



ANALYSIS OF THE SITUATION OF ATTRACTING FOREIGN INVESTMENTS TO OUR COUNTRY'S ECONOMY

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Abstract

This article provides an analysis of the international investment position of the Republic of Uzbekistan. The article is aimed at studying the country's place in the global economy and international investment flows. The analysis is carried out mainly by studying Uzbekistan's positions in terms of foreign direct investment (FDI) and other investment instruments. The international investment position (IIP) is related to the country's foreign debts, assets and other financial resources, which provides important information about the state's economic stability and integration with international markets. It also discusses the policies and strategies that should be implemented to strengthen the country's international investment position and create new opportunities. The article presents proposals on areas aimed at ensuring economic growth of Uzbekistan, increasing investment attractiveness and strengthening its international economic competitiveness.

Keywords: International investment position, foreign direct investment, currency risk, international financial flows, global economy, tax incentives.

INTRODUCTION

A country's international investment position (IIP) is of great importance in today's global economy and financial system. IIP represents the sum of a country's foreign debts, assets and other financial resources and is one of the



main indicators for assessing a country's economic stability, international trade relations and investment potential. The Resolution of the President of the Republic of Uzbekistan No. 598 dated December 25, 2019 “On Investments and Investment Activities” states the following: “The purpose of this Law is to regulate relations in the field of investments and investment activities carried out by foreign and domestic investors [1].

This Law does not regulate relations related to centralized investments.

Legal relations in the field of concession activities, conclusion of product distribution agreements, their execution and termination, investment, mutual and venture funds, regulation of the capital market, including transactions related to securities, public-private partnerships, and special economic zones are regulated by separate laws.

The legislation on investments and investment activities consists of this Law and other legislative acts. If an international treaty of the Republic of Uzbekistan establishes rules other than those provided for in the legislation of the Republic of Uzbekistan on investments and investment activities, the rules of the international treaty shall apply [2].

LITERATURE REVIEW

The article “Foreign Currency Exposure and Hedging: Evidence from Foreign Acquisitions” by Söhnke M. Bartram, N. Burns and J. Helwege, although not directly related to the international investment position (IIP), examines its components and methods for managing currency risks. This article, by examining the components of IIP and methods for managing currency risks, allows us to identify strategies that can help improve the external financial positions of countries. The effective use of operational hedging and financial hedging instruments can contribute to improving the IIP of countries [3].

The work “Labor, Capital, and Finance: International Flows” by A. Razin and E. Sadka, although not directly related to the issues of the international investment position (IIP), provides important insights into improving the IIP by analyzing its components and international financial flows. The work suggests the following approaches to developing strategies aimed at improving the IIP:



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- **Capital Flow Management:** Improving the external financial position of countries through the management of capital flows.
 - **Integrating Financial Markets and IIP:** Ensuring the external financial stability of countries through the integration of financial markets and IIP.
 - **Attracting Foreign Investment:** Improving the IIP of countries by attracting foreign investment.

Several local scholars are working in Uzbekistan on the international investment position. Their research is often related to economic development, finance, international trade, and improving the investment climate. Some of the famous local scholars are listed below:

N. Kadyrov conducts research on the development of integrated strategies for attracting international investments and economic development. His scientific work is aimed at strengthening Uzbekistan's integration into the global economy.

B. Omonov studies the impact of international investments on the country's economic growth, technological development and society. He also studies the investment climate and national economic policy.

ANALYSIS AND RESULTS

The international investment position (IIP) is a statistical indicator that provides information about a country's international financial relations and investments. The IIP measures the difference between a country's investments abroad and foreign investments made to it. The IIP is also important in determining the impact of international investment flows on the economic situation of the state. The figure below presents an analysis of the dynamics of foreign direct investments in the Republic of Uzbekistan in 2020-2024, based on data from the Central Bank of the Republic of Uzbekistan:

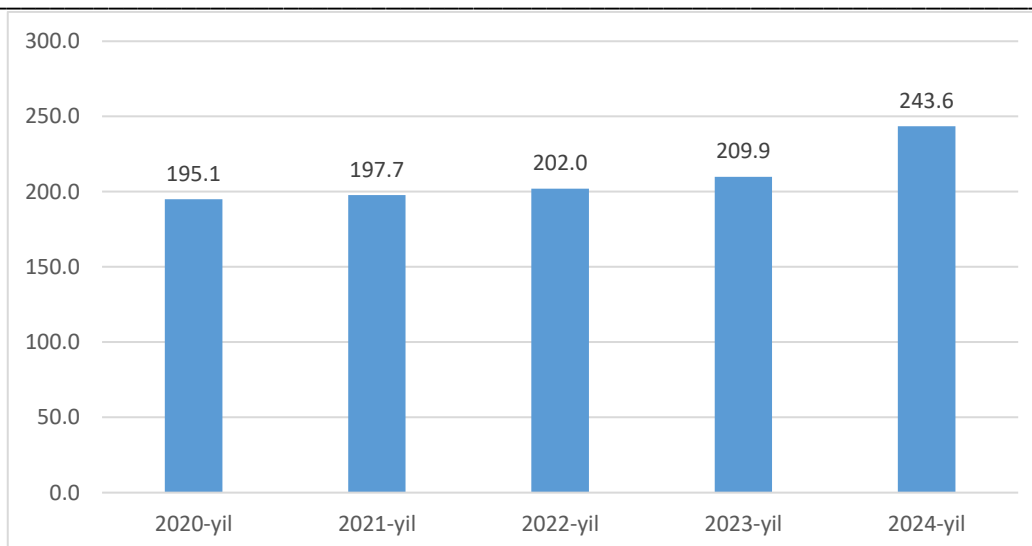


Figure 1. Analysis of the dynamics of foreign direct investment in the Republic of Uzbekistan in 2020-2024 (million dollars) [5].

As can be seen from Figure 1, the volume of direct investments in 2024 amounted to 243 million 600 thousand US dollars. This figure was 195 million 100 thousand US dollars in 2020. That is, we can see that over the past 5 years, the volume of direct investments has increased by 124.9%. In addition, an upward trend has been observed in the change in these investments. We can see that compared to 2023, it has increased by 116%.

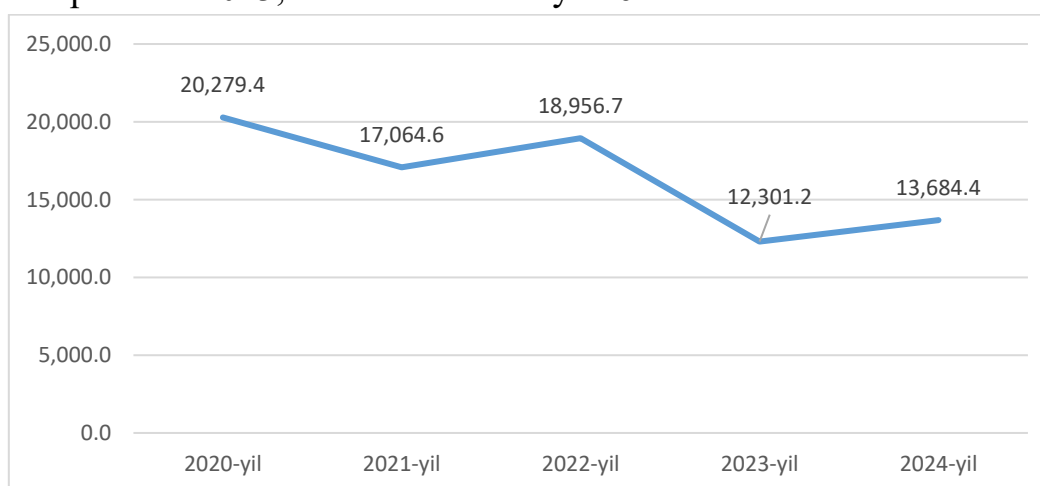


Figure 2. Analysis of the dynamics of the net international investment position of the Republic of Uzbekistan in 2020-2024 (million dollars) [5].



As can be seen from Figure 2, in 2024, the volume of our country's net international investment position will amount to 13 billion 684 million 400 thousand US dollars. This figure amounted to 20 billion 279 million 400 thousand US dollars in 2020. During this period, a decrease was observed in 2021 and 2023. We can see that this indicator decreased by 32.5% compared to 2020. We can see that it increased by 111.2% compared to 2023. That is, the main reasons for the decrease in this indicator are the increase in external debt, the increase in the country's financial liabilities, and the decrease in attracting foreign investment, as well as the slowdown in economic growth.

CONCLUSION

The international investment position of the Republic of Uzbekistan currently has a positive growth trend. There is success in attracting foreign direct investment, but it is still necessary to solve a number of problems in attracting investors. The economic reforms implemented in the country and the strengthening of political stability, the creation of more favorable conditions for investors, as well as the increase in outward investments, allow further improvement of the IIP. However, factors such as increased external debt, exchange rate fluctuations and global crises require caution in order to further improve the IIP and the economic situation of the country. In order to further increase the investment potential of Uzbekistan, it is necessary to continue economic reforms and ensure financial stability.

After analyzing these conclusions, the following proposals were made to improve the international investment position of our country:

1. Optimization of external debt: Improving the country's net international investment position by reducing the volume of external debt and ensuring a stable level of debt. Also, improving foreign debt management mechanisms.
2. Support for innovative startups: Providing financial and technical assistance to young entrepreneurs and innovative startups, creating a favorable environment for them.
3. Improving the transport and logistics system: In order to attract international investment, it is necessary to develop the international trade and logistics



sectors. It is necessary to modernize the transport infrastructure in the country and effectively manage transit routes.

The measures to be taken to improve Uzbekistan's international investment position should be aimed at ensuring the country's economic and political stability, modernizing the investment climate, managing external debt, and creating favorable conditions for foreign investors. These proposals will not only help improve the net investment position, but also expand Uzbekistan's international economic relations and contribute to the country's economic development.

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