



**IMPROVING WAYS OF ATTRACTING FOREIGN INVESTMENTS IN
THE EFFECTIVE USE OF NATURAL RESOURCES**

<https://doi.org/10.5281/zenodo.14541197>

Saribaeva Azadajan Baratbaevna

Namangan Institute of Engineering Technology

Phone: +99888 230 00 58, saribaevaazoda74@gmail.com

Abstract

Nowadays, the economy of the Republic of Uzbekistan needs modern technologies. Implementation of structural changes and modernization of the economy, re-equipment of enterprises with modern equipment, and production of competitive products have been launched. The article examines the issues of attracting foreign investments to business enterprises and identifies ways of effective use.

Key words

Investment, investment attractiveness, entrepreneurship, competition, investment resources, efficiency, investment environment.

Nowadays, almost every specialist and business entity understands that the sustainable development of the economy of any state is closely linked to the effective attraction and use of investments. The wider attraction of investments to the economy and regions of our republic is of great importance for achieving the effectiveness of social and economic development in our country, as well as for its integration into the world economic community.

Attracting foreign investment to a country's economy introduces technology, helps build human capital, contributes to international trade integration, helps create a competitive business environment, and ensures enterprise development and business continuity. All of this ultimately contributes to high economic growth, which is the most powerful tool for poverty reduction. In addition, in addition to economic benefits, foreign investment can also help improve environmental and social conditions in the host country.

Environmental and social conditions include the lack of positive relationships with local communities, the negative environmental impact of investments, especially in extractive and heavy industries, social disruption, rapid commercialization, and the impact on competition in national markets. It is worth noting that some host countries perceive the increasing dependence on internationally operating enterprises as a loss of political sovereignty. This, in turn,



leads to the fact that not only small businesses operating in the country, but also large enterprises, in the current state of economic development, are unable to benefit from the technologies or know-how introduced through foreign investment, and therefore do not allow them to achieve the expected efficiency.

In addition to the macroeconomic stimulation of investments, increasing the efficiency of receiving resources, the relationship between the flow of foreign trade directly affects the structural factors of economic growth through directions such as the business sector of the receiving country. Many empirical studies show that foreign investment contributes to both productivity and income growth in host countries. Also, the same amount of investment in the economy of developed and developing countries will have different efficiency.

The territorial aspect of investments always varies depending on whether it concerns a particular country, region or area. Therefore, assessing the investment attractiveness of the region is the most important aspect of accepting any investment project. This helps to determine the future consequences for the investor and the economy of the region as a whole. The more complex the situation, the more the investor has to rely on the results of expert assessments of the investment environment in many countries and regions. This, in turn, is one of the most difficult choices from the point of view of the investment decision-making process. In this sense, the investment decision-making process is usually based on a multivariate and multi-criteria assessment of factors and trends that are multidirectional.

Comparison of investment potential between regions should be based on an expert framework that includes legal conditions for foreign and domestic investors, the possibility of exporting capital, the state of the national currency, the political situation in the country, and the level of inflation. The range of indicators, as a rule, was not precise enough to reflect the full range of conditions that investors take into account, but it allows you to get some information and on this basis make an investment decision.

Some elements of the reform process in our country have hindered the creation of an enabling environment for growth, while institutional and infrastructural reforms that could create an environment in which domestic and foreign investment could be effectively combined have often been left unchecked. Market development in the style of developed countries requires supportive institutional structures, tax and legal frameworks, and a supportive culture and ethics to ensure that small businesses operate at an acceptable level of risk. This, in turn, should be a historical and natural consequence of all of the above among the population.



The cultural heritage of the Republic of Uzbekistan also created an environment where, although the initial partner countries with which it wanted to cooperate were confident in investments, some negative situations arose, which created an atmosphere of suspicion. Today, it can be seen that the participation of most partner countries in investments is based primarily on the development and exploitation of natural resources (oil, gas extraction and processing).

Today, the economy of the Republic of Uzbekistan is in need of modern technologies. The success of development is largely determined by the integration into the world economy, which is determined by competitive industrial production, and the complex political differences between our country and the leading developed economies. It is impossible to create our own modern technological base without attracting advanced technologies.

It is now widely known that foreign investment is a strategic factor in the modernization of the regional economy. Despite the importance of the modern raw materials sector, only the modernization of the real sector of the economy can make it competitive. In this regard, the Government of the Republic of Uzbekistan is trying to overcome the painful factors of economic transition, including the process of attracting foreign investment. Among these efforts, the creation of small free economic zones (FEZ) and special economic zones (SEZ) in all regions of the republic is of great importance.

In general, small business in the country's economy, and in the FEZ in particular, can be considered the basis of the economy. The attitude towards small business, its support, can be described as a driver of the country's economy, along with increasing employment, security and income. It should also be recognized that, in general, the creation of FEZs has not yet sufficiently contributed to the adoption of advanced technologies.

Nevertheless, the international practice, more precisely, the practice of developed countries, shows that the economic development strategy of creating free economic zones on the territory of the country is highly justified and interprets the results. In particular:

- firstly, the SEZ program has a positive effect on attracting foreign investments, and as a result, the growth rate of foreign investments per capita increases;
- secondly, the program creates a concentrated economy rich in SEZs and increases technical progress;
- thirdly, employment of the population will be ensured, income and well-being will increase.



Finally, a region with several FEZs and small economic zones (SEZs) demonstrates greater attractiveness for the growth of foreign investment in the agglomeration economy and changes in the prices of production factors than a region with one FEZ and SEZ.

The creation of free economic zones is very uncertain for the economy, however, international practice shows that the creation of free economic zones has a very positive effect on attracting investments, which ultimately ensures sustainable economic growth in the long term.

A necessary condition for ensuring economic growth, the development of society as a whole and individual business entities is the re-introduction of material wealth into the production cycle, which ensures the growth of national income. Today, given the obsolescence of the production base, the problem of renewing the fixed capital of industrial enterprises is particularly urgent, and the need to attract long-term investments for the purchase of the latest equipment and the introduction of technological innovations is growing.

In our opinion, when studying the problems of the investment environment of the regions and their impact on the country's economy and production entities, it is necessary to separately consider the duration, complexity, high risk of return, and the uniqueness of the investment process in the main capital renewal projects. This, in turn, makes it possible to identify and systematize the risks and dangers of investing in the real sector of the economy, as well as to develop recommendations to reduce their negative effects, to ensure the protection of the rights and legal interests of investment participants.

LIST OF USED LITERATURE:

5. Decree of the President of the Republic of Uzbekistan No. PF-60 dated January 28, 2022 “ [On the Development Strategy of New Uzbekistan for 2022-2026](#) ”.
6. Hanzhuk MS, Yakubovska AO Investment climate in Ukraine: the realities of the political crisis. Collection of scientific articles of the International scientific and practical conference "Problems of socio-economic development of entrepreneurship", Montreal, November 28, 2014, pp. 45–49.
7. Information from the Namangan Region Statistics Office. www.stat.uz.
8. Turabaev I., (2024). “Strategies used in the development of economic potential in industrial enterprises”. Uzbekistan. Engineering and Economics.
9. Law of the Republic of Uzbekistan No. ZURQ-328 of May 2, 2012 "On Guarantees of Freedom of Entrepreneurial Activity" <https://www.lex.uz>



10. Law of the Republic of Uzbekistan "On Guarantees of Freedom of Entrepreneurial Activity" dated May 2, 2012, No. ZURQ-328. (new edition) <https://www.lex.uz>
11. 3. Law of the Republic of Uzbekistan "On Property in the Republic of Uzbekistan" dated October 31, 1990 <https://www.lex.uz>
12. 4. The Republic of Uzbekistan "Entrepreneurship