

# The Economic Content of Investment and The Role of Foreign Investment in The Economy of Uzbekistan

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*Abstract* – investment is a relatively new term in the national economy. Investment (lat. Investio - wrapping) - economic development to various industries in their own country or abroad, socio-economic programs, innovation, business projects is a long-term capital investment. Traditionally investment is the acquisition of future income in order to implement specific economic projects at present understood. To such an approach in describing the essence of investment national, however, primary in foreign economic literature attention is paid.

*Keywords* – investments, socio-economic programs, innovation, business, economists, foreign investors, industries, foreign capital.

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## I. INTRODUCTION

On the economic nature and content of investments there are different views and opinions among economists. It is a use of both the broad and the narrow sense of the word possible. To the meaning of the concept of "investment" so far no definitive definition has been given and the variety of economic science goals, objectives, sources, investment in the areas of investment based on the characteristics of the input fields and objects are described differently. The content of the investment was adopted on December 24, 1998 On Investment Activity of the Republic of Uzbekistan in the law: "Included in objects of economic and other activity material and intangible benefits and rights to them".

## I. LITERATURE REVIEW

Among the economists of our country are A. Vakhobov, Sh. Khajibakiyev,

N.Muminov, D.G'ozibekov, D.Tojiboyeva, The economic significance of investments by Mahmudova scientific research has been conducted and commented on. By A.Vakhobov, Sh.Khajibakiyev, N.Muminov on the substance of the investment in the definition: "investment is profit and positive social business entities and others in order to achieve efficiency funds invested in activities, targeted by banks deposits, shares, other securities, technology, machines, equipment, licenses, loans, all kinds other property or property rights, intellectual property" described as. On the content of investments by D. Gozibekov described as follows: "funds from reliable and reliable sources get, mobilize them on a reasonable basis, the level of risks keeping the value of capital in mind and intended consists of getting the effect. Investments according to these criteria differs in content from other inserts. These are involved in the process of capital movement on the basis of all this reflects the essence of investment. "

## III. Analysis

At present, one of the most important tasks in the field of economic development is to create favorable conditions for attracting foreign investment to the economy of our country, the introduction of practical mechanisms for their legal protection and further improvement of the investment climate.

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The investment policy of the Republic of Uzbekistan is a leader among the CIS countries in creating more favorable conditions for attracting foreign investment, building a practical mechanism for reliable legal protection of foreign investment, and on this basis to further improve the investment climate in the country.

Accepted field documents include:

- Creating the most favorable investment climate for foreign investors who make direct investments in the development of high-tech industries;
- Encouragement of foreign investment in the implementation of projects for modernization, technical and technological renewal of production;
- Elimination of various bureaucratic hurdles and obstacles in working with foreign investors;
- Prevention of illegal interference in the activities of enterprises with foreign investment by government and regulatory agencies.

Foreign investors can invest in the territory of the Republic of Uzbekistan in the following ways:

- Participation in the charter funds and other property of economic societies and companies, banks, insurance companies and other enterprises established jointly with legal entities and (or) individuals of the Republic of Uzbekistan;
- Establishment and development of business societies and companies, banks, insurance companies and other enterprises, which are wholly owned by foreign investors;
- Purchase of property, shares and other securities;
- The introduction of intellectual property rights, including copyright, patents, trademarks, utility models, industrial designs, trade names and know-how, as well as rights to goodwill;
- Concessions, including concessions for the exploration, development, extraction or use of natural resources;
- Acquisition of property rights to objects of trade and services, residential buildings together with the land plots on which they are located, as well as the right to own and use land (including lease) and the right to own and use natural resources;
- By obtaining the right to identify, explore and mine minerals in subsoil in accordance with production sharing agreements.

Today, potential foreign investors offer the following different forms of investment:

- Establishment of a joint venture;
- Establishment of enterprises on the basis of 100% foreign capital;
- Acquisition of part or half of the shares of privatized enterprises.

The following conditions are set for enterprises established on the basis of foreign investment:

- At least \$ 150,000 in authorized capital;
- One of the founders of the enterprise must be a foreign legal entity;
- At least 30% of the company's charter capital must be foreign investment.

Development of investments in the economy of Uzbekistan. Today, the Uzbek economy has become an integral part of the world economy. The export potential of our country is growing year by year, not raw materials are supplied to foreign markets, but finished products with high added value. The priorities for the development of Uzbekistan's industry are directly related to the ongoing investment policy. Uzbekistan has created a favorable investment climate for investors, a system of benefits and preferences. This is evidenced by the fact that the inflow of foreign investment in our economy is growing from year to year. The investment attractiveness of our country is

also due to the existence of large-scale sales markets, the development of transport infrastructure integrated into the multimodal communication system, which determines the prospects of investment and trade and economic cooperation in Eurasia. Foreign companies investing in Uzbekistan have access to five major and fast-growing markets - the CIS, Central and Eastern Europe, South and Southeast Asia, and the Middle East, with markets of more than 300 million people. It contains the basic provisions of international investment law, including the guarantee of the rights of foreign investors, the provision of certain preferences to investors, and more. Investment legislation of the Republic of Uzbekistan occupies one of the leading positions in the legal system of the CIS countries. Laws "On Foreign Investments", "On Investment Activities", "On Guarantees and Measures to Protect the Rights of Foreign Investors", as well as in the form of resolutions of the President and the Government A number of adopted normative and legal acts serve as a solid basis for the legal regulation of attracting foreign investment in the Republic of Uzbekistan.

In particular, to create the most favorable investment climate for foreign investors who make direct investments in the development of high-tech industries; encourage the attraction of foreign investment for the implementation of projects on modernization of production, technical and technological renewal, as well as the elimination of various bureaucratic barriers to work with foreign investors, state and control over the activities of enterprises with foreign investment In order to prevent illegal interference by government agencies, on April 10, 2012, the first President Islam Karimov signed a decree "On additional measures to encourage foreign direct investment. Due to the creation of an effective legal framework in our country, more than 4.2 thousand enterprises with foreign investment have been established and are successfully operating in the leading sectors of the economy.

#### **IV. Discussion**

Department for Monitoring Foreign Investment and Project Implementation (Accounting and Control) the main tasks of the Department are:

- Carrying out of the state monitoring on implementation of large and strategically important investment projects with participation of foreign investments and credits provided by the Specific address list of the Public investment program of the Republic of Uzbekistan;
- Monitoring of investment projects implemented with the participation of foreign investments and loans in the framework of state programs aimed at modernization and development of sectors of the economy, as well as the availability of funding sources and approved project documents;
- On behalf of the Government of the Republic of Uzbekistan to monitor the implementation of commitments made by foreign partners in the framework of projects implemented on the basis of investment agreements signed between TIAISV and foreign investors.
- Formation of a draft specific list of investment programs, as well as state programs aimed at modernization and development of sectors of the economy.
- Establishment and maintenance of a permanent database of major projects implemented under the Target List of the investment program by countries, industries, regions of the republic, types of products and other areas, as well as investment and financing;
- Systematic preparation of analytical data on all sources of financing of attracted foreign investments;
- Implementation of large and strategically important investment projects To further improve the activities of the State Monitoring Institute, attract foreign investment, improve the regulatory framework for investment projects, the activities of ministries and departments and project implementation teams, as well as increase the efficiency of overall investment activities, develop proposals;

- To analyze and study the activities of ministries and agencies on the implementation of investment projects in the government and other working groups on a planned basis, as well as to organize field studies of the practical status of projects.

During the years of independence, Uzbekistan has created a favorable investment climate, established a system of extensive benefits, advantages and guarantees by law to protect the rights and interests of foreign investors.

As a result, more than 4.2 thousand enterprises with foreign investment have been established and are successfully operating in the leading sectors and industries of the economy. Every year, more than 3.0 billion people are mainly involved in foreign direct investment, which accounts for more than 26.6% of the total investment in the country's economy.

This is a clear indication of the growing interest and confidence of foreign investors in the stability and maturity of the economy of the republic, the prospects for its development.

At the same time, the ongoing global financial and economic crisis, growing competition in global and regional investment markets have led to attracting foreign investment to create a more favorable investment climate in the country, modernization of production, technical and technological renewal projects. It also requires additional measures to eliminate existing bureaucratic obstacles and barriers to work with foreign investors, to prevent illegal interference in the activities of enterprises with foreign investment by government and regulatory agencies.

The "Investment Policy Strategy of the Republic of Uzbekistan until 2025" was prepared by the Ministry of Economy and Industry of the Republic of Uzbekistan on the basis of international experience, analysis of trends and problems in the development of investment processes in the economy, its sectors and regions. The goal of investment policy until 2025 is to increase the competitiveness and balance of the economy, develop production and export potential, develop the regions and increase the welfare of the population.

The main objectives of the strategy are identified in three main areas:

- improving the investment climate,
- expanding domestic investment sources and increasing the efficiency of investment sources,
- implementing effective measures and developing new approaches to attracting foreign investment.

By 2025, the main sources of investment will be direct investments, including public-private partnerships, public investments and corporate securities investments. It plans to absorb more than 1002.5 billion soums of decentralized investments in 2019-2025 as part of ongoing and promising new investment projects. About 30 percent of the companies will be self-financed.

The share of fixed capital investment in GDP is expected to grow from 30.5% in 2018 to 37.5% in 2025. Also, in 2025, the amount of foreign direct investment and loans attracted will reach \$ 11 billion, compared to \$ 1.6 billion in 2018.

The result of the implementation of the investment policy strategy is to ensure the full regional and industrial development of the country, as well as the formation of value chains of products from raw materials to finished products, strengthening existing and forming new interregional and intersectoral ties, will develop cooperation between.

#### **V. Conclusion**

In short, mutually beneficial cooperation with foreign partners is yielding good results. After all, Uzbekistan has all the conditions to strengthen the confidence of foreign investors. The public investment policy of our country is designed for the long term and is aimed at creating all the necessary conditions for the effective

operation of investors. Uzbekistan's geographical location, developed transport network, abundant natural resources, highly developed production and social infrastructure, availability of qualified personnel and other factors allow investors to look to the future with confidence.

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