

The Role of Foreign Investment in National Economy Sustainability

Khasanova Khusnora

"PhD Student, Tashkent State University of Economics, Uzbekistan

Abstract

The article examines the scientific and theoretical aspects of attracting foreign investment in the regions. In particular, the author disclosed the essence of the concept of investment and foreign investment. On the basis of statistical data, the state of attracting foreign investments in the regions is analyzed. At the end of the article, conclusions are summarized, problems are identified, and recommendations for solving these problems are made.

Keywords

Foreign Investment, Credit, Foreign Business, Investment Climate, Investment Attractiveness, Savings

Introduction

In the five main priorities of development of the Republic of Uzbekistan for 2017-2021 it is planned to increase the competitiveness of structural reforms, modernization and diversification of the leading sectors of the national economy, ensuring balanced and national economy, including industry, services, small business and increasing the share of private entrepreneurship, modernization, technical and technological modernization of production Set, manufacturing, transport, communications and social infrastructure projects aimed at improving the implementation of an active investment policy priorities. [1]

Investments are the driving force of socio-economic development of any country. These are financially supported by the economy's innovation and high technology development, the successful implementation of policies for the production of import-substituting and export-oriented products, modern infrastructure improvements, new jobs created, unemployment, and, most importantly, free competition and entrepreneurship. a modern economic system based on their relationships. Another important point in investment is that it determines the expectations of each country in the near and distant future.

Literature review

In the new version of the Law of the Republic of Uzbekistan "On Investment Activity" the following shall be defined as investments: "investments are property, tangible and intangible assets and rights to it, including those of intellectual property, ". The Law "On Investment" states that "investment is a means of obtaining economic benefits (profit), profitability, savings, bonds, stocks, shares, stocks, technology, machinery, "It is a subsistence, a license, and any other resources that can be effective." Local researcher I.Ahmedov called "investment" reminded that all kinds of national and intellectual wealth should be directed to the objects of entrepreneurship, bringing in income or achieving any positive effect.

According to Russian expert T.Frolova, investment is a long-term capital invested by both the private sector and the government in various sectors of the economy and securities both inside and outside the country. Scientists such as M.Rimer, A.Kasatov and N.Matienko say that investments in economic literature are recognized as actions aimed at refining the current consumption of nutrients in order to fully meet the needs of the economy over the next few years by investing in entrepreneurship objects. The

Wikipedia website, titled "Investment, is time, energy, or anything else that is spent to look up future incomes for a certain amount of time." Investopedia, a prominent figure in economics, business and finance, says investment is to buy an asset or an item that shapes future revenues or increases its value. [2]

There are many such examples. Regardless of their content, they fill one another. We want to make our own definition based on the above points. According to him, investments are meant to be used to transfer capital to any country, network or other entity for subsequent profits.

According to origin sources, investments are mainly divided into two, ie foreign and domestic investment. Both types are targeted at the development of the country, sectors, businesses and businesses.

The countries are one of the key objects that are invested in. Below we will talk about the meaning and significance of attracting investments.

The most important prerequisite for attracting investments to the regions is to proceed with the development of the region's economy. Indeed, any region has its own economic environments and its comprehensive study provides the basis for the right approach to attracting investment. [3]

Here is a brief idea of the country's economy. The Russian economy researcher V.V.Mishchenko said: "The economy of the country is a complex of the country's national and international division of labor, along with the process of formation and functioning of the region, taking into account the historical, demographic, national, religious, ecological, "he says. Japanese professor Yamamoto Hysatashi proposed to study the economy of the country in eight parameters. In his research, every investor has argued that it is important for a comprehensive study of the parameters before making a decision on investing in the country.[5]

Investments are one of the important factors contributing to the improvement of the production structure and providing reproduction processes in the national economy.

Analysis and results

In recent years, intensive reforms and modernization of the country have been consistently continued, with foreign investments being a barometer of development of the national economy.

With the globalization of globalization, the barriers to business growth and the liberalization of the economies of the countries, the inflow of foreign investment flows rapidly. The precise definition of investment priorities, the adoption of scientifically-motivated

investment decisions, the involvement of domestic and foreign sources of funding, and all the conditions, based on the rational regulation of investment activity, determine the future of the national economy.

Investments play a role in improving the structure of production and providing a replication of national production processes. The investment policy of the state is aimed at intensifying the priorities of economic development. Strengthening the position of the national economy in the world economy, raising the level of competitiveness of domestic producers in the world market, and the modernization of the technical structure of the industry, are among other factors of public policy, including investment policy.

It is important to study the world experience in researching, managing and stimulating foreign investment in the national economy.

Based on the analysis of Goskomstat of the Republic of Uzbekistan, the volume of investments into fixed capital by sources of funding as of January-December 2017 amounted to 60 719.2 billion soums. or 107.1% to the corresponding period of the previous year. When analyzing the sources of funding, most of the investment in fixed capital fell to attracted funds - 34 057.3 billion soums, or 56% of the total revenues, 26 673.5 billion soums of own funds and enterprises. or 44% of total investments were utilized. [8]

Research has shown that foreign investment plays an important role in the sustainable development of the national economy and its regions, modernization and diversification of sectors and innovation development.

In particular, according to some economists, the efficiency of the economy of our country and its separate regions depends on the scale of direct investment policy. Investments, in particular foreign investments, are an important tool for reducing regional disparities and disparities in the socio-economic development of the country, and their targeted use allows them to effectively use

the natural economic and labor resources available in the regions, thus improving the territorial structure of the economy [1].

Indeed, if foreign investment is attracted only to economically developed regions, there may be differences and disparities in other regions of the country. Therefore, it is expedient to consider the natural, economic and labor resources of the regions in the direction of foreign investment.

It should be borne in mind that foreign investment stimulates production, creates additional jobs, promotes integration of the country's economy into the world economy through production and scientific-technical co-operation [2].

Other researchers have pointed out that foreign investment can give regions the following opportunities [3]:

- acceleration of economic and technological development;
- introduction of new management forms;
- modernization and upgrading of production equipment;
- Activating competition;
- development of small business;
- training of personnel meeting market economy requirements;
- expansion of export potential of the region;
- expansion of import-substituting production;
- creation of new workplaces, ensuring employment of the population;
- Increasing domestic production competitiveness;
- elimination of problems with the economy reform.

It is evident that foreign investment is important for the economic development of the country and its regions. [4]

Increasing of investment activity of the regions of the Republic of Uzbekistan in the recent years is mainly focused on implementation of projects on modernization of production and wide introduction of innovative technologies. In these conditions, the acceleration of the policy of broad involvement of high technology-based foreign investments is a priority.

Table 1 : Foreign Investments and Loans Included in Major Capital by Region, mln. Soums [8]

Regions	Years				
	2013	2014	2015	2016	2017
Republic of Uzbekistan	5532719,2	6980062,5	8309522,1	10611381,4	16308985,3
Republic of Karakalpakstan	736578,7	1892412,3	2899745,3	1683392,7	268607,6
Andijan	75657,9	101490,6	86011,9	108025,7	197336,9
Bukhara	1516939,9	1615687,6	1463196,7	3101157,6	8256942,5
Jizzakh	31937,7	71333,8	38010,4	106310,3	125216,2
Kashkadarya	838027,2	918956,6	1037674	2006063,7	1950872,5
Navoi	384490,3	180667,5	54888,4	152469,1	384980,7
Namangan	81954,8	295711,2	488831,5	639144,5	1088389,5
Samarkand	86107,2	85799,5	128027,6	81455,5	114451,1
Surkhandarya	164202,4	183469,4	191515,6	209083,4	512814,9
Syrdarya	81663,6	94991,8	116698,8	102329,3	76081,3
Tashkent	343229,8	437671,5	677578,1	580325,7	781808,3
Fergana	251093,3	198933,3	193576,2	235360,5	191835,4
Khorezm	60818,7	119967,6	40789,8	90399,3	197450,6
Tashkent city	880017,7	782969,7	892977,9	1515864,1	2162197,8

Table 1 shows that in 2013, foreign investments and loans, included into fixed capital in the national currency, amounted to UZS 5532719.2 mln. soum. This indicator will continue to grow by 2017, reaching \$ 16308985.3 million. soums. In the policy of attraction of foreign investments in 2017 it is planned to invest in Bukhara region (8256942.5 million soums), Tashkent city (2162197.8 million

soums), Kashkadarya (1950872.5), Namangan (1088389.5), Tashkent city (781808.3 million soums) soums).

In Samarkand region, the tendency to attract foreign investment was low. In particular, in 2013, 86,107.2 mln. If foreign investments are attracted, by 2017 the figure will reach 114,451.1 million soums. soums. [8]

Also, the nominal content of attracted foreign investments is that not all regions are active in attracting foreign investment.

The lowest level of nominal foreign investment was in Syrdarya region.

Uzbekistan has all the conditions and advantages for entry into the group of countries with huge foreign investment in its territory. This is why the country responds to this demand with its level of socio-economic development, the geographical location of the world map, the nature and resources of its natural resources, the government's economic policies and so on.

Table 2 : Foreign investments and loans, which are included in the fixed capital of the regions (USD million in comparison with the official exchange rate of the Central Bank as of December 31, 2011) [8]

Regions	Years				
	2013	2014	2015	2016	2017
Republic of Uzbekistan	2512,5	2881,5	2957,2	3298,0	2008,5
Republic of Karakalpakstan	334,5	781,2	1032,0	523,2	33,1
Andijan	34,4	41,9	30,6	33,6	24,3
Bukhara	688,9	667,0	520,7	963,8	1016,9
Jizzakh	14,5	29,4	13,5	33,0	15,4
Kashkadarya	380,6	379,4	369,3	623,5	240,3
Navoi	174,6	74,6	19,5	47,4	47,4
Namangan	37,2	122,1	174,0	198,6	134,0
Samarkand	39,1	35,4	45,6	25,3	14,1
Surkhandarya	74,6	75,7	68,2	65,0	63,2
Syrdarya	37,1	39,2	41,5	31,8	9,4
Tashkent	155,9	180,7	241,1	180,4	96,3
Fergana	114,0	82,1	68,9	73,2	23,6
Khorezm	27,6	49,5	14,5	28,1	24,3
Tashkent city	399,6	323,2	317,8	471,1	266,3

Table 2 shows the investment in regions in USD equivalent. The decline in the nominal volumes of foreign investments attracted by the country in 2017 was largely due to the devaluation of the Central Bank's foreign exchange rates against foreign currencies. In the overall tendency, we can see that the rates of attracting foreign investments have increased.

Table 3 : Annual growth rate of foreign investments and loans into fixed capital by regions (in% to previous year) [8]

Regions	Years				
	2013	2014	2015	2016	2017
Republic of Uzbekistan	100	126,2	119,0	127,7	153,7
Republic of Karakalpakstan	100	256,9	153,2	58,1	16,0
Andijan	100	134,1	84,7	125,6	182,7
Bukhara	100	106,5	90,6	211,9	266,3
Jizzakh	100	223,4	53,3	279,7	117,8
Kashkadarya	100	109,7	112,9	193,3	97,2
Navoi	100	47,0	30,4	277,8	252,5
Namangan	100	360,8	165,3	130,7	170,3
Samarkand	100	99,6	149,2	63,6	140,5
Surkhandarya	100	111,7	104,4	109,2	245,3
Syrdarya	100	116,3	122,9	87,7	74,3
Tashkent	100	127,5	154,8	85,6	134,7
Fergana	100	79,2	97,3	121,6	81,5
Khorezm	100	197,3	34,0	221,6	218,4
Tashkent city	100	89,0	114,1	169,8	142,6

Table 3 shows that the annual growth rate of foreign investments and loans to the fixed capital in the Republic in 2017 is 153.7%, and over the next five years a high growth rate has been observed. In 2017, in Bukhara (266.3%), Navoi (252.5%), Surkhandarya

(245.3%), Khorezm (218.4%), Namangan (170.3%) and Andijan (182.7%) provinces higher than the national average. Thus, the activity of the foreign investment in the territorial policy has been observed in the above-mentioned provinces.

The provinces of Samarkand, Syrdarya, Jizzakh, Ferghana, Andijan and Khorezm regions have a low share of foreign investments and loans in the fixed capital of the regions. In particular, in 2013 the figure was in the Samarkand region - 1.6 percent, in Syrdarya region - 1.5 percent, in Andijan region - 1.4%, and in Jizzakh region - 0.6%. By 2017 the relative decline was observed in Samarkand (0.7%), Andijan (1.2%) and Ferghana (1.2%) provinces. [7]

Thus, it is possible to conclude that in these regions, foreign investments and loans, which are the main capital, are the lowest in the republic. Secondly, in recent years, the activity in this area has a tendency to decline.

In our opinion, in the context of the nominal amount of foreign investments invested in fixed capital, there is still a need for extensive reforms in this area. In particular, the Samarkand region is a relatively favorable investment climate and potentially attractive investment area.

The head of our state has been constantly emphasizing that the share of foreign investments in fixed capital in each region and the increase in volume and scope of direct foreign investments are a personal responsibility of each leader.

In this regard, it is necessary to intensify the work in Samarkand, Syrdarya, Jizzakh, Ferghana, Andijan and Khorezm regions in the near future.

As it is known, the natural, climatic and economic characteristics of each region affect their financial and investment potential. The distinctive features of these regions are the regional differences in capital investments and, in particular, on the sectoral structure of foreign investment.

New investment opportunities are being created in the regions due to the attraction of foreign investments. In 2012, the enterprises with newly established foreign investment in Uzbekistan amounted to 499, of which 19 - in Samarkand region. This figure is 863 and 56 respectively in 2017. Newly established enterprises with foreign investments are officially registered and are operating in Tashkent. Regional differences are also high in the establishment of enterprises with foreign investments (Table 4).

The common factor that affects this problem is the favorable investment environment created in the regions. This can be explained by the level of infrastructure development in the regions, in particular the transport and communications system, housing, utility services and so on.

Table 4 : Information on the number of newly established enterprises with foreign investments in Uzbekistan throughout the year [8]

Regions	Years					
	2012	2013	2014	2015	2016	2017
Republic of Uzbekistan	499	519	433	494	503	863
Republic of Karakalpakstan	8	7	2	8	10	14
Andijan	4	3	2	20	18	34
Bukhara	7	7	3	7	9	18
Jizzakh	5	9	16	7	2	13
Kashkadarya	3	7	5	2	4	6
Navoi	3	7	7	3	3	3
Namangan	7	13	7	8	4	17
Samarkand	19	29	16	23	19	56
Surkhandarya	3	5	7	11	7	9
Syrdarya	4	13	8	7	9	15
Tashkent	66	50	39	44	48	88
Fergana	10	16	23	21	14	45
Khorezm	2	4	1	3	5	10
Tashkent city	358	349	297	330	351	535

The strong concentration of the number of enterprises with foreign investments in the regions also corresponds to the city of Tashkent. The following table shows that this process has led to an increase in asymmetric distinctions in the economic development of the regions and also causes the uneven distribution of other production resources.

In 2013, the number of enterprises with foreign investments totaled 4474, of which 3121 were in Tashkent city and 482 in Tashkent region. The number of enterprises with foreign investments in 2017 is 5517, of which 3621 are officially registered in Tashkent (Table 5).

In 2017, the number of enterprises with foreign investments in Tashkent region was 583, while in Samarkand region this figure was 280.

The growth rate of the total number of operating enterprises in the country in 2017 versus 2013 was 123.3 per cent and in Samarkand - 121.2 per cent.

Having considered the city of Samarkand as the administrative and business center after Tashkent, we can conclude that this indicator is not satisfactory.

Based on the above analysis, it can be said that there are problems with the attraction of foreign investments into the territory of the

Republic of Uzbekistan.

One of them is the fact that enterprises with foreign investments mainly operate in Tashkent, due to problems with the creation of favorable investment climate in the region.

Table 5 : Number of Enterprises with Foreign Investments in Uzbekistan [8]

Regions	Years					The growth rate in 2017 versus to 2013
	2013	2014	2015	2016	2017	
Republic of Uzbekistan	4474	4429	4804	5008	5517	123,3
Republic of Karakalpakstan	45	46	50	67	76	168,9
Andijan	73	75	121	154	172	235,6
Bukhara	67	67	79	81	91	135,8
Jizzakh	50	61	69	70	82	164,0
Kashkadarya	51	45	44	46	54	105,9
Navoi	49	55	58	62	60	122,4
Namangan	72	75	82	87	103	143,1
Samarkand	231	226	240	246	280	121,2
Surkhandarya	47	52	58	56	57	121,3
Syrdarya	54	59	63	68	85	157,4
Tashkent	482	488	516	538	583	121,0
Fergana	105	124	145	154	199	189,5
Khorezm	27	28	29	36	51	188,9
Tashkent city	3121	3028	3250	3343	3624	116,1

Next, the foreign investments attracted in some regions of the republic have been attracting to the utilities and ICT sector in recent years. It is necessary to strengthen the activity aimed at balancing foreign investment in the perspective of the rational use of investment potential. [7]

Also, some of the weaknesses in legislation, weak infrastructure development, weak involvement of local authorities in investing in investment processes, limited access to investment in strategic sectors, and slowdowns in the direction of production of free funds of the population and enterprises.

Conclusion

To overcome these problems, it is desirable to make timely tasks in the following areas.

1. Improving the legal and regulatory framework regulating investment activity. The law requires clear understanding of "foreign direct investment (including portfolio investment). In parallel, it is necessary to eliminate the two forms of close cooperation with a foreign investment entity - the "foreign investment enterprise" and "enterprises with foreign investments". It is desirable to improve competition between the regions by introducing the laws governing the establishment and closure of enterprises with foreign capital, and by introducing the law to local authorities to develop and maintain independent regional investment programs based on their territory.
2. Investment Infrastructure Development. It is important to develop an investment infrastructure, including banking, insurance, savings, pawnshops, rating agencies, consulting centers, and engineering services to mobilize enterprises and publicly available finance and other investment resources.
3. Development of new types of financial services. In the preparation of the preliminary design documentation, it is necessary to develop a wide range of services in engineering (engineering or consultancy services). Formation of forfeiting services in financial districts where funds are lacking in the form of free funds of potential capitals (the obligation of the financial agent to pay the debtor (buyer, importer), franchising (right of one party to the right of doing business, trademark or brand) can improve the way businesses operate in these areas.
4. Freedom of entrepreneurship and private property protection. It is necessary to raise the business forum, which is a form of communication between the Chamber of Commerce and Industry of the Chamber of Commerce and Industry, to a whole new level in terms of quality and scope, in order to ensure that direct dialogue is conducted on a wide range of issues between private business and government. It is necessary to reduce the risks to investments by entrepreneurs in increasing the trust of local authorities, the full range of partnerships with private businesses, and the control over compliance by law enforcement agencies.
5. Simplifying the mechanism of attraction of foreign specialists. Since the first managers of a foreign venture are usually trusted and competent founders, it is necessary to free them from the centralized recruitment system. The regional department of the Ministry of Employment and Labor has wide access to the document or receives documents through "one-stop-shop" centers, completely interactive way of submitting documents without personally visiting the Ministry of Foreign Affairs, ie through the www.evisa.mfa.uz website will help attract foreign specialists to the region. As a foreign party, it is necessary to create opportunities not only for legal entities, but also for foreign physical entities in an enterprise with foreign capital.
6. Formation of the positive image of the region and its investment attractiveness in the world and in the republic. To create a systemized regional register with detailed and

detailed information on available and unused production facilities, existing natural resources, agricultural and raw materials resources in the districts and bring it to foreign investors via the Internet.

7. Simplify the opening of branches or representative offices by foreign companies in the region. It is necessary to fully form the branches or norms of the branch establishment and its clear regulation. The failure of this system is that many foreign companies are restricted to opening their subdivisions in the form of LLC or its representative offices.

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