2021
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>1. The field of production</b>	<b>70.1</b>	<b>75.7</b>	<b>71.6</b>	<b>70.6</b>
Industry	36.8	28.4	28.6	32.7
Agriculture and forestry	3.1	3.1	<b>3.1</b>	4.6
Construction	2,3	2.8	2.0	2.6
Transport and communication	26.3	31.4	29.2	23.6
Trade and catering	2.5	2.5	4.7	4.1
Geology and exploration of natural resources	10.7	6.8	2.7	1.8
Others	0.4	0.7	1.3	1.2
<b>2. Non-production sector</b>	<b>24.6</b>	<b>24.3</b>	<b>28.4</b>	<b>29.4</b>

It is clear to all of us that today the importance of foreign investments, which are increasingly taking the main place in the sources of financing of industrial enterprises, is high. While the development of the industrial network is of macro-economic importance, there is no need to dwell on its many benefits and effects in other aspects. However, the effective use of existing opportunities to further increase the scope of achievements in the industrial sector increases the need for more active and wider involvement of foreign investments in the financing of the sector, which, in turn, will arm and re-arm the sector with modern and advanced foreign technologies, increase the quality and quantity of production potential.

It is also noteworthy that today the volume of investments in fixed capital attracted in the industrial sector of the economy is about 1/3 of the total economy (32.7 percent in 2021), and the share of this sector in the country's gross domestic product is about a quarter ( 241 percent in 2021). It can be seen that the investments in the network are actually paying off. However, this effect can be increased by further increasing the level of today's indicators. For this, it is necessary to pay serious attention to the productive use of the investments involved. The following table analyzes the dynamics of changes in the weight of investments involved in fixed capital in the composition of the industrial network relative to the total economy.

The table shows that 70.6 percent of the investments in the economy in 2021 were in the production sector, and 29.4 percent were in the non-production sector. The share of the industrial sector within the production sector in the total investments in the economy was 32.7 percent, which was the largest among the economic sectors and was higher than the non-production sector. We can see that this amount has maintained the same level during the periods we have analyzed. Table 2 below presents an analysis of the weight of investments in fixed capital in relation to the total economy by the structure of the industrial sector of the economy.

**Table 2. The composition of investments in fixed capital by industrial sector of the economy, as a percentage of the total economy[18]**

Economic sectors	Years			
	2018	2019	2020	2021
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Industry	36.8	28.4	28.6	32.7
<i>from him:</i>				

Fuel and energy	13.8	14.0	11.2	15.2
Metallurgy	5.1	4.1	5.1	4.1
Chemistry and petrochemicals	1.9	1.8	1.3	1.0
Mechanical engineering	2.2	2.7	3.1	4.2
Light	2.8	1.4	2.8	3.6
Food	2,3	1.5	1.7	1.5
Building materials	1.2	1.7	2.1	1.5

It is clear from the data of the table that the industrial sector accounted for more than 1/3 of the investments attracted to the economy in 2018 and 2019 of the analyzed periods, and about 1/3 in 2021. According to its composition, the share of the fuel and energy sector in the total economy was 20.4 percent in 2018 (55.4 percent compared to the industrial sector), and 15.2 percent in 2021 (46.5 percent compared to the industrial sector). It can be seen that the fuel and energy sector has a share equal to about half of the investments in fixed capital attracted to the industrial sector. This shows that the government pays a lot of attention to the development of this industry and, accordingly, the amount of financing of new investment projects is increasing. The practical proof of this is clearly confirmed by the statistical data presented in Table 3 below. According to him, the volume of investments in the capital invested in the fuel and energy sector of the industrial sector shows a tendency to grow year by year. In particular, this indicator in 2008 562.7 billion amounted to 2780.4 billion soums by 2021. which is equal to soum and we can see that it is more than 4.9 times higher than in 2008, that is, it has increased almost 5 times in 5 years.

This indicator is on the industrial network 1233.4 in 2008 billion amounted to 5980 billion soums by 2021. was equal to soums and was 4.8 times more than in 2008. Hence, the industrial network and its growth rates of investments in fixed capital in terms of fuel and energy composition are almost at the same level.

We can see that in other components of the industrial network, the volume of investments in fixed capital had a tendency to grow.

In particular, the positive dynamics of the volume of foreign investments, which is one of its main components, can be positively assessed that the attraction of foreign investments, including direct foreign investments, to the national economy and industrial network in our country is developing more and more.

The following table presents an analysis of the state of absorption of foreign investments, including foreign direct investments, in the industrial sector, one of the leading sectors of our economy, and in other sectors.

**Table 3. Absorption of foreign investments by sectors of the economy, as a percentage of the total [18]**

Economy networks	Years				Change in 2021 compared to 2018 (+,-)	
	2020		2021		million US dollars.	growth, %
	million US dollars.	share, %	million US dollars.	share, %		
<b>Total</b>	<b>2793.6</b>	<b>100</b>	<b>2900</b>	<b>100</b>	<b>106.4</b>	<b>103.8</b>
Fuel and energy	273.8	9.8	669.9	23.1	396.1	244.7
Metallurgy	41.9	1.5	31.9	1.1	-10.0	76.1
Light	122.9	4.4	179.8	6.2	56.9	146.3

Building materials industry	109.0	3.9	43.5	1.5	-65.5	39.9
Food	44.7	1.6	29.0	1.0	-15.7	64.9
Transport and communication	1868.9	66.9	1467.4	50.6	-401.5	78.5
Communal economy	19.6	0.7	46.4	1.6	26.8	237.3
Healthcare institutions	30.7	<b>1.1</b>	37.7	1.3	7.0	122.7
Others	282.2	10.1	394.4	13.6	112.2	139.8
<b>Foreign direct investment</b>	<b>2400</b>	<b>85.9</b>	<b>2285.2</b>	<b>78.8</b>	<b>-114.8</b>	<b>95.2</b>

It can be seen from the data of Table 3 that in 2020, the weight of the fuel and energy sector, which occupies a leading position in the structure of industrial sectors, in the absorption of foreign investments was 9.8 percent, and by 2021 this indicator increased to 23.1 percent. In particular, in 2020, the volume of foreign investments in the fuel and energy sector is 273.8 million. If it was US dollars, in 2021 this amount will be 669.9 million. It is equal to the US dollar and is 396.1 million US dollars, that is, 244.7% more than last year. Among the sectors of the economy, the share of foreign investments absorbed in the transport and communication network was the largest, and in 2020 it was 66.9 percent (1868.9 million US dollars), and in 2021 it was 50.6 percent (1467.4 million US dollars).

In general, the attraction and absorption of foreign investments in our economy, in particular in the industrial sector, is being carried out with positive changes. This has a significant impact on the development of the network and the national economy.

### Conclusion and suggestions

Investments are one of the most important factors in the development of economic sectors. As Uzbekistan's economic reforms deepen, the vital importance of having knowledge about investments, especially foreign investments, is increasing. Although investments are of great importance for the economic growth of every country, at the same time, their effectiveness is directly related to serious problems. During the past years, a number of large-scale projects have been implemented that have created new industries for Uzbekistan. However, the long-term prospects are far from over.

Implementation of important investment programs aimed at comprehensive restructuring of the economy, technical and technological re-equipment continues. The importance of such projects for Uzbekistan is the establishment in a relatively short time of practically ready technological chains that can replace imports and compete in the world market, and are able to localize the main part of the production of products that are highly processed and delivered to the final consumer in a ready state.

In the process of modernization of the national economy, it is of great importance to further improve the mechanisms for the implementation of legal documents related to the establishment of enterprises with participation of foreign investments and the promotion of their activities, the establishment of a single system providing information to investors. Investors are in need of complete and operational information about the progress of economic reforms in Uzbekistan and its directions, macroeconomic indicators of the development of our society, laws and regulatory documents, as well as guidance and information-notification materials. In this regard, we believe it is important to pay attention to the need to improve the efficiency of the accounting and reporting system in the republic.

We believe that the following actions should be taken to attract investments in the modernization of the economy, technical and technological re-equipment:

- ✓ creation of a system of benefits for foreign investors in certain industries and regions (including free economic zones);
- ✓ creation of stable economic foreign trade legislation, including the regulatory framework for free economic zones and concessions;
- ✓ further reduction of taxes and simplification of the tax structure;



- ✓ creation of an effective mechanism of foreign investment insurance;
- ✓ implementation of measures to remove monopolies of economic sectors;
- ✓ privatization of the basic sectors of the economy according to individual projects;
- ✓ selling part of the packages of shares of joint stock companies to foreign investors on stock exchanges and other markets;
- ✓ acceleration of sales of production and service enterprises to foreign investors.

There are problems related to investments in the republic, and their solution is important for the further development of Uzbekistan. It is advisable to implement the following measures to solve them:

- creation of equal opportunities and benefits for foreign investors and national producers;
- to accelerate the activities of joint ventures directed to foreign markets, to stabilize the flow of currency, to achieve this through partial exemption from various communal services and full exemption from taxes, levies, customs payments;
- in order to prevent regional one-sidedness of investments, to divide the regions into 3 groups according to the level of development, to create more interest and inclination for investors to the less developed regions;
- -further development of free economic zones, study of practices of leading countries in this direction and achieve their implementation in our country.

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