



**METHODS AND IMPORTANCE OF ATTRACTING FOREIGN DIRECT
INVESTMENTS TO OUR COUNTRY**

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Abstract: *The question of the place and role of foreign investment in the economy of Uzbekistan is of paramount and predetermining importance for further sustainable and balanced development, for which it is important to determine the level, conditions, forms and ways of integrating the country into the international capital market. This article is devoted to the study of ways to attract foreign investment in the economy of the Republic of Uzbekistan. The article analyzes the existing problems and the state of the investment climate of the Republic of Uzbekistan, and also develops proposals to improve the creation of a favorable investment climate to attract foreign investment.*

Key words: *investment climate, investments, FDI, economics, national economy, control.*

Аннотация: *Вопрос о месте и роли иностранных инвестиций в экономике Узбекистана имеет первостепенное и предопределяющее значение для дальнейшего устойчивого и сбалансированного развития, для чего важно определить уровень, условия, формы и пути интеграции страны в международный рынок капитала. Данная статья посвящена изучению способов привлечения иностранных инвестиций в экономику Республики Узбекистан. В статье анализируются существующие проблемы и состояние инвестиционного климата Республики Узбекистан, а также разрабатываются предложения по совершенствованию создания благоприятного инвестиционного климата для привлечения иностранных инвестиций.*

Ключевые слова: *инвестиционный климат, инвестиции, ПИИ, экономика, национальная экономика, контроль.*

Annotatsiya: *Xorijiy investitsiyalarning O'zbekiston iqtisodiyotidagi o'rni va roli masalasi keyingi barqaror va muvozanatli rivojlanish uchun eng muhim va oldindan belgilab beruvchi ahamiyatga ega bo'lib, buning uchun mamlakatni integratsiyalashuv darajasi, shartlari, shakllari va usullarini aniqlash muhim ahamiyatga ega. xalqaro kapital bozori. Ushbu maqola O'zbekiston*



Respublikasi iqtisodiyotiga xorijiy investitsiyalarni jalb qilish yo'llarini o'rganishga bag'ishlangan. Maqolada O'zbekiston Respublikasining investitsiya muhitining mavjud muammolari va holati tahlil qilinadi, shuningdek, xorijiy investitsiyalarni jalb qilish uchun qulay investitsiya muhitini yaratishni takomillashtirish bo'yicha takliflar ishlab chiqiladi.

Kalit so'zlar: *investitsiya muhiti, investitsiyalar, TDI, iqtisodiyot, milliy iqtisodiyot, nazorat.*

INTRODUCTION:

Attracting foreign investments has become a crucial aspect of economic development for countries around the world. In an increasingly interconnected global economy, nations are competing to secure foreign capital to stimulate growth, create employment opportunities, and enhance their competitiveness. The methods employed to attract these investments and the importance placed on their acquisition have significant implications for a country's economic well-being. This article explores various methods utilized by countries to attract foreign investments and highlights the significance of this phenomenon in fostering economic growth, technological advancement, and overall prosperity. By understanding these methods and recognizing their importance, policymakers can effectively shape their investment strategies to optimize the benefits gained from foreign capital inflows. Globalization of world economic relations leads to diversification of forms and directions of international competition, methods of struggle for possession and control of technological, labor, intellectual, natural and investment resources. The formation of an optimal structure of the economy with a predominance of the share of services, and high-tech products in it is becoming increasingly important. In the context of globalization, countries that actively participate in the international scientific, technical and information exchange, have a developed infrastructure, highly qualified workforce win, which is ensured by the presence of sufficient capital and its free movement in countries. Financial globalization requires a review of the existing system of theoretical and practical knowledge about the functioning of the world economy from the point of view of the international movement of capital in the form of investments.

It is generally recognized that only high growth rates of the state economy and per capita incomes can ensure the preservation of socio-political stability in the country. At the same time, the growth of gross domestic product and per capita incomes can be achieved by attracting foreign direct investment in the structural adjustment of the country's economy. To this end, the government has adopted and is implementing appropriate investment and industry programs. In his message in his message to the Parliament of the Republic of Uzbekistan, President Mirziyoyev Sh.M. noted "... the country is obstructed by an outdated management system in the economy, inactive implementation of innovative ideas".



LITERATURE REVIEW:

The methods employed to attract foreign investments have been extensively studied and analyzed in academic and policy literature. This section provides a literature analysis of the different approaches and strategies utilized by countries to attract foreign investments, as well as the effectiveness of these methods.

1. Stable and Favorable Investment Climate:

Numerous studies emphasize the importance of a stable and favorable investment climate in attracting foreign investments. Research by Dunning and Lundan (2008) suggests that countries with strong legal frameworks, protection of property rights, and transparent regulatory environments are more successful in attracting foreign direct investment (FDI). A study by Li and Resnick (2003) found that political stability and the rule of law significantly influence FDI inflows.

2. Investment Incentives:

The use of investment incentives has been a common method employed by countries to attract foreign capital. Research by Blomström and Kokko (2003) suggests that investment incentives, such as tax breaks and subsidies, can effectively attract FDI. However, the effectiveness of these incentives varies depending on factors such as the level of development, industry characteristics, and the overall investment climate (UNCTAD, 2020).

3. Infrastructure Development:

Infrastructure development is another critical factor in attracting foreign investments. Studies by Asiedu and Lien (2011) and Calderón et al. (2014) highlight the positive relationship between infrastructure quality and FDI inflows. Well-developed transportation networks, reliable power supply, and efficient logistics contribute to reducing operational costs and improving the business environment.

4. Skilled Workforce and Education:

The availability of a skilled workforce is a significant consideration for foreign investors. Research by Borensztein et al. (1998) suggests that human capital, measured by factors such as education levels and skill sets, positively affects FDI inflows. Countries that invest in education and vocational training programs to enhance the capabilities of the local workforce can attract more foreign investments (OECD, 2019).

5. Market Access and Trade Agreements:

Access to markets and participation in trade agreements play a crucial role in attracting foreign investments. Studies by Egger et al. (2015) and Limão and Venables (2001) highlight the positive relationship between market size, trade openness, and FDI inflows. Countries that actively engage in regional or international trade agreements can expand market access for foreign investors and promote export opportunities.



6. Investment Promotion and Marketing:

Investment promotion and marketing efforts play a significant role in attracting foreign investments. Research by Markusen (2002) suggests that proactive investment promotion agencies and targeted marketing campaigns positively impact FDI inflows. Participating in international investment conferences and trade fairs also provides opportunities to showcase investment opportunities and attract potential investors.

7. Political Stability and Governance:

Political stability and good governance are essential for attracting foreign investments. Research by Habib and Zurawicki (2002) and Busse and Hefeker (2007) highlight the importance of political stability, low corruption levels, and efficient public administration in attracting FDI. A transparent and accountable government inspires confidence and minimizes investment risks.

8. Sector-Specific Strategies:

Sector-specific strategies can be effective in attracting foreign investments. Research by Lall (2000) suggests that focusing on industries with high growth potential, such as technology, manufacturing, tourism, or renewable energy, can attract foreign investors interested in those sectors. Tailoring policies and incentives to specific industries can enhance a country's competitiveness and attractiveness.

In conclusion, the literature analysis reveals that a combination of factors contributes to the success of attracting foreign investments. A stable investment climate, investment incentives, infrastructure development, skilled workforce, market access, investment promotion, political stability, and sector-specific strategies all play significant roles. Understanding these methods and their effectiveness can guide policymakers in formulating comprehensive investment strategies that maximize the benefits derived from foreign capital inflows. By implementing suitable measures, countries can attract foreign investments, stimulate economic growth, foster technological advancements, and improve overall prosperity.

DISCUSSION:

The discussion section provides an opportunity to delve deeper into the methods and importance of attracting foreign investments to a country. It explores the implications of foreign investments on economic growth, job creation, technological advancements, and overall development. Additionally, it addresses potential challenges and considerations associated with attracting foreign investments.

1. Economic Growth and Job Creation:

Foreign investments have a significant impact on a country's economic growth. The infusion of capital from foreign investors stimulates domestic investment, leading to increased production, productivity, and overall economic activity. This, in turn,



creates job opportunities and reduces unemployment rates. Studies by Borensztein et al. (1998) and Javorcik (2004) have shown a positive relationship between foreign investments and employment generation.

2. Technological Advancements and Knowledge Transfer:

Foreign investments often bring advanced technologies, managerial expertise, and research and development capabilities to the host country. This technology transfer can enhance domestic industries' competitiveness and foster innovation and productivity growth. Research by Keller (2004) and Blalock and Gertler (2008) emphasizes the importance of foreign direct investment in improving technological capabilities and knowledge diffusion.

3. Enhanced Global Competitiveness:

Attracting foreign investments can contribute to a country's global competitiveness. Foreign investors bring not only capital but also access to international markets, networks, and distribution channels. This exposure helps domestic firms expand their reach, improve export capabilities, and become more integrated into global value chains. Studies by Egger et al. (2015) and UNCTAD (2020) highlight the positive impact of foreign investments on a country's export performance.

4. Development of Local Supply Chains:

Foreign investments often lead to the development of local supply chains as foreign investors seek to source inputs locally. This can create opportunities for domestic suppliers, fostering their growth and development. The establishment of supply chains can also contribute to the overall industrialization and diversification of the host country's economy.

5. Challenges and Considerations:

While attracting foreign investments offers numerous benefits, there are also challenges and considerations to be addressed. These may include potential risks associated with overreliance on foreign investments, the need for effective policies to ensure technology spillovers to the domestic economy, and the importance of balancing the interests of foreign investors with the country's long-term development goals. Additionally, mitigating the potential negative impacts on local industries, communities, and the environment requires careful planning and regulation.

6. Sustainable Development:

As countries seek to attract foreign investments, it is crucial to ensure that investments align with sustainable development goals. Policymakers should consider environmental, social, and governance factors in attracting investments and encourage responsible business practices. This includes promoting sustainable industries, supporting renewable energy initiatives, and safeguarding labor rights and



environmental protection. In conclusion, attracting foreign investments is a multifaceted process that has far-reaching implications for a country's economic growth, technological advancements, and overall development. The methods employed to attract foreign investments should be aligned with the country's long-term development goals and sustainable practices. By understanding the importance of foreign investments and addressing associated challenges, countries can leverage these investments to foster economic prosperity, job creation, technological advancements, and enhance their global competitiveness in a rapidly evolving global economy.

RESULTS:

Nowadays, Uzbekistan has economic and political relations with foreign countries. Our country is becoming an integral part of the world community.

Current leading today such as Russia, Japan and a number of Southeast Asian countries leading sectors of our economy in cooperation with countries modernization, technical and technological re-equipment, production extensive introduction of innovative technologies is underway.

It is worth noting that the production modernization, localization, development of import-substituting goods production and, of course, most importantly exports, exports of final products expansion of geography, development is the locomotive of reforms is calculated.

Natural resources, agricultural products, the bulk of the labor force location in the regions, attracting foreign investment to the regions through the development of industry, exports, the elimination of unemployment serves as an engine. In the last two years it has provided all the benefits for foreign investors establishment of free economic zones in the regions we can cite as proof of our point.

Ensuring comprehensive and balanced development of the regions, from the existing natural resources, production and labor potential of the regions rational use, optimal placement of productive forces and the living standards and quality of life of the population should be gradually improved. Such their geographical location, climate, history, location to achieve the goals small and family businesses based on factors such as resources attention should be paid to development. These works are clearly and meticulously designed should be done on a program basis.

Competitive, which is in great demand in foreign markets mineral raw materials and agriculture that provide the production of products modern productions on deep processing of economic resources convenient for attracting foreign and domestic investment in the organization creation of conditions, as well as Samarkand, Bukhara, Fergana and Khorezm complex and efficient from the production and resource potential of the regions use, on this basis to create new



jobs and incomes As a continuation of Navoi, Angren and Jizzakh SEZs, "Urgut" of the President of the Republic of Uzbekistan dated January 12, 2017. Establishment of Gijduvan, Kokand and Hazarasp free economic zones decree was issued.

Increasing the investment attractiveness of the regions in our country. The following suggestions can be made for the purpose:

More existing economic opportunities in the regions of the country foreign investors with the available opportunities in them by researching the notification system needs to be improved. Based on the analysis of the economic potential of the regions identification of locomotive sectors of the economy;

Establishment of development funds in the regions;

Improving production infrastructure in rural areas, as well. Their main crops are cotton, silk, leather, wool, fruits and melons, as well as livestock products.

In conclusion, it can be said that diversification in the country organization of competitive production and services, immunity against any possible crises through improvement can be formed. It is currently ready for export own products in the world market by increasing the competitiveness of our products our position can be strengthened. This is the case without foreign investment there is no chance of success. Another contributing factor to this is alienation many of our workers working in the hands as qualified personnel are returning to our country. We are beyond their potential we must not forget to use.

CONCLUSION.

Thus, in order to attract foreign investments in the economy of Uzbekistan, the following tasks are required:

Attracting as many foreign investors as possible and creating a favorable investment climate.

Effective use of own investments along with foreign investments.

Stimulating foreign investment in order to increase the efficiency of enterprises.

Creating the infrastructure necessary for scientific and innovative progress in order to increase the competitiveness of domestic goods in the international market.

The need to reform the system of licensing procedures in Uzbekistan in relation to foreign investors is due to the following objectives:

to ensure a favorable investment regime by reducing the high costs of doing business, reducing administrative procedures, increasing the transparency of obtaining licenses and permits, eliminating excessive bureaucracy during various procedures, improving the quality of services provided to investors;

reduction of the bureaucratic burden on investment activities while maintaining effective state regulation of business;



achieving transparency of legislation in the field of licensing procedures.

The achievement of these goals in the future is possible through the following alternative ways:

The government in the long term is aimed at improving the efficiency of public administration of the economy by replacing administrative instruments of control over the activities of business entities with indirect regulation mechanisms.

Introducing targeted institutional changes for passing licensing procedures, which provide for improving the quality of services when issuing permits.

An alternative solution is the establishment of an institute that would become a single state body for interaction with a foreign investor to assist it in passing licensing procedures of the institute.

This idea assumes that an investor must go to only one authorized body to go through all the procedures necessary to start and conduct business in the recipient country. Thus, an important priority, designed for the long term and crucial for the growth of potential, the country's power and competitiveness of the economy, is the implementation of an active investment policy for the implementation of strategically significant projects aimed at modernizing, technical and technological updating of leading basic industries, developing a powerful modern network of transport and infrastructure communications.

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