

## FACTORS INFLUENCING THE ATTRACTIVENESS OF THE INVESTMENT ENVIRONMENT

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### ABSTRACT

The article emphasizes the importance of the attractiveness of the investment environment today, the main factors influencing it, and their specific features. At the same time, the issues of the state and main directions of the stability of the economic and legal system, the development of the financial system and the credit market, which have a significant impact on the attractiveness of the investment environment, are highlighted.

**Keywords:** Investments, investor, property rights, interest rate, credit, innovation, inflation.

### INTRODUCTION

The investment climate is a set of economic, legal, financial and social conditions that contribute to attracting investment to a country or region. The attractiveness of the investment environment, in turn, has a significant impact on economic growth, job creation and economic stability. Countries and companies are looking to improve their investment climate as it helps them raise new funds and create a competitive advantage. In this article, we analyze the main factors that affect the attractiveness of the investment environment.

As our esteemed President noted: "The most important thing is that as a result of these reforms, we create prosperous and decent living conditions for our people." We need to create the most favorable business and investment environment, increase the number of new enterprises and jobs so that our people can receive sufficient income. "If we don't do these extremely important things ourselves, no one from outside will come and do them for us."<sup>1</sup>

### Body

Economic stability is one of the main factors of the investment climate. Investments, especially long-term investments, are based on the stability of economic growth. Fluctuations in inflation rates, exchange rate fluctuations, economic crises and the influence of external markets directly affect investors' decisions.

Economic stability is important not only at the national level, but also at the global level. If a country's economic performance, including gross domestic product (GDP), foreign trade, and public debt, is stable, a safer environment is created for investors. At the same time, low inflation and economic stagnation are supported by investors as it helps maintain the real value of their investments.

The attractiveness of the investment climate largely depends on the stability, transparency and fairness of the legal system. A system must be put in place to enable investors to protect

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<sup>1</sup>Address of the President of the Republic of Uzbekistan Mirziyoyev to the Mejlis. Khalk Suzi Newspaper, January 25, 2020, Pages 1-2.

their rights. The weakness of the legal system, especially the judicial and property ones, increases the risk of investors and makes them avoid investing.

A good legal and regulatory environment should include the following factors:

- **Intellectual property rights and patents:** Investors need secure property rights to protect their capital.
- **Transparency:** Laws and regulations should be transparent. Investors should be aware of the rules and their changes.
- **Corruption:** Low levels of corruption, as well as fair and equitable application of laws, make the investment environment more attractive.

The development of the financial system and the credit market has a significant impact on the attractiveness of the investment environment. With the help of financial instruments and the banking system, investors have the opportunity to return their investments or receive the necessary funds for the implementation of projects. The development of capital markets, including the availability of shares, bonds and other financial instruments, increases the attractiveness of the investment environment.

Also important factors for companies are the availability of credit resources, floating interest rates and transparency of lending conditions. Easy access to credit and favourable financial conditions attract new investment, stimulate economic growth and contribute to market development.

Several statistical indicators and analyses are important to study the attractiveness of the investment climate in Uzbekistan. Here are some basic information:

1. **Growth Rate:** Uzbekistan has experienced high economic growth in recent years. For example, the growth in 2023 was 5.6%. This creates a positive economic environment and business opportunities.
2. **Foreign direct investment:** The volume of foreign direct investment attracted to Uzbekistan in 2023 reached \$10.5 billion. This is one of the main indicators of the attractiveness of the investment environment.
3. **Investments in the industrial and energy sectors:** Investment projects in the field of energy, industry, agriculture and infrastructure are expanding in Uzbekistan. In particular, investments aimed at new energy sources, agricultural technologies and industrial production will increase attractiveness.
4. **International rankings:** Uzbekistan ranked 69th in the Doing Business ranking in 2020, and this score improved in 2023 as a result of economic reforms. This indicates that opportunities for international investors to do business in Uzbekistan have expanded.
5. **Legal support of foreign investments:** The Government of Uzbekistan has introduced favorable laws and benefits for foreign investors. For example, the Law "On the Protection of Foreign Investments" and other regulatory legal acts are aimed at protecting the rights of investors.
6. **Foreign trade:** The volume of foreign trade and export-import operations in Uzbekistan is expanding, which plays an important role in attracting global investors to the country's economy. In 2023, Uzbekistan's exports amounted to 19.1 billion US dollars.

7. **Capital infrastructure:** In Uzbekistan, much attention is paid to infrastructure industries, especially transport and logistics, road construction and communications. These sectors create an attractive area for investment.

All these are factors that increase the attractiveness of the investment environment in Uzbekistan. If you are interested in a particular area, I will be able to provide more details.

Another important factor affecting the attractiveness of the investment environment is the development of infrastructure and technology. Developed infrastructure—roads, power grids, telecommunications, and transportation systems—helps businesses operate efficiently. Quality infrastructure is important for attracting investment because it allows companies to produce and distribute their products quickly and easily.

In addition, investments in technological development, new innovations and scientific research will contribute to the development of the investment climate. The development of new technologies and the creation of competitive products create new opportunities for companies.

The attractiveness of the investment environment also depends on the qualifications and education level of the workforce. With a well-educated and skilled workforce, companies can operate efficiently and successfully implement technological innovations. Attracting qualified workers is also achieved through training and professional development programs. Such a workforce improves the investment climate and increases production efficiency.

Political stability is a necessary factor in the attractiveness of the investment environment. Political instability, changes in laws and the instability of the political situation of the state scare away investors. In a stable political environment, laws are immutable and long-term strategies can be developed, which encourages investors to make safe and reliable investments.

## CONCLUSION

The attractiveness of the investment environment depends on a number of important factors that complement each other and play an important role in the development of the economic system. Factors such as economic stability, legal and regulatory environment, financial system, infrastructure, workforce skills, and political stability shape the attractiveness of the investment environment and are important factors in attracting investors. By improving these factors, countries can stimulate their economic development and increase their competitiveness at the global level.

The main goal of the country is to improve the conditions for attracting foreign investment, creating a favorable investment climate in Uzbekistan, including the widespread introduction of measures to stimulate foreign investment in the country, practical assistance, and improving the financial aspects of the investment climate within the country. The importance of the investment climate in Uzbekistan is becoming increasingly important. The future of Uzbekistan's economy depends on this more than on any other factor. The complexity of economic problems can only be solved through an investment environment that ensures economic growth. This task can only be solved with the help of large-scale investment flows.

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