

ROLE OF FOREIGN INVESTMENT IN THE FURTHER IMPROVEMENT OF THE COMPETITIVE STRATEGY IN THE CONDITIONS OF MODERNIZATION OF THE UZBEKISTAN ECONOMY

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ANNOTATION

In developing countries, economic growth and foreign investment are essential to reduce poverty and improve people's living standards. The role of foreign investments in the further development and increase of the competitiveness of the Uzbek economy is invaluable. The economic and political reforms being carried out in our country today are opening the way for the development of our economy.

Key words: economy, modernization, competition, strategy, improvement, investment climate, investment potential.

RELEVANCE OF THE TOPIC

Over the past few years, Uzbekistan has experienced rapid economic changes, and it is increasingly appearing in the international community as a symbol of openness, renewal and resilience in overcoming various barriers to business and investment. In developing countries, economic growth is essential to reduce poverty and improve people's living standards. Private sector enterprises play an important role in achieving high rates of economic growth. This is especially true in the context of the globalization of the world economy in recent years.

Trade, especially exports and foreign direct investment, play an increasingly important role in the economic growth of developing countries. Developing countries can increase income and employment by developing exports and attracting foreign investment. The economies of developing countries are highly dependent on foreign trade, with exports accounting for 20-35 percent of GDP. According to the Ministry of Investment and Foreign Trade, in 2019 this figure will reach 42.1%. In addition, the share of foreign direct investment in GDP in developing countries has increased significantly in recent years. In developing countries, human resource development is critical as a basis for foreign investment in the economy to support economic growth. However, human resource development in developing countries involves not only economic activities such as trade and investment, but also a wide range of institutions, including education, health care, sanitation, health care and legal institutions. For example, lack of access to education is closely related to poverty.

THE DEGREE OF KNOWLEDGE OF THE PROBLEM

A number of economists hold theoretical views on the importance of investment in the Uzbek economy. In particular, according to Sh. Shodmonov and U. Gafurov [2], "Investments are in the restoration and increase of fixed and circulating assets, development is a monetary expression of the cost of expanding production capacities." D. Gozibekov [3] said about the investment potential of our country: "Uzbekistan is located at the crossroads of Central Asia and has convenient transport corridors for effective regional cooperation and participation in regional and transnational projects."

The World Bank estimates that developing countries will need about \$ 233 billion between 2005 and 2010 to build new infrastructure, including transport, communications and energy, and \$ 232 billion to manage and maintain existing infrastructure. Of course, the costs of building, operating and maintaining infrastructure

account for more than 5 percent of the GDP of developing countries. Developing countries find it difficult to obtain such a large amount of funding, and their options are limited.

The role of foreign investment in increasing the competitiveness of the Uzbek economy is invaluable. In particular, on June 21, 2018, President Shavkat Mirziyoyev held a video conference on the implementation of investment projects in industries and regions, analysis of the results of attracting and developing foreign direct investment. Highlighted the absence of projects with direct foreign investment. It should be noted that during a visit to foreign countries this year, a preliminary agreement was reached on the implementation of promising projects worth \$ 17 billion. Today our country pays special attention to the attraction and effective development of foreign direct investment. [1]

Currently, all investments in the economic development of our country are targeted. Their inefficiency is not sufficiently ensured, and the state strategy for the further development of the Republic of Uzbekistan focuses on these issues.

RESEARCH METHODOLOGY

The research widely used such research methods as systems analysis, methodology of economic research, comparison, induction and deduction, economic and statistical.

ANALYSIS AND RESULTS

The reforms implemented in Uzbekistan over the past three years, in particular the liberalization of the foreign exchange market and the creation of seven special free economic zones with tax incentives for investors, have made the country more attractive for international capital. According to the World Investment Report 2020 of the United Nations Conference on Trade and Development (UNCTAD) [5], direct investment inflows to Uzbekistan in 2019 amounted to \$ 2.3 billion, that is, \$ 625 million in 2018. In 2019, total foreign direct investment amounted to USD 9.5 billion. Foreign investments traditionally come from Russia, South Korea and other countries. In addition, in recent years, China, Germany and Canada have increased their investment projects in financial Uzbekistan. In recent years, investments have been made in the energy sector, including alternative and renewable energy sources. According to the State Statistics Committee, countries with a share of foreign investors in the total volume of foreign investment and loans issued in fixed assets in 2019 are presented as follows. China (26.2%) Russia (10.6%) Turkey (5.2%) Germany (3.3%) Switzerland (2.9%). In 2020, global foreign investment plummeted 42% due to the COVID-19 pandemic. However, even in the face of the COVID-19 crisis, significant investments have been made in the region.

In February 2021, the Russian telecommunications company MegaFon announced that it would invest \$ 100 million in a joint venture with Ucell, the largest mobile operator in Uzbekistan, and to enter the country's telecommunications market. In addition, Saudi Arabia-based ACWA Power invested \$ 2.5 billion in Uzbekistan in 2020 and developed three innovative energy projects as part of the country's ambitious energy conversion plan, the main goal of which is to increase the country's energy capacity to 2,500 MVt.

In January-June 2020, Uzbekistan attracted a total of \$ 4.8 billion of foreign investment, of which \$ 3.2 billion fell on foreign direct investment [4]. Russia, China, Germany and Turkey are leading in terms of investment. At the same time, the volume of foreign direct investment in fixed assets amounted to \$ 2.6 billion, an increase of 1.2 times compared to the same period in 2019. The share of foreign direct investment in the total investment increased to 29.5%. Note that 494 investment projects were launched in 2020. Of these, 28 are large industrial

enterprises, 466 are industrial enterprises of regional significance. During this period, Russia, China, Germany and Turkey were the leaders in investing in the economy of Uzbekistan, and the total number of countries investing in the economy of the republic increased by 37, respectively. In 2020, the electrical industry (growth - 13 times compared to 2019), production of building materials (growth -3.6 times), ICT (growth-3.5 times), food industry (growth (1.5 times), chemical industry (growth -1.3 times)). times) and the textile industry (growth by 1.6 times) also demonstrated growth dynamics, showing foreign investments in the country's economy clearly showed how much this will affect.

CONCLUSIONS AND OFFERS

In conclusion, it should be noted that foreign companies tend to invest directly in countries and regions with a good investment climate. Thus, foreign investment is critical to support the development of human resources, building systems and infrastructure in a country's economy. The development of free trade in the WTO system is critical to achieving development through trade and investment. Today's successful foreign investment in poverty reduction through economic growth and trade will go a long way in our economy. I came to the following main conclusions about the role of foreign investment in the further development of competitiveness in the context of modernization of the national economy of our country:

-Foreign investments play an important role in the growth of the country's economy and increasing its competitiveness:

- The attracted investments will create additional jobs and ensure the stability of the country's economy:
- Foreign investment brings new technologies to the country's economy and accelerates the development of science and technology in the country.

To solve the problems associated with attracting foreign investment, the following practical proposals have been developed:

- further development of the legal system created to receive investments and develop trade on the territory of our country;
- Paying special attention to the management of the country's internal infrastructure, further improvement of roads, airports and communications;
- Further development of the system of trade and investment institutions in our country in accordance with international rules.

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