

**STRATEGIES FOR ATTRACTING FOREIGN INVESTMENT:
INTERNATIONAL EXPERIENCE AND OPPORTUNITIES FOR
APPLICATION IN UZBEKISTAN**

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The experience of countries around the world shows that the active attraction of foreign investments to the country's economy is one of the important factors in ensuring economic development. This issue, first of all, depends on the investment attractiveness of the country, the conditions created for foreign investors and the investment policy pursued in the country. In turn, the active attraction of foreign investments to the country's economy creates opportunities for further socio-economic development of the country and ensuring the well-being of the population, implementing structural changes in production and its intensive development, introducing modern technologies in the sectors of the economy to produce competitive products, high-tech production for deep processing of mineral raw materials and agricultural resources, and increasing the country's export potential. "Ensuring such an opportunity and the effectiveness of economic and social reforms aimed at achieving it directly depend on the extent and form of their attraction.

According to the United Nations Conference on Trade and Development (UNCTAD), "the volume (flow) of foreign investment has decreased in all countries due to the crisis caused by the Covid-19 pandemic. However, the greatest losses have occurred in countries with developed economies, with this indicator decreasing by 80 percent in European countries and by 40 percent in the United States." For this reason, most countries in the world are paying special attention to ensuring economic and social development based on the active attraction of foreign investment, primarily foreign direct investment.

In world practice, scientific research is being conducted to attract foreign investment to the country on a large scale, create favorable conditions for foreign investors, ensure the investment attractiveness of regions, effectively use the country's investment potential, conduct an active investment policy, and improve the forms of attracting foreign investment. In these scientific studies, special attention is paid to the issues of providing various financial (tax) benefits for foreign investors, developing stock markets, creating free economic zones, and developing investment programs of various levels. However, under the influence of the crisis that began after the pandemic, the volume of foreign direct investment in the world in 2020

decreased by 35% compared to the previous year, amounting to 1 trillion US dollars. Restrictive measures introduced around the world against the pandemic have had a negative impact on investment projects being implemented. This is a very serious problem, and international investment flows are a vital factor in the sustainable development of developing countries and countries with economies in transition. This indicates the need for scientific research to improve the attraction of foreign investment to the economy.

Uzbekistan is implementing large-scale reforms aimed at actively attracting foreign investment, establishing free economic zones, guaranteeing and protecting the rights of foreign investors, creating favorable conditions for attracting foreign direct investment, and radically improving the investment climate. "Priority tasks have been set to actively attract foreign investment to sectors and regions of the country's economy through improving the investment climate, effectively using attracted foreign investments and loans, modernizing production, conducting an active investment policy aimed at technical and technological renewal, and implementing production, transport, communication, and social infrastructure projects." However, the achievement of such priority tasks requires, first of all, a radical improvement in the investment climate in the country. In this regard, the following comments further clarify this issue: "...it is necessary to effectively use the attracted foreign investments, to work intensively and systematically in this regard", "...the state of attracting investments to production sectors in the regions does not meet the requirements." Because in such conditions, the issues of actively attracting foreign investments to the national economy are of particular importance.

For example, if we look at the example of Japan, for decades Japan has actively developed methods for attracting foreign investment and has successfully used them to stimulate economic growth.

Although Uzbekistan and Japan have significant differences in their economic structure, political system, and investment environment, there are several methods and strategies that could be useful for Uzbekistan based on Japan's experience:

1. Stability of the legal environment. Japan has a high level of legal protection for investors, which helps attract foreign investment. Uzbekistan can also work on improving the legislative framework to protect investor rights.

2. Support for small and medium-sized businesses. Japan actively supports small and medium-sized businesses through various measures such as preferential loans and tax breaks. Uzbekistan can study and implement similar measures to encourage the development of small and medium-sized businesses.

3. Focus on technological development. Japan is known for its innovative technologies. Uzbekistan can also seek to attract investment in high-tech sectors such as information technology, medical technology, and clean energy.

4. Infrastructure projects. Japan is investing heavily in infrastructure, including transport networks, energy, and communications. Uzbekistan can attract foreign investment to modernize its infrastructure, which will help develop the economy and increase competitiveness.

5. Cooperation with the private sector. Japan is actively cooperating with the private sector to implement investment projects. Uzbekistan can develop partnerships with private companies to jointly implement investment projects and use the experience of foreign companies.

6. Education and development of human resources. Japan attaches great importance to education and human resources development. Uzbekistan can invest in the training and education of highly qualified specialists to attract investment in high-tech sectors of the economy.

7. Strengthening trade and economic ties. Japan is actively developing international economic cooperation by signing free trade agreements and bilateral investment treaties. Uzbekistan may also seek to conclude such agreements in order to create a favorable investment climate.

According to my last update in January 2022, China is actively using various methods to attract foreign investment and develop its economy. One of the main tools of China's economic policy is the Silk Road strategy, also known as "One Belt, One Road" (OBOR). This initiative aims to create a network of trade routes and infrastructure connecting China with Europe, Asia and Africa, thereby expanding trade relations and attracting foreign investment.

In addition, China is actively developing its technological industries such as artificial intelligence, cyber security, space industry, etc., which attracts foreign investment in these fields.

China has extensive experience in attracting foreign investment and using it for economic development. Here are the main methods used by China that could be beneficial for Uzbekistan:

1. Openness to foreign investment. China has established special economic zones and free trade zones, offering investors preferential treatment such as tax

breaks and simplified registration procedures. This has attracted many foreign companies and contributed to capital inflows.

2. Infrastructure projects. China has invested heavily in infrastructure projects such as roads, ports, railways, and energy facilities. These investments have served the development of regions and created favorable conditions for entrepreneurship.

3. Promotion of international trade. China actively participates in international trade and cooperation, which attracts foreign investment. Signing free trade agreements and participating in international initiatives such as the "Belt and Road" will contribute to economic development.

4. Technological cooperation. China is actively developing cooperation with other countries in the field of science, technology and innovation. This could be beneficial for Uzbekistan to attract investment in the development of high-tech industries.

5. Human capital development. China is focusing on education and training to help create a competitive labor market. Uzbekistan can also invest in education and training to attract foreign investment in various sectors.

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