

INCREASING THE INVESTMENT ATTRACTION OF REGIONS: PROBLEMS AND SOLUTIONS

Xonava Nodira Fazliddinovna
Tashkent Institute of Finance

ANNOTATION

The article analyzes the investment attractiveness of the regions on the example of the Republic of Uzbekistan. It also studied the research of world scientists to increase the investment attractiveness of the regions, developed a mechanism for creating a favorable investment climate to increase the investment attractiveness of the regions, developed conclusions and recommendations based on the study and made recommendations for use in our country.

Keywords: investment, investment climate, investment attractiveness, infrastructure, fixed capital, risk, inflation.

INTRODUCTION

It should be noted that in order to create the most favorable investment climate for attracting direct investment in the country, liberalize the economy, reform public administration, limit interference in the activities of business entities, reduce licensing and permitting procedures, and simplification, ensuring free access to goods (works and services), as well as the creation of the necessary infrastructure in the regions, the provision of benefits and preferences for effective business, the creation of institutional conditions, fixed capital, which affects the growth of gross regional product. Large-scale measures have been taken to increase the inflow of directed investments and increase the attractiveness of the investment climate in the regions, create new jobs, solve the problem of employment and increase the income of the population.

The analysis of the socio-economic changes taking place in our country shows that the modernization of the economy and the role of active investment policy are very important in the achievements and successes. Accordingly, it is important to create an effective system for managing the socio-economic development of the regions of the country, to study the theoretical and methodological basis for assessing the attractiveness and potential of their investment climate. Due to the limited economic resources available in the regions (territorial wealth), the most effective way to increase production capacity is to make optimal use of those resources and mobilize additional capital resources based on high technology. To this end, the use of methods and experience tested in the developed countries of the world and the implementation of serious reforms in all areas and the formation of the investment image of our country are among the key issues facing our economists today.

This is due to the fact that today in all countries, the active use of innovative technologies ensures the competitiveness and sustainability of industries. If we carry out such small economic reforms, tomorrow we will have a place in the international economic arena, as everyone knows, and we will be able to occupy high positions in international rankings and become an attractive country for the world and investors. To do this, we must take great steps now and act accordingly, and show everyone that the future of the nation "Uzbek" is the power of Uzbekistan.

It should be noted that international rankings and indices reflect the development process of each country and reflect such important aspects as the quality of governance, living standards, human rights, entrepreneurship and a favorable environment for foreign investors, sustainable economic growth and competitiveness. These aspects are also reflected in the essence of reforms in our country. All of this has a deeper meaning as it serves to glorify human dignity and ensure that people live a contented and contented life.

LITERATURE REVIEW

In the process of analyzing the literature on the subject, a number of leading economists and experts have conducted research on the analysis of the investment image of the regions. In particular, the attractiveness of the investment climate by EN Akerman, AA Mikhalechuk and A.Yu. Trifanov The economic development of each region depends on the potential of capital and labor resources, the level of their use. It is generally accepted that the economic potential of a region and its potential is determined by the production of vital goods through the efficient use of all the complex resources available there[1].

Pankruxin A.P. considers the image of the region in the country as a reflection of the state of the region, ie "donor" or "recipient"[2].

Yashina Ye.Z. suggests that the "image of the region" should be considered as a tool of strategic importance in the socio-economic development of the region, with an emphasis on the positive perception of the object by the subject[3].

Shabunin A.S. presents general conclusions based on the results of various studies, including: the ability of the area to make an impression, the availability of information about the area, and the ability to evoke emotion[4].

In their research, S.V. Zenchenko and M.A. Shemyotkin identify a number of factors that have a greater impact on the will of investors. In particular, they cite the following as the most important factors for assessing the investment potential of a country or region: resource - raw material (weighted average supply of the main types of natural resources); production (total output of farms in the region); consumption (purchasing power of the population of the region); infrastructure (economic and geographical location of the region and its infrastructure); intellectual (level of education of the population); institutional (level of development of leading institutions based on a market economy); innovative (the degree of implementation of the achievements of scientific and technological development in the region). It should be noted that investment potential is one of the criteria for classifying regions[5] and focuses on detailing the approaches of regions to reveal the practical effects of increasing investment attractiveness.

RESEARCH METHODOLOGY

Economic research methods such as data collection, analysis, synthesis, and logical thinking have been widely used to enhance the investment image of the region and its enhancement.

ANALYSIS AND DISCUSSION OF RESULTS

As we begin, we must remember one truth. Serious change is not possible in any country without increasing the competitiveness of its industries in the first place. In this context, it would be appropriate to focus on the annual report of the United Nations Industrial

Development Organization (UNIDO) “Competitive Industrial Performance Index 2021”. In this Competitive Industrial Productivity Index, the Republic of Uzbekistan, ranked 94th in 2021, will improve its position by 1 point and remain among the average low-quintile countries. As a result of 2021, the Republic of Uzbekistan ranked 94th among 152 countries with an index of 0.017 (according to the latest report, Uzbekistan improved by +0.001) and rose by 1 point. Also, according to the regional distribution of the ranking, Uzbekistan is among the countries of Central and West Asia, ranked 11th out of 22 countries and improved by 2 places compared to last year[6].

Table 1 Central and West Asian region[6]

Country	2018	2019	Country	2018	2019
Turkey	28	28	Jordan	78	75
Israel	29	29	Cyprus	90	95
BAA	35	30	Lebanon	94	96
Qatar	43	48	Bahrain	50	50
Uzbekistan	95	94	Ummon	61	60
Kyrgyzstan	124	123	Tajikistan	128	129
Armenia	103	99	Azerbaijan	121	118
Kazakhstan	65	65	Iraq	147	150

As a result of reforms in the country, according to the latest report of the index, Uzbekistan has shown positive changes in 5 out of 8 indicators, with a decrease in 2 indicators and no change in 1 indicator.

Table 2 Comparative Analysis of Components of the Competitive Industrial Productivity Index of the Republic of Uzbekistan in 2018 and 2019[6]

Index	2018		2019		Фарқ	
	Rating	Indicator	Rating	Indicator	Rating	Indicator
Competitive Industrial Productivity Index	95	0,016	94	0,017	+1	0,001
1. Per capita share of value added of manufactured products	97	0,016	97	0,017	0	0,001
2. The share of value added in production in GDP	53	0,414	49	0,439	+4	0,025
3. The share of medium-high-tech production in value added in production	73	0,192	73	0,271	0	0,079
The impact of the country's economy on value added in global production	61	0,004	61	0,004	0	0,000
5. Per capita share of exports of manufactured products	136	0,002	123	0,003	+3	0,001
6. The share of production in total exports	124	0,276	130	0,220	-6	
7. The share of medium and high-tech manufacturing exports in total manufacturing exports	81	0,367	84	0,35	-3	-0,017
8. The impact of the country on world trade	94	0,001	89	0,001	+5	0,000

According to the index methodology, the results of the report for 2021 are based on the data for 2019 and the results of the report for 2020 are based on the data for 2018. Germany (0.460), China (0.386), the United States (0.353), Japan (0.352) and the Republic of Korea (0.347) are in the top five. Among the CIS countries, Uzbekistan ranks 5th after Russia, Belarus, Kazakhstan and Ukraine. Also another feature of this rating is the period of its publication - every 2 years with a delay of 2 years.

The Competitive Industrial Productivity Index includes three key indicators (Potential for

production and export of industrial goods, Technological improvement and modernization and Impact on the world), in turn, each indicator contains subindexes, which make up a total of 8. (4 sub-indices of the indicator of technological improvement and modernization were optimized and 2 structural sub-indices were created) In the presence of subindexes, the Competitive Industrial Productivity Index is calculated by taking their average geometric value. It was noted that the Republic of Uzbekistan has a higher than average in the world and among developing countries on only one sub-index of the rating.

By studying the Competitive Industrial Productivity Index and analyzing its indicators, it is possible to compare the competitiveness of Uzbek industry with other countries, identify potential competitors in foreign markets, increase export potential, launch import-substituting products, increase investment attractiveness and attract foreign direct investment. Encouragement, focus on gaps in the distribution of labor and capital in weak industries, identify, analyze and eliminate inefficiencies in the industry, expand production and restructure using existing models based on the country's existing potential and capabilities opportunities.

In addition, purposeful work is being done to ensure an objective and fair assessment of the position of the Republic of Uzbekistan in international rankings. These include the Corruption Perceptions Index, the Doing Business Index, the Rule of Law Index and the Economic Freedom Index, and the Worldwide Management Quality Indicators. These include Governance Indicators (WGI).

The government of our country is working to accelerate the ongoing reforms in each of the ministries and committees in order to occupy the top positions in these rankings. In particular, according to the index of economic freedom, the Republic of Uzbekistan in 2021 ranked 108th out of 186 countries with 58.3 points (according to the latest report, the rating of Uzbekistan improved by +1.1 points). occupied and rose by 6 points. At the same time, over the past four years, the number of positions has increased by 44 (from 152 to 108), and the President of the Republic of Uzbekistan The most important performance indicators (KPI) set out in the Decree No. PF-6003 "On the introduction of a new mechanism of systematic work with them" (Table 3).

Table 3 Changes in the indicators of the Index of Economic Freedom in the Republic of Uzbekistan [7]

Component	2017	2018	2019	2020	2021
Property rights	48.0↑	48.7	49.8↑	59.1↑	57.8↓
Integrity of government	27.5↑	24.2	25.2↑	28.2↑	30.5↑
Judicial system efficiency	41.9	35.3	34.3↓	34.2↓	50.8↑
Tax burden	90.7↑	91.0	91.3↑	91.6↑	92.4↑
Government spending	66.2↓	65.5	67.4↑	74.7↑	79.9↑
Financial health	99.8	99.7	98.7↓	98.9↑	98.3↓
Freedom of enterprise	64.8↓	66.9	72.5↑	72.6↑	73.5↑
Freedom of labor	50.4↓	52.0	58.7↑	59.9↑	61.2↑
Freedom of money	61.1↓	61.9	58.9↓	59.9↑	60.3↑
Freedom of trade	66.8↑	62.5	62.6↑	67.6↑	55.4↓
Freedom of investment	0.0	0.0	10.0↑	20.0↑	20.0
Financial freedom	10.0	10.0	10.0	20.0↑	20.0

As a result of reforms in the country, according to the latest report of the index, 7 out of 12 indicators showed positive changes, with a decrease in 3 indicators and no change in 2 indicators. Uzbekistan ranks 21st out of 40 countries in the Asia-Pacific region.

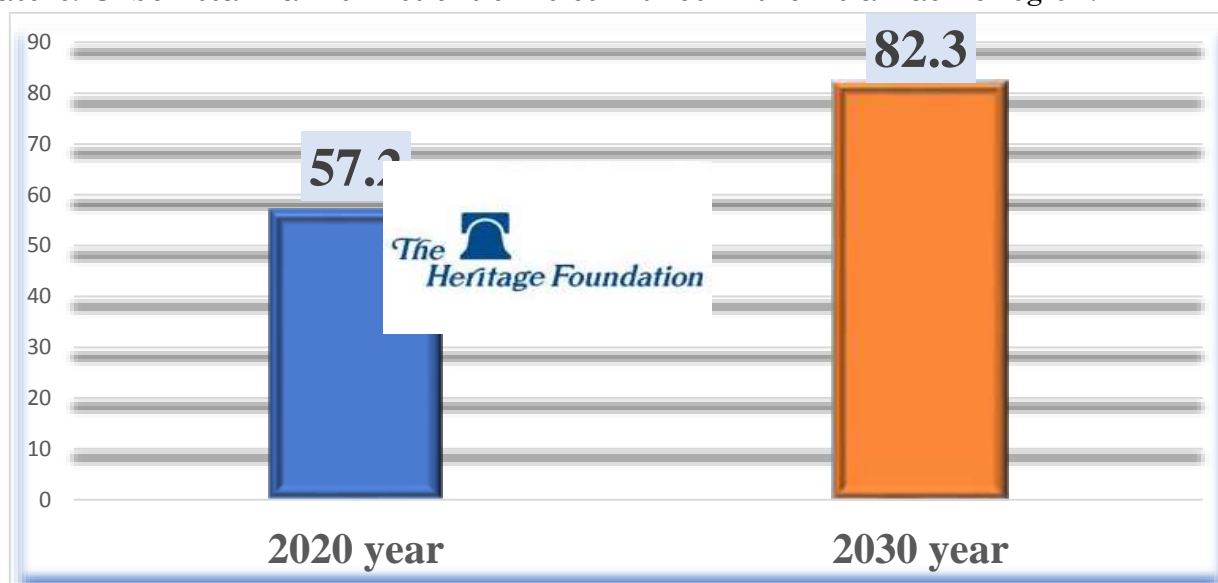


Figure 1. Plans of the Republic of Uzbekistan for 2030 on the Index of Economic Freedom[11]

As you can see from the picture above, the index of economic freedom of our country in 2020 with 57.2 points took 102nd place among 186 countries, and by 2030 the main plan is to take the top places with 82.3 points. we are eating.

Another economic index is the Doing Business Index. In the annual report "Doing Business 2020" Uzbekistan rose 7 places, from 76th to 69th place among 190 countries, Uzbekistan ranks among the top 20 countries in terms of improving the business environment, rising from 41st to 22nd last year in terms of contract enforcement.

For information, Uzbekistan ranks 3rd out of 190 countries in terms of time for rapid resolution of disputes by the court with a result of 225 days.

In terms of the cost of resolving disputes in court, it ranked 4th among the CIS countries.

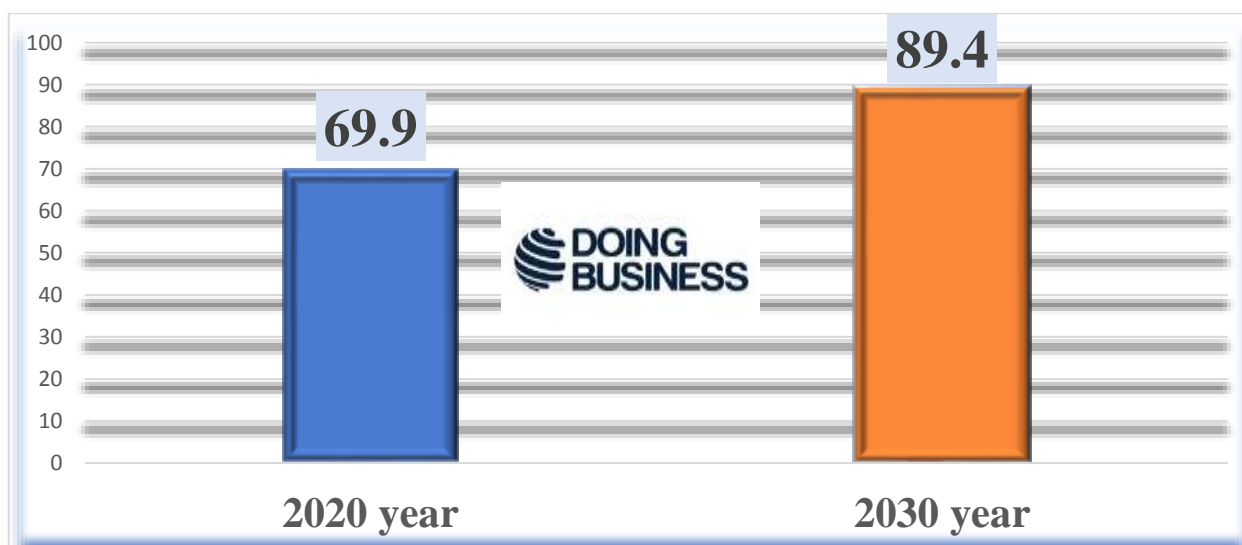


Figure 2. Plans of the Republic of Uzbekistan for 2030 on the doing business index[11]

Serious reforms are also being carried out in the country on the Doing Business index. As a result, Uzbekistan rose 7 places from 76th to 69th place among 190 countries, and Uzbekistan rose from 41st to 22nd place last year in terms of contract performance, becoming one of the top 20 countries in terms of improving the business environment. For information, Uzbekistan ranks 3rd out of 190 countries in terms of time for rapid resolution of disputes by the court with a result of 225 days. In terms of the cost of litigation, it ranks 4th among the CIS countries, and by 2030 it is planned to take the highest position with 89.4 points.

In order to achieve the goals set out in the picture above, it is necessary to accelerate reforms in these areas, to implement systemic measures.

CONCLUSIONS AND SUGGESTIONS

Nowadays, any rating - bank rating, corporate rating, and even country rating - is used as a universal indicator in assessing the economic situation. However, it must be acknowledged that it is much more difficult to select the evaluation criteria and to understand the results obtained as a result of this evaluation. That is, it is not always possible to observe the cause-and-effect relationship of the final integral indicator and the development trend of this or that investment complex. Nevertheless, ratings that assess investment attractiveness or its individual components are actively used by investors in decision-making.

To achieve the goals set in the above indicators, it would be expedient to implement a number of reforms in our country:

- Launch of new production facilities in line with population growth, as well as increase the production capacity of import-substituting products that meet international standards, energy efficiency and environmental requirements;
- Conversion of export content from raw materials to finished products;
- Forming a value chain in industries;
- Increase the funds allocated by the state for the development of medium and high-tech production;
- It is necessary to train qualified specialists to develop medium and high-tech production;

Assessing the economic potential of the regions on these indicators will not only facilitate the rapid decision-making of regional governments, but also the development of regional programs, as well as ensure the integrated development of the regions.

REFERENCES

1. Акерман Е.Н., Михальчук А.А., Трифанов А.Ю. (2016) Типология регионов как инструмент организации регионального развития // Вестник Томского гос. ун-а. Экономика. № 331, 2016
2. Панкрухин А.П. Маркетинг территорий: маркетинг региона // Маркетинг в России и за рубежом. -2004.-№2.-С.9-11.
3. Яшина Е.З. Стратегическое управление развитием региональных социально экономических систем с использованием имеджевого подхода: авт дис. канд. эк.наук. Самара 2006 - <http://sseu.ru/netcat/Image/referat-Yachina-dog-19s>
4. Шабунин А.С. Формирование имиджа региона: теоретические аспекты и перспективы применения. Дис. канд. пол. Наук. / Шабунин А.С - Ярославль, - М.: ГГБ, 2006.- 196 с.

5. Зенченко С.В., Шемёткина М.А. (2007) “Инвестиционный потенциал региона”. Сборник научных трудов СевКавГТУ. Серия “Экономика”. 2007. №6.
6. <https://stat.unido.org/cip/>
7. https://www.heritage.org/index/pdf/2022/book/2022_IndexofEconomicFreedom_Highlights.pdf
8. www.uza.uz <https://uza.uz/oz/posts/o-zbekiston-respublikasida-investitsiya-muhitini-tubdan-yaxs-02-08-2018>
9. Марченко Г., Мачульская О. (2005) Инструмент новой региональной политики. На плоскости рейтинга “риск-потенциал” явственно проявились полюса и точки роста. <http://raexpert.ru/ratings/regions/2005/part4/>
10. Statistics (2021) Official data of the Statistics Committee of the Republic of Uzbekistan (<https://stat.uz/uz/rasmiy-statistika/investments>)
11. www.mineconomy.uz (2020) <https://mineconomy.uz/uz/news/view/2894>