

FOREIGN CAPITAL AS A SOURCE OF EMPLOYMENT IN THE REPUBLIC OF UZBEKISTAN

Ubaydulla Nadirkhanov,

Ph.D., Associate Professor, Department of Transport Economics,
Tashkent State Transport University

Lola Sabirova

Ph.D., Associate Professor of the Department of Valuation and Investments,
Tashkent Financial Institute

ANNOTATION

The Republic of Uzbekistan has historically been distinguished by high demographic indicators. In this regard, one of the priority tasks of the country's socio-economic development is the creation and increase in the number of jobs and employment of a growing number of the population. Creating new jobs and ensuring rational employment of the population, ensuring balance and developing the infrastructure of the labor market, reducing unemployment occupy a key place in the priority areas for the development of the social sphere of Uzbekistan[1]. In March 2020, the Ministry of Economy and Industry was transformed into the Ministry of Economic Development and Poverty Reduction of Uzbekistan. Its main tasks included: increasing the income of the population and reducing poverty by stimulating the creation of new jobs[2].

As a result of ongoing socio-economic reforms in 2016-2021. the business environment in Uzbekistan has noticeably improved, the volume of attracted foreign capital has increased, the number of foreign investors has increased. As you know, foreign capital enters the economy of another country through enterprises with foreign investment, while one of the positive effects is the creation of new jobs.

Keywords: jobs, employment, foreign investments, foreign direct investment (FDI) foreign invested enterprises (FEE), joint ventures (JV), wholly owned foreign enterprises (WOFE).

INTRODUCTION

The Republic annually adopts the State Program for the Creation of New Jobs and the Promotion of Employment of the Population, so the program for 2021 included forecast indicators for the creation of permanent 457,127 new jobs (3).

A favorable investment climate is being actively formed in the republic, foreign investment is diversifying and expanding, which implies an active study of the development of all forms of international economic cooperation, including the creation and development of enterprises with foreign investment, and the management of these processes. Thus, at present, the Deputy Prime Ministers are involved in the process of attracting and developing foreign direct investment. In this regard, the processes of joint entrepreneurship are of particular relevance and require in-depth study by domestic experts. For a number of years, the interests of the authors of the article also included the implementation of joint ventures, its forms, as well as the classification of foreign investments, the importance of foreign investments in the structural

transformation of the national economy. The results of the authors' research are reflected in scientific journals, in educational and methodological manuals for the training of competent specialists in universities of economic areas [4, 5].

So, for example, studying international and domestic experience in regulating foreign investment processes, the authors came to the conclusion that enterprises with foreign investments have a great potential for the implementation of this urgent task. Today, over 11,000 enterprises operate in Uzbekistan, created with the participation of foreign capital from more than 100 countries. At the same time, it seems appropriate to study the accumulated practical experience, identify the main trends in their development, study the methodological approaches used in the republic and conduct a comparative analysis with international practice.

MATERIALS AND METHODS

As you know, the development of joint ventures is motivated by the difficulties of independent penetration into foreign markets and the need to combine the efforts of partners in the context of globalization, increased international competition and increased uncertainty in the economic sphere associated with rapid technological shifts, high costs and risks of research and development.

In world practice, it is customary to single out enterprises with foreign investments, which, according to the German professor A. Zell (Germany), are divided into foreign enterprises (IP - 100% foreign capital) and joint ventures (JV - 1-99%), which can be created on a majority basis (more than 50% of foreign capital) and a minority basis - less than 50% [6].

In the work, the authors used methods of comparison, comparative analysis. As a retrospective study shows, foreign entrepreneurial capital penetrated into Uzbekistan mainly through enterprises with foreign capital participation (FIC). Meanwhile, in the initial period of reforms, there were low shares and sizes of foreign participation in POIC. So, so in the second half of the 1990s. the share of a foreign partner in 15% in the authorized capital took place in almost 50% of joint ventures, about 50% of foreign investors entered the market of Uzbekistan with deposits of 10,000 US dollars (7). The term "enterprise with foreign investment" itself has undergone a certain evolution and, according to the legislation, today, it is "Enterprises with foreign investments in the territory of the Republic of Uzbekistan - enterprises in which foreign investments make up at least fifteen percent of the shares (shares, shares) or the authorized fund (authorized capital)" [8].

MAIN TRENDS AND RESULTS

Conducted in 2016-2021 in the republic, work on liberalization of the economy, development of competition, protection of business interests has led to an increase in the investment attractiveness of Uzbekistan for foreign investors. Thus, the number of enterprises with the participation of foreign capital increased from 4804 in 2015 to 11781 in 2020, or 2.45 times [9]. They are actively involved in attracting foreign capital to the republic. Thus, the volume of "direct and other foreign investments and loans" in fixed capital increased from \$2,387.6 billion in 2015 to \$6,382.4 billion in 2020, or 2.67 times (table 1).

The coronavirus pandemic could not but affect the results of economic development, in this regard, the relative decrease in the indicators of 2020 compared to the previous year 2019 (-

4.1%) can be considered rather a positive indicator, since as a result of the implemented measures, a sharp decline in investment flows was prevented.

Table 1. Foreign investments and loans in fixed capital of the Republic of Uzbekistan for 2015-2020, thousand US dollars.

Years	Foreign investments and loans	Direct and other foreign investments and loans
2015	3 234 900,8	2 387 610,8
2016	3 578 084,3	2 479 623,9
2017	3 578 084,2	2 493 307,1
2018	3 737 189,5	1 617 706,8
2019	9 803 456,9	6 650 802,8
2020	8 616 636,4	6 382 389,0

The table was compiled on the basis of data from the State Committee of the Republic of Uzbekistan on Statistics.

An analysis of the features of the functioning of joint ventures showed that enterprises with foreign investments act as a mechanism for transmitting positive changes in the national economy and, along with capital, bring progressive foreign technologies and management methods, make a significant contribution to the development of exports.

Each recipient country, when forming the framework conditions for foreign capital, counts, among the benefits, on an increase in employment. Our study showed that the creation of new enterprises with foreign investment is invariably accompanied by the creation of new jobs. Thus, in 2017, 5,517 enterprises with foreign investment functioned in the republic, the number of which increased to 11,781, or 1.88 times, by the end of 2020. At the same time, the number of new jobs created by enterprises with foreign capital increased from 39,656 in 2017 to 70,041 in 2020, or 1.77 times. However, it should be noted that as a result of the coronavirus pandemic, the number of jobs created at enterprises with foreign capital in the Republic of Uzbekistan decreased in 2020 compared to 2019 by 14,424 units, or by 17.1%.

The development of regional development programs, the formation of free economic zones and clusters in the regions of the republic contributed to the fact that the number of new jobs at enterprises with foreign capital in 2017-2020. increased in all regions of the republic (Table 2), while a number of regions (Fergana, Jizzakh, Namangan, Bukhara, Andijan, Khorezm regions) showed high growth rates. At the same time, some regions could not support the growth rate of new jobs in 2020 (Republic of Karakalpakstan, Bukhara, Kashkadarya, Navoi, Namangan, Samarkand, Tashkent regions, Tashkent city) and allowed a decline compared to the previous 2019, which indicates on the depth and scope of the economic crisis caused by Covid19.

Table 2. The number of new jobs created at enterprises with the participation of foreign capital in the Republic of Uzbekistan, 2017-2020, one.

Name of regions	2017	2018	2019	2020	Job growth rates in 2017-2020
The Republic of Uzbekistan	39656	49185	84465	70041	176,6
Republic of Karakalpakstan	910	789	2466	1525	167,6
Areas					
Andijan	2088	4461	1991	4678	224,0
Bukhara	650	646	2504	1528	235,1
Jizzakh	732	1292	1935	2967	405,3
Kashkadarya	960	220	2567	1287	134,1
Navoi	446	784	1707	522	117,0
Namangan	1044	1381	3838	2858	273,8
Samarkand	2578	3763	5466	3713	144,0
Surkhandarya	795	1036	1403	1537	193,3
Syrdarya	1499	1479	1386	2719	181,4
Tashkent city	7784	8133	14401	10748	138,1
Fergana	773	3081	1995	3541	458,1
Khorezm	520	354	1006	1146	220,4
Tashkent	18887	21766	44799	31272	165,6

The table is compiled on the basis of data from the State Committee of the Republic of Uzbekistan on Statistics.

At the same time, according to our assessment, the growth rate of jobs created in the republic's POIC is still not high enough, they are still slightly ahead of the growth of new enterprises with the participation of foreign capital.

Let's trace the structure of POIC and the dynamics of the development of "joint venture (JV)" and "foreign enterprise (IP)", their relationship and interdependence in practice, as the main forms of enterprises with foreign investment. Let's trace the structure of POIC and the dynamics of the development of "joint venture (JV)" and "foreign enterprise (IP)", their relationship and interdependence in practice, as the main forms of enterprises with foreign investment. If in 2001 out of 1795 enterprises with foreign capital participation only 83 enterprises (4.6%) were with 100% foreign capital (IP), then the remaining 1712 (95.4%) were joint ventures - JV [10].

We find confirmation that the large-scale structural reforms launched in 2016, the implementation of comprehensive development programs, and the real improvement in the investment climate not only strengthened the position of the republic in international rankings, but also provided strong incentives for attracting foreign investors. The growth in the confidence of foreign partners is evidenced by the fact that since 2016 there has been a tendency to actively equalize the number of joint ventures in comparison with the indicators for individual entrepreneurs, and since 2020 the number of foreign enterprises in the republic has exceeded the number of joint ventures, the ratio of which as of 01.01.2021 amounted to 48.15% and 51.85%, respectively (table 3).

Table 3. Number of operating enterprises with foreign capital participation (FIC) in the Republic of Uzbekistan, by type of FIC, 2015-2020

Years	Total PUIC (100%)	Of them:			
		Joint venture	%	foreign enterprise	%
01.01.2016	4804	2745	57,13	2059	42,86
01.01.2017	5008	2807	56,05	2201	43,94
01.01.2018	5517	3087	55,95	2430	44,05
01.01.2019	7560	4006	52,98	3554	47,01
01.01.2020	10382	5106	49,18	5276	51,82
01.01.2021	11781	5672	48,15	6109	51,85

The table was compiled on the basis of data from the State Committee of the Republic of Uzbekistan on Statistics.

CONCLUSION

The results achieved, on the one hand, are quite in line with global trends and expectations of the recipient countries. They testify to the increased stability in the republic and the improvement of business conditions. As a result, enterprises with foreign investments, where the foreign partner is the owner (IP), acquire greater (full) independence in matters of management and investment..

Meanwhile, Uzbekistan, as a recipient country that is actively investing material, financial, intellectual resources in improving business conditions, has the right to expect not only an increase in foreign investment, but also an increase in the technological level of production as a result of it, an increase in the competitiveness of domestic enterprises and sectors of the economy.

We see that the ratio of forms of joint ventures has changed towards individual entrepreneurs and, in our opinion, given the further liberalization of the economy and the improvement of the investment climate, this dynamics will only increase. In our opinion, this will require the improvement of the management of investment processes in the republic, including the improvement of analytical work on the movement of foreign capital on the territory of the Republic of Uzbekistan using new approaches and scientific research methods.

Given the importance of employment problems for the republic, which have become aggravated as a result of the coronavirus crisis, social security, guarantees for the creation (preservation) of jobs should be among the priorities of state regulation.

In this regard, it seems appropriate to use international experience, for example, India, where, when issuing permits to foreign investors, one of the conditions is to provide a certain number of jobs at the expense of the local population.

The measures taken in neighboring Kazakhstan will also serve well in providing employment for the able-bodied population in our country as well. Here, in order to protect the domestic labor market from unskilled foreign labor, to provide jobs for the local population, annually on a legislative basis determine the maximum allowable number of foreign labor that is allowed to be attracted by employers to carry out labor activities[11].

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