

FORMATION OF A NEW INVESTMENT CLIMATE AND CREATION OF NEW OPPORTUNITIES FOR INVESTORS UZBEKISTAN

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***Annotation:** The article discusses the issues of creating a new investment climate in Uzbekistan. It is substantiated that over the past few years there has been significant progress in the country, which is positively assessed by international experts and opens up new opportunities for investors. Special attention is also paid to the analysis of necessary measures to more actively attract foreign investment.*

***Key words:** investment climate, foreign investment, investment potential, competitiveness in the global investment market.*

Introduction: In modern realities, a necessary condition for ensuring sustainable socio-economic development of countries is skillful integration into the world economy and the active attraction of foreign investment. Increasing the attractiveness of the business environment and investment climate is one of the most relevant and important priority areas in the “Strategy of Action for Five Priority Areas of Development of the Republic of Uzbekistan in 2017-2021”. [1]

Uzbekistan is a country with great investment potential; it is no coincidence that President Sh.M. Mirziyoyev, in his next Address to Parliament dated December 28, 2018, proclaimed 2019 “The Year of Active Investments and Social Development.”

In his speech, he noted that “investment is the driver of the economy, figuratively speaking, its heart. New technologies, advanced experience, highly qualified specialists are coming to all industries and areas, to all regions with investments, and entrepreneurship is developing rapidly”. [2]

Degree of knowledge. Many scientists such as V. Butenko, G. Marchenko, I. Nematova, A. Nazirova, Sh. Abdullaeva, A. Karimova, Z. Niyozov, R. Kroszner, L. Laeven, M. Hiwatari and others worked on work devoted to the formation of a new investment climate in Uzbekistan.

The methodological basis is the speeches and works of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev, monographs and articles of scientists, reports and reports of international economic and financial organizations, as well as experts and consultants from such world-famous companies as BCG (Boston Consulting Group), Baker McKenzie, RB Partners and others.

Main part. A favorable investment climate is a necessary condition for achieving consistently high economic development, attracting investment into regions and industries, and intensifying business activity. It promotes investment in major production and social projects, as well as increasing the ability to implement innovations and improves the quality of social and economic development.

Re-establishing the Ministry of Investment and Foreign Trade (MIFT) of the Republic of Uzbekistan in a new capacity is one of the most important state investment policies, the coordination of which is aimed at attracting foreign investments, primarily direct ones, cooperation with international financial institutions (manager’s offices) and foreign government financial organizations, as well as the formation and coordination of a unified state policy in the field of foreign trade and international economic cooperation.

The main directions of MIVT:

- attraction of foreign investments
- promotion of investments in various sectors of the economy and regional development

- further improvement of the investment climate of the Republic of Uzbekistan
- assistance in the development of companies with the attraction of FDI
- organization of investment forums, conferences and seminars in Uzbekistan, as well as abroad
- participation in tender procedures related to import contracts for investment projects.

Also, to improve the business environment, the government of Uzbekistan made many changes in 2017, including:

- abolition from January 1, 2017 of unscheduled and seemingly arbitrary or punitive inspections of enterprises;
- the abolition of the requirement to convert certain percentages of export earnings into hard currency at the official (artificially low) exchange rate;
- simplification of procedures for registering enterprises;
- creation of a business ombudsman office;
- the law “On Combating Corruption”, which is aimed at increasing the transparency of the activities of the government of Uzbekistan.

The legislation of the Republic of Uzbekistan in the field of investment in connection with the Presidential Decree “On measures to radically improve the investment climate in the Republic of Uzbekistan”[4] has become one of the most advanced in the legislative system of the CIS countries, incorporating the main provisions of international investment law, provisions on guarantees of the rights of foreign investors, provision of certain preferences for investors and others. In particular, it was decided to:

- abolition of the mandatory procedure for concluding export contracts for fruits and vegetables at prices not lower than the prices published by Uzagroexport JSC, as well as customs clearance of fruits and vegetables carried out without concluding an export contract, on the basis of an invoice, at prices not lower than prices listed on the official website of Uzagroexport JSC[12].

In the Republic of Uzbekistan there are no restrictions regarding the form of investment. Foreign investors can create enterprises on the territory of the republic in any organizational and legal form permitted by law. Today, potential investors have ample opportunities in a variety of forms of investment:

- creation of a joint venture;
- creation of an enterprise with 100% foreign capital;
- acquisition of part or a full block of shares of privatized enterprises.

In the period from January to April 2020, the total volume of disbursed foreign investment amounted to \$2.5 billion, including foreign direct investment - \$1.7 billion and foreign loans - \$831 million. At the same time, the growth rate was similar to the 2019 indicator was 1.6 times. The share of utilized foreign direct investment in total investment increased to 26%. During the reporting period, 336 projects were put into operation: 8 large manufacturing enterprises and 328 industrial facilities of regional importance. The leaders in attracting investments into the economy of Uzbekistan were Russia, China, Germany and South Korea, and the total

the number of countries investing in the country's economy was 37. The most attractive for investors at the end of the period under review were the electrical industry (24 times growth compared to the same period in 2019), chemical industry (13 times growth), leather and footwear (growth – 2.5 times) of the industry. The oil and gas industry also demonstrate good performance (growth by 2.3 times) industry and production of building materials (growth – 1.6 times). [15] At the same time, the growth trend in the flow of foreign direct investment and loans into projects of regional importance has strengthened, the total value of which in the reporting period amounted to \$958 million, an increase of 2.6 times compared to the same period in 2019. High growth dynamics by region are observed in Jizzakh (13 times), Namangan (9.4 times) and Surkhandarya (4.2 times) regions.[13] In accordance with the Presidential Decree On measures to implement the investment program of the Republic of Uzbekistan for 2019”, the most effective methods are being created to attract FDI and for the implementation of the project, the “Investment Portal of

Uzbekistan” has been developed. According to the State Program, a draft regulatory act “On the creation of a free 24-hour telephone line for investors” was developed.

Conclusion. In conclusion, based on the analysis of investment potential and changes in the investment climate, we can conclude that, taking into account the large-scale transformations undertaken that began in the fall of 2016, the economic and political prospects for the development of Uzbekistan look positive, which is necessary to actively attract foreign investment in the coming years to Uzbekistan.

To improve the investment image, it is necessary to establish constructive interaction with international rating agencies. It is imperative to introduce systematic work to improve Uzbekistan’s position in the rankings.

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