

MODERN PRACTICE OF REGULATING PROCESSES OF ATTRACTING FOREIGN INVESTMENTS AND APPROACHES TO ITS IMPROVEMENT

AZIMOVA HULKAR EGAMBERDIYEVNA,
HASANOVA YULDUZ MURTAZAYEVNA,
ESHEV ALIBEK SABIROVICH

^{1,2,3} independent researchers, Karshi Engineering Economics institute

ABSTRACT

Investing plays a key role in fundamental economic processes taking place at the national, regional and microeconomic levels. The socio-economic potential of the region, the prospects for its development and use, and, accordingly, the improvement of the living standards of the population depend on the qualitative and quantitative characteristics of investments. Attracting foreign investment in the economy of the region is able to provide a new quality of production through the use of advanced foreign technologies, advanced equipment, and the experience of modern management.

KEYWORDS: Foreign investment, economic processes, WTO, international economic relations.

INTRODUCTION

In recent years, Uzbekistan has intensified economic reforms to enter the world market and enter the ranks of developed countries. The use of the experience of advanced countries in the flow of capital and foreign investments into our country is becoming a requirement of the time. One of the common criteria needed to make an investment decision is to create a macro-investment climate and increase the investment attractiveness of the invested facility.

The authorities and administrations of the subject of the Republic of Uzbekistan are called upon to play a significant role in enhancing the process of attracting foreign investment, expanding its scale and increasing efficiency, implementing measures aimed at improving the investment climate, reducing financial risks, and stimulating the innovative nature of investments. In modern conditions, the actualization of this area of regional governance is associated with the upcoming entry of Uzbekistan into the WTO. Consistency, strategic orientation and productivity of government actions can be ensured through the development and implementation of a scientifically sound policy to attract foreign investment, taking into account both Uzbek realities and needs, and positive foreign experience. Meanwhile, an analysis of modern practice is more likely to indicate tactical decisions in this area made by regional authorities. This is largely due to the lack of the necessary conceptual support oriented to the promising vectors of development of the national economy and taking into account the strategic goals of the state, enterprise and organization -recipients, foreign investors.

LITERATURE REVIEW

The degree of elaboration of the topic. A significant contribution to the development of the theory of investment policy was made by E. Atkinson, A. Wagner, C. Denison, J. M. Keynes, A. Marshall, O Morgenstern, F. Perru, P. Samuelson, R. Solow, J. Tobin, S. Fisher, F. Friedman, J. Hicks, K Arrow, et al. Studies in the field of regional investment policy were conducted by domestic economists and economic geographers. N Baransky, V Belousov, A Vilensky, V. Vvedensky, V Leksin, V. May, B Preobrazhensky, I Risin, A. Shvetsov, B Shtulberg and others made a significant contribution to the development of the theory of regional investment policy.

However, the transformation of economic relations and the redistribution of power over the levels of state power in Uzbekistan put forward new unresolved problems in the theory and practice of implementing the investment policy of the regions, requiring economic science to search for the most effective forms and methods of state influence to increase the attractiveness of territories for foreign investors. The relevance of this problem, the level of its theoretical and practical development that does not correspond to modern needs, determined the choice of the topic of this study

MATERIALS AND METHODS

The theoretical and methodological basis of the study was the fundamental and applied work of domestic and foreign scientists, the development of research centers on regional problems, including investment policy. When performing work within the framework of a systematic approach, general scientific research methods were used - scientific abstraction, analysis and synthesis, expert assessments, logical modeling, the "goal tree", comparative, scenario and program-oriented.

RESULTS

In the economic literature, investment climate and investment attractiveness are often interpreted as synonymous. But the first of these is very broad and meaningful. It is, in a word, a basic description of the investment climate in a country, region, economic region or sector. An investor is advised to evaluate the investment attractiveness of a particular facility or investment project, taking into account the rating environment.

When addressing the problems of investment climate, most authors interpret the content of the categories under study. Some think that the concept of an "investment climate" reflects the optimal level of investment climate that can be implemented in the socio-economic system in a particular region [1]. It is often interpreted as "a set of political, socio-cultural, financial, economic and regional conditions that determine the quality of the business infrastructure in any country, the efficiency of investment and the potential risks of investing in capital" [2]. From this definition it can be concluded that "Investment climate is one of the factors of the external environment of the enterprise, which determines the advantages of potential investors for the enterprise". Thus, the investment climate is a set of social, economic, political and other conditions that create a certain level of attractiveness of financial investments.

There are also definitions that more accurately interpret this concept. However, investment risks that often predict the investment climate are ignored. Therefore, the description in the Encyclopaedia of Finance is most accurate and complete. According to him, the factors of investment climate are as follows:

- economic factors - the stability of local governments, the rule of law and society, the distribution of power between different political groups and parties, the status of international relations, the level of development of the legal framework, the mechanism for guaranteeing and protecting investments, and the legal conditions for investing in any area;
- social factors - social conditions of the population, the level of social tension, the existence of social conflicts, the level of development of the social sphere;
- Economic factors The most important factors are the structure of the regional economy, the level of economic development of the region, the priority of investment activity, the opportunities of the existing local market, the economic policy of the government on the development of the investment sectors, the potential for dividends abroad;
- financial factors - the balance between the regional budget and enterprise finance, the taxation system, the state of the balance of payments and the profitability of enterprises in the region;
- resources and raw materials of the region with natural resources;
- Labor factors Availability and qualification of labor resources, qualification of labor resources;
- Manufacturing factors - specifics of the industry, availability and placement of resources for production;
- Innovation factors - the level of development of science, the development and implementation of the achievements of the region's ITT, the intellectual and educational level of the population;
- Infrastructure Factors - Territorial and geographical position of the region, development of infrastructure, creation and security of the region, development of telecommunication systems, availability of investment infrastructure, development of market economy infrastructure;
- Environmental factors - the level of environmental pollution, the climatic conditions in the region;
- Criminal factors - corruption of the government, crime rate in the region.

As a rule, the investment climate factors are classified according to the impact of society on their objective and subjective possibilities. The initial factors vary, and the next factors will depend on human activities. It is also possible to distinguish both positive and negative aspects of the investment climate [3].

These are the conditions that help to create a favorable investment climate and increase investment activity in the country:

- High potential of the domestic market;
- High rate of return;
- low level of competition;
- stable tax system;
- Low cost of resources: raw materials, labor and financial resources;
- Effective government support.

The following are factors that impede the development of investment processes and worsen the investment climate in the country:

- political instability;
- social tension, aggression, war of mafia structures, religious and ethnic conflicts;
- High inflation;
- High refinancing rate;
- High level of external and internal debt;
- budget deficit;
- Passive balance of payments;
- underdeveloped legislation, including non-compliance with investment laws;
- High transactional costs.

Thus, the investment climate can be considered as a set of political, socio-economic, financial, organizational and legal and geographical factors that may or may not attract potential investors. It is a set of political, socio-cultural, financial, economic and legal conditions that determine the quality of the business infrastructure, the efficiency of investment and the likelihood of investment risks. In other words, the investment environment balances the investment efficiency and the investment risks.

Factors determining investment risks. In order to understand the nature of the studied category and to form the author's point of view on its content, it is necessary to analyze the factors that contributed to the development of the investment climate.

Among the common factors that are one of the most important elements of the investment climate in the region, which have a strong impact on investor preferences, according to economic literature, the following can be distinguished:

Assessment of investment climate. It is very difficult to assess the exact investment climate. It is recommended to evaluate it as positive, negative, neutral [4].

Assessment of the investment climate is a factor in optimizing the flow of capital investments. It is administered by consulting firms, banks, newspapers, magazines, government agencies, such as the US Department of Commerce, insurance companies, and pension funds.

Investment attractiveness is at the heart of the investment climate. It is understood that there are certain conditions affecting the choice of the investee. These terms include:

- investment potential - quantitative description of investment attractiveness;
- Investment risk - description of investment attractiveness;
- qualitative assessment of investment attractiveness.

The countries studied in the investment climate are their regions, cities and sectors. There are many methods for assessing the investment climate and the methods used are different. In a number of countries, including Japan, methods are described using no quantitative estimates. However, the numerical method of economic indicators is quite common.

Given the significant economic and political differences between some countries, it is difficult to pinpoint the specific benefits of various sectors of the national economy. Countries with transition economies, including Russia, use the Beri Index method. The valuation is based on 15 criteria and measured in percent: political stability - 12, economic growth rate - 10, currency conversion - 10, long-term crediting and investment conditions for foreign investors - 8, short-term lending opportunities - 8, salaries and labor productivity costs - 8, devaluation - 8, balance of payments - 6, deal - 6, foreign investment and income - 6, nationalization: start to residents to their advantage - 6 level of regulation by the state, bureaucratic procedures, local governments and 4 - 4, the organization of transport and communications - 4, experts and services - 2.

Each criterion was assessed at very favorable points from one to the most undesirable. The Beri index is a synthetic indicator and is the sum of expert evaluation scores for individual component criteria. This approach has been subjected to some degree of subjectiveness, first and foremost, when it comes to risk assessment.

The rating of various national and international agencies is important in assessing the investment climate. The largest and most popular rating agencies were first established in the United States. Moody's Investors, Standard & Poor's, Fitch - IBCA. They have offices in more than a dozen countries and operate according to the same standards as all countries, and use the same evaluation methods and rating scales [6]. While this is positive on the one hand, ratings on international financial markets do not take into account national or regional specifics.

One more thing. Rating agencies' data may not provide detailed coverage of the investment climate. The reason is that they do not fully reveal the complex economic system of the country. However, this information can help investors make the right choice of the object to be invested in. International agencies are required to maintain a balance between the interests of many investor countries and recipients when setting the rating. This leads to a conflict of interest, given the complexity of the country risk assessment. Even the global economic downturn, which began in 2008 and has spread all over the world, is believed to be the reason why rating agencies have misjudged the welfare of US companies and banks [7].

At present, agencies rely on the opinion of the public and the financial institutions, and draw their conclusions using the main parameters. In fact, they need to shape themselves. Otherwise, the quality of the conclusions will continue to deteriorate.

At the G-20 summit on the global financial and economic crisis, the G-20 summit said that the world's financial analysis system was revised.

Russia proposes to establish a new international rating agency. It may be established by the participating States. The purpose should not be to make a profit, but to give a fair assessment of the financial condition and economic processes of companies.

Among the measures taken to create a favorable investment climate in Russia are the following:

- development of public-private partnerships, which can significantly increase the efficiency of investment projects through the use of public and private investment;
- Improving the legal framework for investment activities;
- formation of investment infrastructure;
- development of long-term crediting system;
- development of small business.

The following specific measures should be considered in this area:

- amend or abolish various laws that make it difficult to carry out entrepreneurial and investment activities;
 - privatization of large federal packages owned by the federal government and reducing the impact of state-owned companies on investment climate, with the addition of independent directors with the participation of heads of federal executive agencies, in addition to the board of directors;
- Strengthening of control over corruption crimes [9].

To sum up, the investment climate is complex and multi-level. This complexity, as we have already mentioned, is shaped by many factors that create conditions for investment activity. The multilevel nature of the investment climate means that it is assessed at the national, regional and economic levels. If the country has a strong rating for a foreign investor, then regional and sector rankings are important for foreign and local investors.

The investor chooses the asset to be invested by assessing the investment attractiveness. The approach to its evaluation varies depending on whether the object is new or moving. However, in any case, the efficiency and risk of investing are as important as the investment climate assessment. Only the approaches to solving this problem are different.

Table 1
The effects of regional policies to attract foreign investment

Subjects	Effect Types
Regional authorities and administrations	increasing the competitiveness of the economy, the level of its integration into the all-Uzbekistan and world economic space, the development of the social sphere and the growth of its contribution to the increase of innovative potential and the growth of human capital in the region; increase in the tax base of recipient organizations and, on this basis, regional and local budget revenues; increasing household income and employment levels; growth in the region's share in the total Uzbekistan volume of foreign investment; minimization of environmental damage from the activities of enterprises, improvement of the environment
Foreign investment recipients	increasing the competitiveness of products and services; expanding the financial base for the modernization of the material and technical base and technology of organizations; ensuring financial sustainability; increase in functioning capital and increase in its profitability; expansion of economic and organizational opportunities for the development of promising segments of the national and global markets for goods and services; stabilization of the composition of the most skilled workers; development of productive world experience in various areas of organization management; reduction of transaction costs associated with the processes of searching and attracting foreign investment, access of regional organizations to world markets for goods and services
Institutional Investors	acquisition of rights to products in high demand (in accordance with production sharing agreements); obtaining ownership of scientific and technological developments, inventions; reduction of investment risks, including those related to state support and guarantee; increasing the profitability of investments received during the joint work of the recipient and investor; creation of long-term economic guarantees to investors; reduction of transaction costs associated with the processes of allocation of investment resources, control and opposition to the opportunistic behavior of owners and management of recipient organizations.
Individual Investors	obtaining a higher quality education in a number of specialties than national; obtaining an education in a specialty that is absent in national universities; cost savings due to lower tuition at Uzbek universities than in foreign

CONCLUSION

Productive elements of the state policy of attracting foreign investment in foreign countries, suitable for use in the national regional practice of international investment cooperation, are, among others: phased access of foreign investors to an ever-increasing territory of the country, to new sectors and spheres of the national economy; a consistent increase in the diversity of forms of use of foreign investment; concentration of foreign investment in regions of high interest to the state and foreign participants; decentralization of state powers to support the process of attracting foreign investment; monitoring the results of government activities to stimulate the processes of attracting foreign investment and the necessary correction of its content; differentiation of tax incentives for investors depending on the level of development of the region; clear conditions for the provision of state financial support to investors, including foreign ones; declarative procedure for registration of enterprises with foreign capital.

A developed area of foreign investment in the world market is the export of educational services. At the same time, countries that have begun to develop this segment apply the following set of rules: they provide a high level of education at various levels of education; offer lower prices than traditional exporters of educational services; formed a state policy of support and development of international education; provide a foreign student with the opportunity to receive temporary work while studying; provide foreign students with state

guarantees that mitigate financial risks; focus on geographically close regions; they use the image of prosperous, politically and economically stable countries and the high rating of national universities.

The analysis of international investment cooperation of the most active republican regions in the field of regulation of the processes of attracting foreign investment allowed us to identify key areas and tasks of improving the regulation of these investments. Among them: adoption of legislative acts of the subjects of the Republic of Uzbekistan containing guarantees against the most important non-commercial risks; the transition to pro-active management, stimulating the attraction of foreign investment in areas consistent with the long-term vectors of development of the region; initiation by the regional authorities of the processes of development and implementation of large investment projects with the participation of foreign capital; development of infrastructure services for investments and the increasing role of regional marketing.

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