

IMPROVING THE INVESTMENT CLIMATE IN UZBEKISTAN SOME IMPORTANT ISSUES

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ABSTRACT

The article highlights some important issues in creating an environment of attractiveness by improving the investment environment in Uzbekistan and implementing the investment opportunities available in the country.

Keyword: Investor • investment • foreign investment • investment environment • attractiveness • investment program • territory • doing business • competition • production • modernization • efficiency • innovation • capita.

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INTRODUCTION

In order to create an attractive environment, it is necessary to continuously provide and transmit advertising information about the investment opportunities available in the country to potential investors. At the same time, it is required to inform by organizing and participating in investment exhibitions, presentations and seminars abroad. In working with international investors, information support is a necessary element, especially in cases of changes in the general economic or regulatory conditions of investment activity in the host country. The quality of information plays an important role in economic development. Because the completeness and openness of information determines the level of competition in the market and determines the allocation of resources by agents, the assessment of risks and the level of required return. At the same time, the development of modern means of communication leads to an avalanche of open information. The relevance of information is important with its level of reliability.

At this point, it should be noted that the Decree No. PF-5969 on "Primary measures to mitigate the negative impact of the coronavirus pandemic and global crisis on economic sectors" was adopted by the Honorable President Sh. Mirziyoyev. This decree states that the economy of Uzbekistan, which is a part of the global economic system, was affected by these factors, which in turn requires effective preventive measures to mitigate the negative effects of this situation [1].

LITERATURE REVIEW

There are theoretical views of a number of economists regarding the importance of the investment environment in attracting investments to the economy. For example, according to

Sh.Shodmonov, U.Gafurov, "Investments are the monetary form of expenditures for the restoration and increase of fixed and working capital, expansion of production capacity"[2].

R. Yuldashev evaluates the investment potential of our country as follows: "Uzbekistan is located at the crossroads of Central Asia, it is a country with convenient transport corridors for establishing effective regional cooperation relations, participating in regional and transnational projects." [3].

Prof. D.G. Gozibekov interpreted the economic content of investments as a financial category and defined it as follows: "The content of investments consists of obtaining funds from clear and reliable sources, mobilizing them in a reasonable manner, maintaining the capital value taking into account the level of risks, and obtaining the intended effect will be" [4].

Prof. N.H. Haydarov gives the following definition of the essence of investments: "Investment is the use of resources by individuals and legal entities operating on the basis of entrepreneurship or the state for economic and social benefits, regardless of the form of ownership" [5].

At the same time, Russian economists T. Danko and Z. Okrut consider the investment environment as "a factor and mechanism for creating a favorable investment environment and stimulating production, trade, and scientific activity." [6].

DATA and Methodology

In attracting investments to the national economy, the results were studied together with the application of a number of existing problems of the investment environment, which made it possible to determine the main directions for the further development of attracting investments to the national economy. The importance of solving the main problems related to the widespread application of the attractiveness of the investment environment to life in attracting foreign investments to the national economy was highlighted at the state level. The main goal of ensuring the attractiveness of the investment environment in attracting investments is to increase the efficiency of active investment activities.

In the modern business world, the demand for information is high, so many countries have an active and aggressive policy of promoting their advantages to information consumers, influencing them to form the necessary stereotypes that are important to them. There are well-developed technologies for shaping the positive side of the whole country and some enterprises. Taking into account that ordinary investors stand behind powerful investment corporations, extensive practical work is required to provide timely and accurate coverage of events in Uzbekistan to investors in countries where potential investors are located.

It should be noted that in this regard, complex measures have been implemented in our country to introduce modern scientific achievements, innovative ideas and technologies to the economy, social sphere and state administration [7].

The practice of creating specialized state agencies responsible for relations with foreign investors is widespread in the world. Such agencies operate in more than 100 countries. Agencies perform three main functions:

1. Creating a favorable environment of the country in the eyes of potential investors;
2. Implementation of targeted attraction of investments;
3. Providing services related to investment implementation to investors.

Targeted attraction of investments is carried out by establishing direct contact with the companies whose investments are considered the most important for the economic development of the country and introducing them to the prospects of making investments. As part of the competition policy for attracting investments, such contacts are embodied in the organization of investment missions and seminars aimed at certain sectors, information exchange with potential investors and companies, and organization of meetings of agency representatives with the management of these companies. It is desirable to create a nationwide information network that contains the necessary information for investors.

In order to reduce the accumulated debts, it is necessary to conduct a policy of expressing the level of responsibility from the economic point of view, rather than the policy of coercion and bribery towards debtor-enterprises and creditor-enterprises. It is necessary to facilitate the replacement of managers due to ineffective work of enterprises and their managers, and to provide control over the timely transfer of bad debts to losses.

The state should help create the necessary infrastructure so that businesses can effectively manage the problem of overdue debts. In particular, the creation of regional debt settlement operators should be encouraged.

In order to improve the investment environment in Uzbekistan, to increase production and productivity, it is very important to equalize the conditions of competition and further liberalize the economy. Inefficient enterprises should not be directly or indirectly supported by state and local government bodies. On the contrary, stronger, more efficient companies should be preferred to renew the economy.

It goes without saying that this process has never been painless and will continue to be so. The slowness of the change process is explained by this. It follows from this that the structural restructuring of the economy should be carried out simultaneously with special programs such as retraining and re-employment of the dismissed employees, and at the same time should not hinder the growth of productivity.

In essence, the most important components of these reforms are the following efforts:

- protection of ownership rights;
- strengthening corporate governance;
- strengthening the discipline of contract execution;
- small business support;
- development of the banking system and financial market institutions;
- reform of natural monopolies;
- carrying out land reform.

In this way, the creation of a complete investment infrastructure serves to create an attractive environment.

At the current stage, a favorable investment environment is the main task for ensuring economic growth, without which it will not be possible to maintain the scientific and technical potential that will allow solving social problems and supporting the status of Uzbekistan as an industrialized country. A fundamental improvement of the investment environment is required, because despite the positive changes observed since 2017, it remains unattractive.

Many processes, such as administrative orders, establishment of corporate governance, ensuring reliable functioning of the judicial system, elimination of corruption, and other

institutional changes, are of a long-term nature. A principled and sensible policy will lead to a rapid, permanent and permanent improvement of the situation. Then investors will have confidence that today will be better than yesterday and tomorrow will be better than today. Therefore, a long-term strategy is required in the economic policy of the state in attracting investments, including foreign investments and stimulating savings.

Directing public investment, infrastructure, and support to potentially competitive sectors of the economy is bound to yield some positive results. However, it should be clear that the necessary resources and their effective use in the required sectors should be monitored. From this comes a greater focus on foreign and domestic investments. And they require a favorable investment environment.

In many cases, rather than the efficiency of investments, their volume is considered to be the efficiency of investments. The fact is that the lack of investment first of all prompts us to increase the volume of investment. However, in fact, we should prefer efficiency, because the process of changing investment regimes observed in the transition from a planned economy to a market economy has not been completed. Therefore, not all investments are equally profitable at this time. Enterprises, including the majority of local investments, are underperforming. Of course, the larger the amount of investments, the higher their efficiency indicators will be if the projects are carried out with quality. As the volume increases, the number of projects that can be included in the list of funded projects increases. However, it is important that the most effective projects occupy the first places in this list.

In recent times, the point of view that economic growth should be stimulated by consumer demand and increase in monetary income of the population has become widespread. There were even proposals to immediately double the monthly salaries. It should be remembered that the income of the population can grow only with the growth of labor productivity and production. Another way is to print more money and wait for price increases to eat up nominal money income, which we don't need.

RESULTS AND DISCUSSION CONCLUSION

If we talk about investment attraction or promotion, the question arises as to how to do it at the expense of better priority projects or at the expense of giving some benefits to investors or at the expense of creating the same favorable conditions for everyone. The question is very relevant because, first of all, it is easier to provide certain benefits and special conditions and it is possible to get results from them faster. This practice is more typical for us.

In this situation, it will not be possible not to apply certain benefits for investors, for example, the investment tax credit provided for in the tax code. However, as a rule, it is more effective to generally improve the conditions for investment, for example, to reduce the overall tax burden instead of tax incentives.

One of the main issues is what to do to stop capital outflows. There are two fundamentally different approaches here, but they complement each other.

The first approach is to strengthen administrative restrictions and state control.

The second approach - creation of economic and legal conditions so that the withdrawal of capital is useless is considered more important and more promising. However, it is necessary

to take into account the structural features of the capital flow, its various components. And they are as follows:

- public or semi-public (i.e. ready to pay taxes) capital - seeks more reliable and profitable placement in order to avoid political and socio-economic instability, threats to property rights and high transaction costs;
- origination of capital flow for the purpose of "laundering" illegally earned money.

A sharp change in the first stream is as important as the task of creating a favorable investment environment.

It is also necessary to set priorities for the improvement of the investment environment. According to experts, the fight against corruption and crime, ensuring and strengthening the independence of the judicial system, protecting property rights and improving corporate governance, "transparency" of Uzbek enterprises for foreign investors and creditors are among the priorities for improving the investment environment.

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