

THE ROLE OF FOREIGN INVESTMENT IN ENSURING THE FINANCIAL SUSTAINABILITY OF THE ECONOMY

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ANNOTATION

This article discusses the importance of foreign investment and their role in the development of the national economy and analyzes it on the basis of statistics. The article also discusses the existing problems in attracting foreign investment to the national economy and what measures should be taken to intensify their prevention.

Keywords: Investment, foreign investment, foreign direct investment, portfolio investment, investor, capital export, charter capital, dividend, business profit, export, import.

INTRODUCTION

From the first years of independence, Uzbekistan has set a specific direction for the development of the national economy. As a result of his timely understanding of the unique role of investment in the development and stability of the economy, there has been an increase in attention to investment, in particular, foreign investment, which today leads to the development of investment activity in our country came it should be noted that the development of investment activity today is the result of the prudent investment policy pursued by our government. The Decree of the President of the Republic of Uzbekistan Shavkat Mirziyoyev "On the Strategy of Actions for the Further Development of the Republic of Uzbekistan" further enhances the effectiveness of reforms, creates conditions for the comprehensive and rapid development of the state and society, In order to modernize the country and implement the priorities for the liberalization of all spheres of life, the Action Strategy for the five priority areas of development of the Republic of Uzbekistan for 2017-2021 was approved.

One of the priorities of economic development and liberalization in this Action Strategy is to improve the investment climate, to actively attract foreign investment, primarily foreign direct investment, in the sectors and regions of the country's economy. Therefore, without attracting foreign investment, especially without expanding the participation of foreign investment in leading sectors, it is possible to carry out structural changes and modernization of the economy, re-equip enterprises with modern equipment and launch the production of competitive products it's not. Attracting foreign investment in the economy of our country is important in accelerating the expansion of its economic potential, ensuring the economic strength of our country through the use of domestic opportunities and reserves in all areas, the development of new equipment and technology, export-oriented goods, their production earns.

Today, the most important and most important direction in the development of the economy of our country and maintaining a stable growth rate is investment.

Timely and high-quality implementation of investment projects envisaged in the Investment Program of the Republic of Uzbekistan for 2019 is a very important factor in socio-economic development of the country, creation of new production facilities and jobs, improvement of infrastructure and welfare.

Investment is the main driving force of economic development and in the conditions of market relations, the wider attraction of foreign investment in the economy of the republic has become an important basis for their effective implementation of economic reforms in our country.

The role of foreign investment in the social, economic and political development of the country is great. It is known that any state it is impossible to develop in isolation from the world, without studying the world experience, without accepting the achievements of the world's leading countries in science, technology and engineering.

PF-4947 of the President of the Republic of Uzbekistan dated February 7, 2017 "On the Strategy of actions for further development of the Republic of Uzbekistan" and PF-5087 of June 19, 2017 "On protection of the legitimate interests of business by the state" Decree No. PF-5177 of September 5, 2017 "On measures to radically improve the system of economic development and further development of entrepreneurial activity" "On priority measures to liberalize foreign exchange policy" and the implementation of the tasks set out in other regulations related to this activity serves to increase the attractiveness of foreign investment.

The main objectives of the investment strategy until 2025 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.

For the development of the economy and social sphere of the Republic of Uzbekistan in January-March 2021, 35.6 trillion soums of investments in fixed assets were spent from all sources of financing. In dollar terms, they amounted to 3,4 billion US dollars, and the growth rate in comparable prices to the corresponding period of 2020 was recorded at the level of 96,5%.



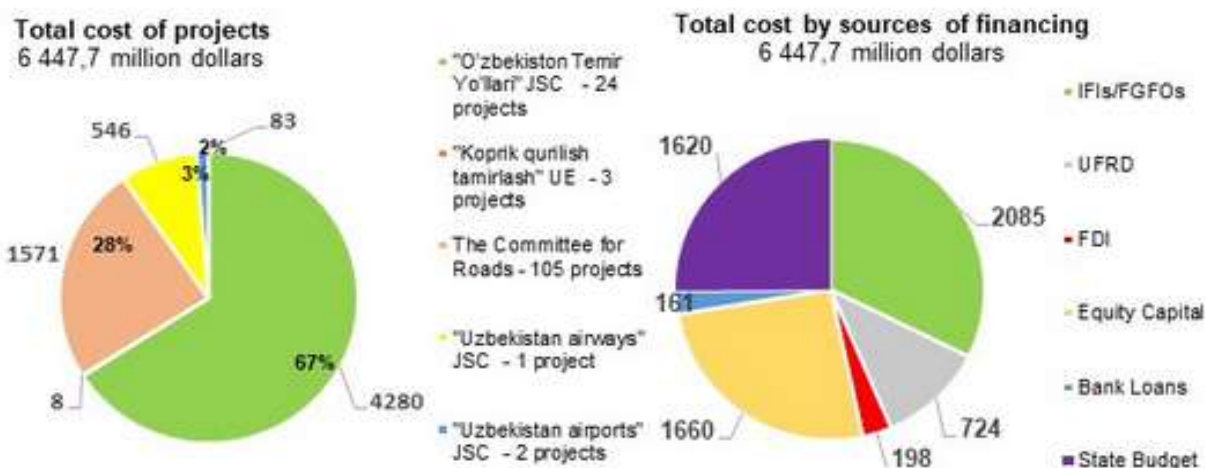
By 2025, the main sources of investment will be direct investment, including public-private partnerships, public investments and investments in corporate securities. It plans to absorb more than 1002,5 billion soums of decentralized investments in 2019-2025 as part of ongoing and promising new investment projects. About 30 percent of the companies will be self-funded. The share of fixed capital investment in GDP is expected to grow from 30,5% in 2018 to 37,5% in 2025. Also, the amount of foreign direct investment and loans attracted in 2025 will reach \$ 11 billion, compared to \$ 1.6 billion in 2018.

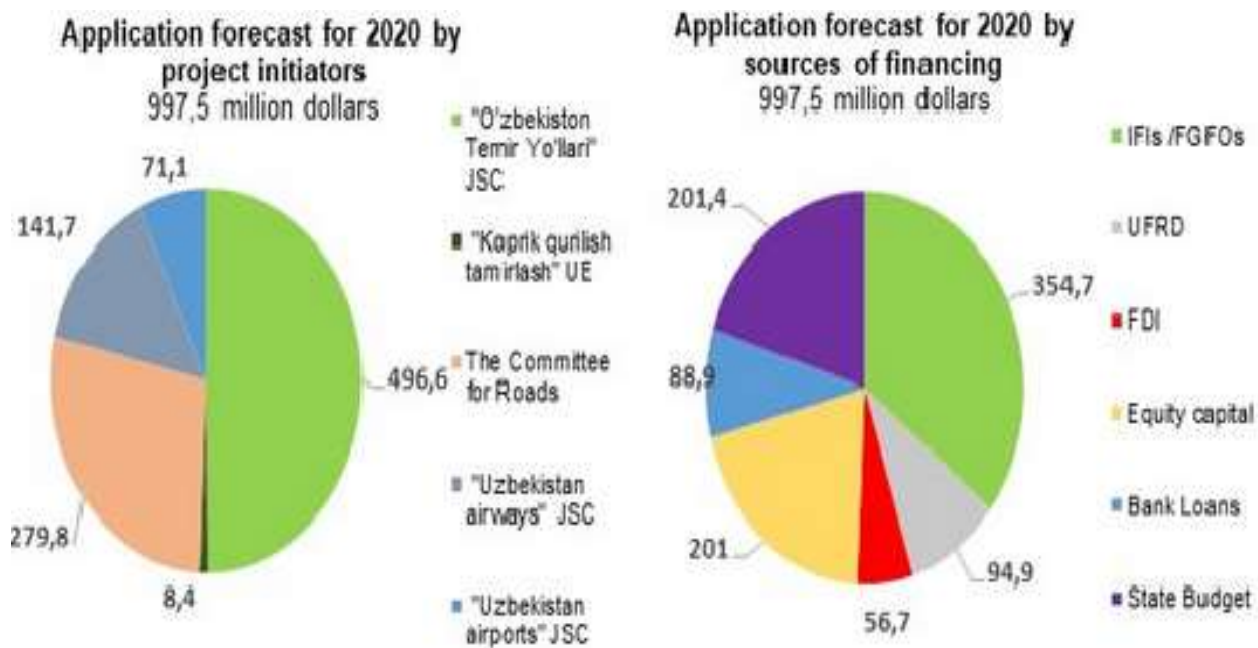
"The Investment Policy Strategy of the Republic of Uzbekistan until 2025" was prepared by the Ministry of Economy and Industry of the Republic of Uzbekistan based on an analysis of international experience, trends and problems in the development of investment processes, the economy of the republic, its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

The main objectives of the Strategy are defined in three key areas: improving the investment climate, enhancing domestic sources of investment and increasing the efficiency of using investment resources, implementing effective operational measures and developing new approaches to attracting foreign investment. The main sources of investment by 2025 will be direct investment, including public-private partnerships, public investment and investment from corporate securities. As part of ongoing and promising new investment projects in 2019-2025, it is planned to develop non-centralized investments in the amount of more than 1,002.5 billion soums. At the same time, about 30% will be financed from the own funds of enterprises. The share of investment in fixed capital in GDP is expected to increase from 30.5% in 2018 to 37.5% in 2025. At the same time, in 2025, the volume of attracted foreign direct investment and loans will amount to 11 billion US dollars compared to 1.6 billion US dollars in 2018.

The result of the implementation of the Investment Policy Strategy will be to ensure the complexity of the regional and industrial development of the republic, as well as the formation of value chains of products from raw materials to finished products, the strengthening of existing and the formation of new interregional and intersectoral relations, the development of cooperation between industries, regions, government agencies and private business.

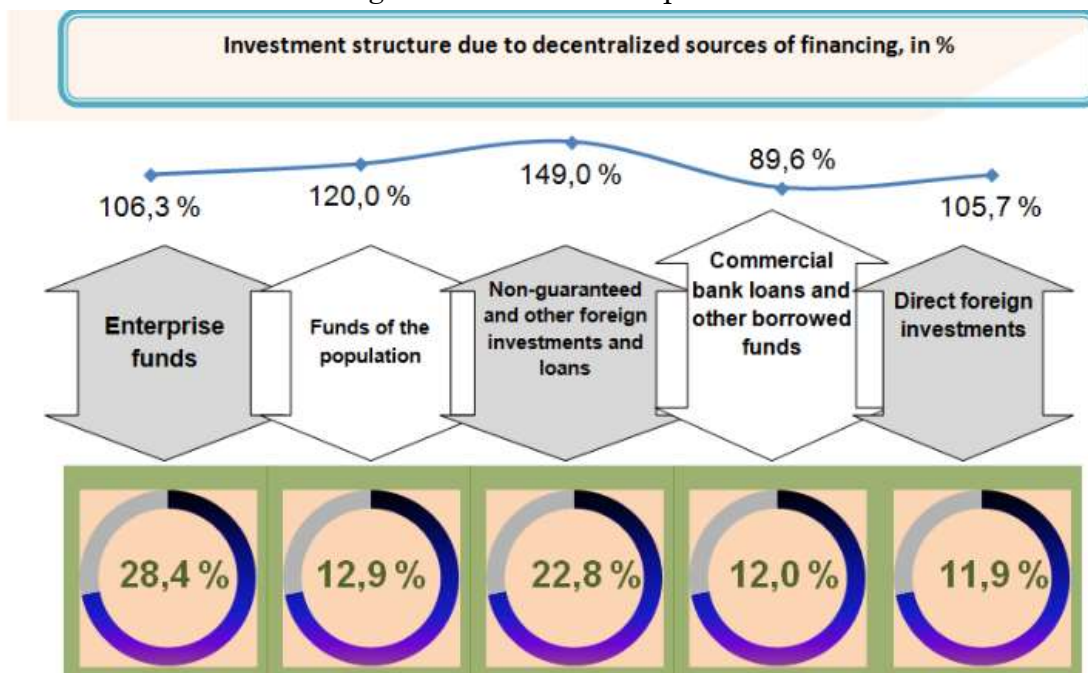
Investment potential





The result of the implementation of the investment policy strategy is the full support of regional and industrial development of the republic, 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.

In January-December 2021, a total of 104.5 trillion. soums of foreign investments and loans in fixed assets. Of these, 87.2 trillion rubles came from foreign direct investment and loans. 17.3 trillion soums were disbursed under the guarantee of the Republic of Uzbekistan. UZS. Foreign investment in fixed assets and growth of loans compared to 2020 amounted to 105.2%.



The growing number of new enterprises with foreign investment and the construction of new ones are the result of the state's great attention to this area and the facilities it provides to them. Therefore, one of the most important issues is to provide economic incentives and create

the necessary conditions for enterprises that attract foreign investment to our country. Therefore, the following measures should be taken to intensify the attraction of foreign investment in our national economy: first, to reduce the impact of inflation on the growth of the value of investment projects, as well as to further increase the volume of foreign investment; second, to attract investment in the real sector of production, ie in the processing of raw materials; third, to further improve the system of incentives to create a more favorable investment climate for foreign investors, in particular, to reduce the tax burden and simplify the tax system for investors; fourth, to improve the system of implementation of mutually beneficial projects with foreign economic entities and to establish free investment economic zones with them; fifth, systematic industrial development by attracting investors to areas with well-developed infrastructure; sixth, to intensify efforts to attract long-term, low-interest foreign direct credit; seventh, the establishment of state-supported funds for foreign investors based on foreign experience. The implementation of the above proposals will have a positive impact on further attracting foreign investment to our national economy. Ultimately, this will allow for the full implementation of investment policy in the country in the future, based on continuous technical and technological renewal of production, the implementation of profound structural changes in the economy, the gradual continuation of modernization and diversification of industry.

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