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## DEVELOPMENT POSSIBILITIES OF INVESTMENT PROCESS IN UZBEKISTAN

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## DEVELOPMENT POSSIBILITIES OF INVESTMENT PROCESS IN UZBEKISTAN

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**Аннотация:** Мақолада Ўзбекистонда инвестициялаш жараёнларини ривожлантириш бўйича мавжуд ташкилий-ҳуқуқий механизмларнинг моҳияти очиқ берилган, уларнинг таъсири ўрганилган, ушбу жараёнларни амалга оширишнинг муҳим устувор бўлган омиллари ва асосий йўналишлари ёритилган ҳамда шуларга асосланган ҳолда инвестициялаш билан боғлиқ ҳолатлар таҳлил қилиниб, хулоса шакллантирилган.

**Калит сўзлар:** Инвестиция, инвестициялаш, инвестиция сиёсати, инвестицион муҳит, инвестиция форуми, хорижий инвестор, хорижий инвесторлар кенгаши, капитал, молиялаштириш, самара.

**Аннотация:** В статье раскрыта сущность организационно-правовых механизмов инвестиционного процесса Узбекистана, изучено их влияние, выяснены наиболее важные факторы и приоритеты реализации этих процессов и на их основе сделаны выводы.

**Ключевые слова:** инвестиции, инвестиции, инвестиционная политика, инвестиционная среда, инвестиционный форум, иностранный инвестор, совет иностранных инвесторов, капитал, результат.

**Abstract:** In the article, essence of organizational-legal mechanisms for investment process of Uzbekistan are demonstrated, are their influence is learned, most important factors and priorities of implementation of these processes are clarified and based on them, come to the conclusion.

**Key words:** Investment, invest, investment policy, investment environment, investment forum, foreign investor, foreign investors council, capital, result.

**Introduction:** In our country, weighty works is being carried out concerning regulation of investment and Foreign Trade activity for making invest climate better, increasing the export capability and development business environment rapidly. In this regard, implementation of investment process and securing a high return is necessary and special measures developed for these operations. However, at the moment, realization of product, that is produced during the investment process, is being preserved evenly. In this situation government arranges investment and trade matters separately, supplies by perfecting organizational-legal mechanisms.

Immediately, the recently accepted State Program “Active Entrepreneurship, Innovative Ideas and Technology Support” within the framework of the Development Strategy for 2017-2021 years of the Republic of Uzbekistan years, outlines priorities for economic growth and requires to revise present views in the field. Because integration of national economy into world economy demands to raise the market improvement to new stage in terms of the quality.

On 18th December of 2017, accepted Decree “About introducing new arrangements of forming Development State Program of the Republic of Uzbekistan and its financing” as a consequence of analysis above. In accordance with Decree, unprecedented system for setting up the field and territorial projects is being put into practice.

Likewise, on 28th January of 2019, accepted Decree “About perfection actions of management system in the field of Investment and Foreign Trade” of the Republic of Uzbekistan, in this order it is indicated that implementing single State Investment Policy, first, adapting the attraction of foreign and direct investment, cooperating with International Finance Institutes and Foreign Finance Government Organizations.

Following opinions of the President of the Republic of Uzbekistan confirm significance of Investment Policy: "How much hard this is, every year we spend money within the Investment Program, of course, go on the works in this direction rapidly. In addition to this, one of the main tasks should be to direct half of the unplanned revenues of republican and local budgets to infrastructure development” [1].

**Literature review:** There are various thoughts about investment among economists. Including, if we interpret denotation of investment as a financial category, characterizes as follows: “Investment means receiving money from current and reliable resources, using them profitably securing the quantity of capital with considering degree of risks and gaining expected result” [7].

Likewise, Lorenz J. Gitman and Michael D. Jonks gave these investment definitions: Investment means buying share and obligations in order to receive financial results. Namely, these inform about real actives and express owning technologies for producing and selling products. Investments, in a broad sense, provide government with mechanisms, which is required for financing and growing the economy [8].

**Research methodology:** In this article induction, deduction, analogy, comparative, economic analysis, observation, comparison research methods are used.

**Analysis and results:** Investments, namely, productive material and intellectual wealth, appear in different types and realize investment process. Based on them, investing is the putting investment or implementing actions, that depends on it. It influences economic field as a process and its positive appearance symbolizes giving money for field progress.

For expanding investment process, we should make exact regional investment environmental condition. Among the businessmen, regular surveys and their monitoring is established. Productivity of registering enterprises, government's intensifying business, corruption, infrastructure, technologies and resources, human resources, these matters play significant role on investment process. For development investment environment, current measures are utilized within that problems.

Now, growing the investment process up is main goal and investment forums attracts companions. For example, memoranda and investment treaty totaled 108,7 dollars are signed during “InnoWeek-2019” international innovative - investment forum, that is taken place in 2019 in our Republic. Participants in abovementioned forum included leaders of foreign diplomatic consulates, local and foreign entrepreneurs, workers of research centers spokesmen of Media. Likewise, in Uzbekistan improvement of expected investment process is being raised to the new stage. In this stage, the role of participants and companions strengthened. Namely, foreign investors council was organized. This council's tasks comprise following:

- based on the world experience, giving advices to Uzbekistan government about priorities of developing country in terms of Investment, industry-technology and innovation;
- aiding in creating convenient investment environment, expanding the quantity of direct foreign investments and improving mutual lucrative trade;
- taking part in shaping efficacious mechanisms of encouraging the investment directly in order to open new enterprises, that produce competitive goods and services;
- providing organizations, economic subjects, foreign companies, banks, international finance institutions with effective companionship;
- actuating analyzing the most important factors, that can be obstacle to activity of foreign investors, securing convenient entrepreneurship;

- assisting in perfecting export support mechanisms, developing trade infrastructure and electron commerce system, creating comfortable conditions for selling local goods and services in the foreign market, forming modern logic chain;
- forming and using contemporary systems of controlling the quality of products, step-by-step measures to ensure compliance of local goods and to international standards and technical regulations, increasing their competitiveness, putting foreign experience into practice of implementing measures to use vanguard information-communication technologies;
- making invitations and recommendations for perfecting legal base for organizing investment process in the Republic of Uzbekistan;
- clarifying prior tendencies for improving international image and place of Uzbekistan in ratings and indexes;

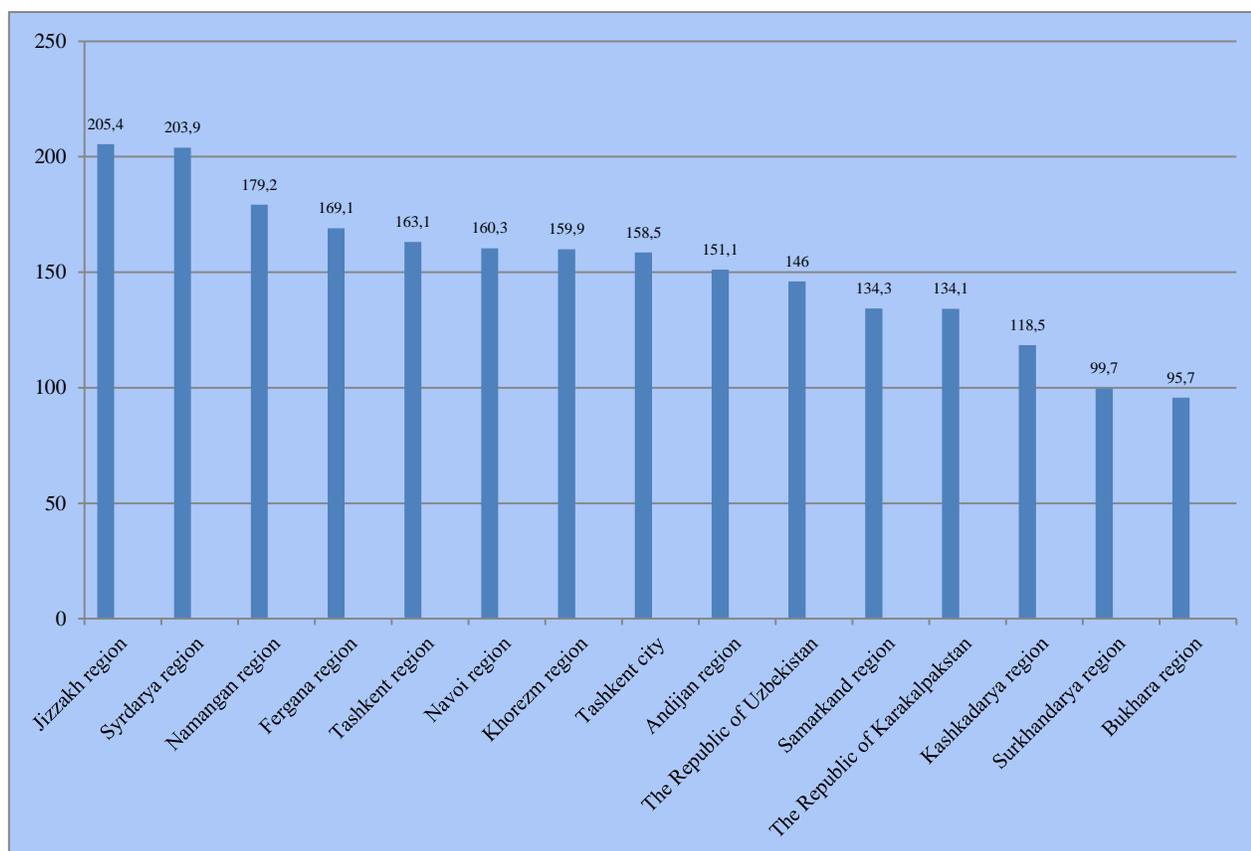
This council functions as a counsel organization and its structure consists of foreign companies, banks, investment and other organs, international finance institutions, foreign finance organizations and managers of European Bank for Reconstruction and Development.

As a consequence of improvement, direct investments entering to the regions actively.

In general, convenient legal environment is formed for improving investment process. However, for making it more profitable and effective, economic environment must exist, owning and encouraging investment takes special place on tackling this issue. Particularly, in January-September of 2019 134 trillion sums were invested into fixed capital at the expense of total funding sources for the development of socio-economic spheres or 146% to the corresponding period of 2018.

Together with these, a high growth rate of fixed investment has maintained in the current reporting period of 2019 and increased by 46%. Direct foreign investments and credits cause to gain a high growing returns.

### 1-picture. Growth rates of Investment added to the fixed capital in 2018 in Uzbekistan (compared with the corresponding period of previous year, in %) [11]



Source: Annual statistical collection of the Republic of Uzbekistan. T.: 2015. // <https://www.stat.uz>

According to the picture, 24.6 % of total investments or 3.2 times more than in the corresponding period of previous year, of which direct foreign investments were 16% or 3.1% and on the basis of the stage guarantee of the Republic of Uzbekistan, the highest growth rate was for foreign loans-14.6% or 166.2%, budget funds-8.5% or 190%. Consequently, in 2011-2017 years quantity of investment increased perceptibly. Especially, during the last years considerable changes in the quantity and structure of investments added to the main capital are occurred.

Analysis investments added to the main capital by finance recourses shows expenses (Republican budget, accumulation of water provision and sewerage system,

funds of enterprise and people, trade bank credits and other loan funds, direct foreign investments, other foreign investments or credits, accumulation of improving physical training and sport) as a percentage.

**1-table. Structure of investments added to the main capital on finance recourses in 2018 in Uzbekistan [11]**

Names of territories	Total investments, in billion soums	By finance recourses: (compared with total, %)									
		Republican budget	Accumulation of water	Funds of enterprise and	Trade bank credits and	Foreign direct	Foreign credits on the basis of the stage	Other foreign	Accumulation of	accumulation of	
The Republic of Uzbekistan	134029,4	8,5	0,9	31,2	15,7	16,0	14,6	8,6	4,3	0,0	
The Republic of Karakalpakstan	7023,8	13,6	0,8	34,7	7,6	10,0	16,3	12,7	0,0	0,0	
Andijan region	6085,3	9,6	0,9	35,4	16,7	20,2	2,8	14,4	0,0	0,0	
Bukhara region	7180,5	7,9	1,2	28,8	13,7	22,2	11,4	148	0,0	0,0	
Jizzakh region	5784,9	13,0	1,8	20,2	11,4	18,8	4,9	299	0,0	0,0	
Kashkadarya region	14804,8	4,6	0,8	26,0	4,1	8,6	51,5	4,4	0,0	0,0	
Navoi region	13155,2	2,3	0,4	15,3	22,4	3,8	34,1	0,0	21,7	0,0	
Namangan region	9334,8	5,5	0,6	34,3	11,6	9,1	18,0	10,0	10,9	0,0	
Samarkand region	7173,6	11,8	1,9	40,4	23,4	15,4	6,4	0,7	0,0	0,0	
Surkhandarya region	5519,1	9,5	2,1	32,3	20,6	26,0	7,5	2,0	0,0	0,0	
Syrdarya region	4060,5	11,4	1,5	22,7	18,9	29,1	15,5	0,3	0,6	0,0	
Tashkent region	11697,8	14,1	1,9	34,2	14,8	23,2	2,4	2,9	6,5	0,0	
Fergana region	7040,1	7,3	0,8	38,8	13,2	31,4	1,9	6,6	0,0	0,0	
Khorezm region	3819,4	11,3	1,3	38,1	18,3	23,1	2,1	0,3	5,1	0,4	
Tashkent city	30834,9	6,9	0,2	36,4	20,2	15,2	4,6	14,2	2,3	0,0	

Source: Annual statistical collection of the Republic of Uzbekistan. T.: 2015. //

<https://www.stat.uz>

According to the table, in current period, on non-governmental sector of economy, 105928,8 billion soums investment are acquired, its share was 79,0 percent of fixed investment. For instance, it was 94,0% in Kashkadarya region, 89,9% in Fergana region, 88,4% in Namangan region, 86,0% in Andijan, 83,8% in Surkhandarya region, 82,2% in Kharezsm region and 80,8% in Tashkent city.

It was noted that the Strategy of the medium-term investment and industrial policy of the Republic of Uzbekistan will improve the investment climate and conditions for the development of private business. This, in turn, will lead to an increase in the inflow of direct and other foreign investments, and the expansion of the population's involvement in these processes through the development of the securities market.

**Conclusion:** According to the analysis, there is a significant slowdown in the global economy. Under these conditions, Uzbekistan strives to carry out deep structural reforms that will facilitate substantial investment in the national economy. After all, the processes of economic modernization and growth are determined by the volume and structure of investments, their quality and timing. The investment and industrial policy of the Republic of Uzbekistan for the period up to 2025 is aimed at strengthening investment activity and improving the appropriate environment. It analyzes international experience, tendencies and problems of development of investment processes, analysis of economy of the republic and its branches and regions.

In our Republic developing investment process dis indicated to increase investment capacity, engage investments to prior branches of economy, strengthen dependence of investing process on producing competitive goods and implement State Program “Active Investments and Social Improvement” within the framework of the Development Strategy of the Republic of Uzbekistan. Management system progress is obtained through them.

Based on the above, for development investment process i our country, these measures should be done:

- organizing joint companies, augmenting the number of them and creating investors' companies;
- providing investors with the right to attend privatization property and organizing banks with foreign companions, which include investors;
- improving indexes of buying shares and obligations and possessing the right to use natural resources;
- providing free economic territories for investors and researching for new financial resources of investment

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