

# Investment Climate in Industries

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## ABSTRACT

The article provides views and comments on improving the investment climate in the industrial sector and the structural structure of the national economy, the creation of new and modern industries, modernization of existing ones is an important condition for the production of products that meet international standards.

**KEYWORDS:** National economy, industrial sectors, investment climate, manufacturing sectors, foreign investment

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## INTRODUCTION

Improving the structural structure of the national economy, the creation of new and modern industries, modernization of existing ones is an important condition for the production of products that meet international standards, creating favorable conditions for attracting direct investment.

Indeed, today Uzbekistan needs to accelerate further reform and liberalization of the country's economy, especially as it develops the private sector, improving the investment climate in the industrial sector.

Consequently, the industry of Uzbekistan is developing rapidly and proportionately, deepening structural changes aimed at diversifying its key sectors and increasing export potential, increasing their efficiency and competitiveness through modernization of industries and enterprises, technical and technological renewal of production.

In the context of modernization of the economy, technical and technological renewal of enterprises and product diversification, a separate study of the effective use of investments, including foreign investment, to ensure the competitiveness of products and services in the world market, continuous study of its social and economic indicators is one of the current tasks of today.

Today, further reform and liberalization of the Uzbek economy, especially in the development of the private sector, should accelerate the improvement of the investment climate in the industrial sector.

There is a need for investment to develop the economy of any country and ensure its integration into the world community, to expand and modernize the activities of economic sectors. Investment is one of the key factors in the development of enterprises, ensuring economic growth in the country. Therefore, given that almost every specialist and business entity understands that the future development of the country's economy depends mainly on investment, the wider attraction of investments into the economy, especially foreign investment, is an important basis for their effective implementation of economic reforms. It is expedient to understand that

The fact that the concept of investment, one of the basic economic concepts of a market economy, is widely and rapidly entering our lives today, shows its essence and importance. The growing number and construction of new enterprises with foreign investment is the result of the great attention paid by our government to this area and the facilities it provides to them. Therefore, one of the most important issues is the economic stimulation of enterprises attracting foreign investment to our country and the creation of the necessary conditions.

## Literature review

Among the works aimed at solving the problems of improving the investment climate in industry are the scientific work of S. Abramov, V. Bard, R. Campbell, V. Zolotogorov, V. Kovalev, D. Morozov, V. Cherkasov and others.

Practical aspects of improving the investment climate in our country are reflected in the works of I.Karimov, as well as A.Almardonov, A.Vahobov, Y.Abdullaev, A.Juraev, M.Sharifkhodjaev, O.Olimjanov, B.Khodiev, S. Gulomov, N.Karimov, H.Jamolov, F.Dodiev, N.Khaydarov and others.

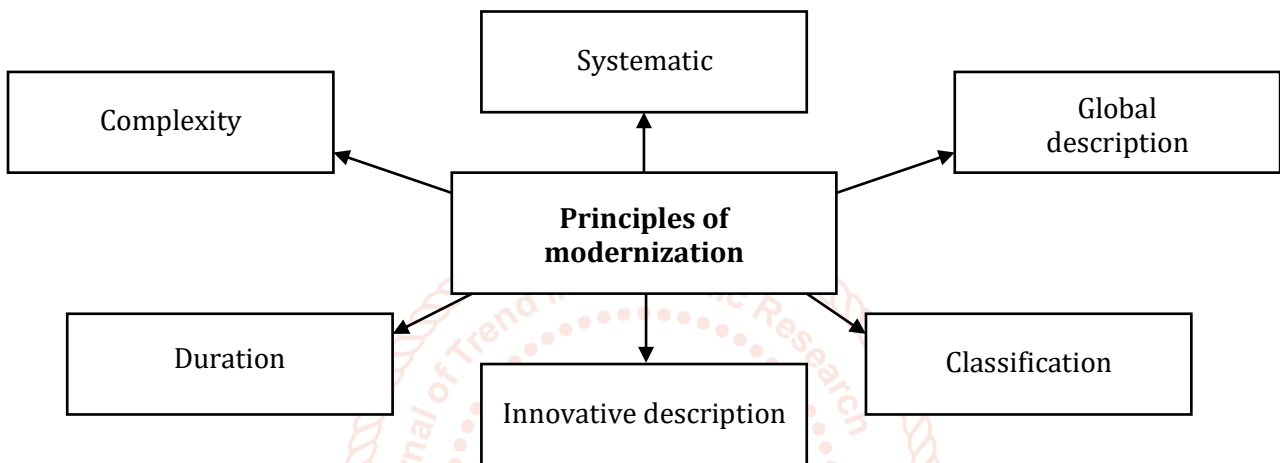
**Analysis and results**

Attracting foreign investment to boost the country's economy, build new enterprises equipped with modern machinery and technology or reconstruct existing ones will, first of all, solve the most important social problems such as economic development, employment, increase in wages and incomes.

Therefore, without attracting foreign investment, especially without expanding the participation of foreign investment in

key sectors, it is impossible to carry out structural changes and modernization of the economy, re-equip enterprises with modern equipment and launch the production of competitive products. Attracting foreign investment in the country's economy will accelerate the expansion of its economic potential, ensure the country's economic strength through the use of domestic capacity and reserves in all areas, the development of new equipment and technology, export-oriented goods, production.

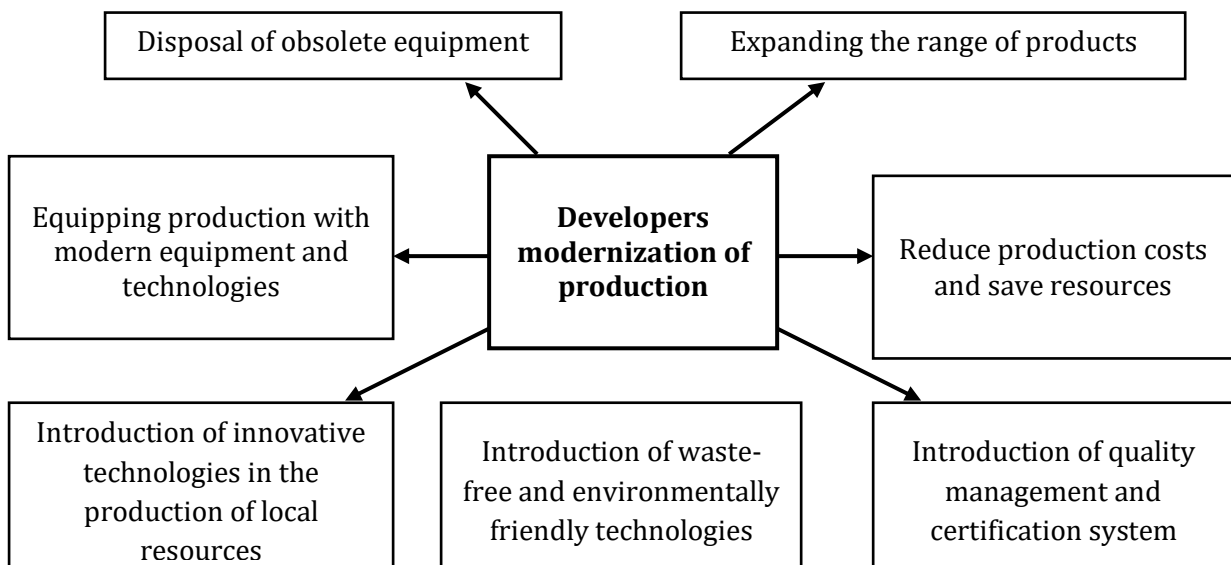
in our opinion, it is both logical and scientifically correct to introduce the principle of innovative description of modernization, that is, the approach to it in terms of the application of new methods and tools to different aspects of socio-economic life of society at different levels (Fig 1).



**Fig 1. Principles of the modernization process <sup>1</sup>.**

Some sources focus on specific aspects of modernization. For example, political modernization, which is an integral part of the complex transition from traditional society to modernity or industrial society, is distinguished, the content of which is the change of the political system as an integral part of the overall systemic transition.

The main directions and means of modernization of production are: removal of obsolete equipment from enterprises; equipping production with modern equipment and technologies; introduction of innovative technologies in production on the basis of local resources; expanding the range of products; reduction of production costs and resource savings; introduction of quality management and certification system; introduction of waste-free and environmentally friendly technologies. This can be clearly seen in the following diagram (Fig 2).



**Fig 2. The main directions and tools for the modernization of production.**

<sup>1</sup> Fig 1. Principles of the modernization process - <http://www.moderniz.org.ru/>.

In today's market economy, a large part of national income is spent on maintaining a certain level of living conditions and social protection of the country's population. This, in turn, leads to a reduction in the amount of resources directed to production.

The experience of developed countries shows that in order to ensure economic growth of more than 6% per year, the accumulated GDP should be at least 25%, and investment - 30%.

**Table 1 The role and importance of foreign investment in the national economy in developing and emerging market economies (comparative analysis)**

In a developed market economy	In an emerging market economy
The role of the national economy in changing the sectoral structure is low	The role of the national economy in changing the sectoral structure is high
The importance of providing national production with advanced equipment and modern technologies is not high	It plays an important role in providing national production with advanced equipment and modern technologies
Foreign investment is increasingly being invested in industries	More foreign investment will be made in the mining, resource and labor sectors
The role of foreign investment in solving the unemployment problem is low	The role of foreign investment in solving the unemployment problem is high
Its share in increasing export potential is not high	Its share in increasing export potential is high
It does not play an important role in mastering best management practices	It is important to acquire advanced management experience
Under conditions of capital surplus, there is no shortage in the capital market	It replenishes and stabilizes the capital market in the face of capital shortages
As it is included in the main investment commodity sectors, it does not have a direct impact on the development of the national consumer market	As more import-substituting goods are focused on manufacturing sectors, it stabilizes the consumer market and has a direct impact on its development

**Source:** Author's development.

In turn, in order to increase consumption, it is necessary to continuously increase production. The reduction in production also indirectly leads to a reduction in the income of the population. So it is directly related to the change in income.

In Table 1 above, in a developed and emerging market economy, foreign investment performs different functions and plays a different role in the development of the national economy. Therefore, it is important to study the current policy of foreign investment in developed countries, as well as to take into account the conditions that have arisen in them.

**The following socio-economic benefits will be achieved through investments in the real sector of the economy:**



**Fig 3. Preferential financial conditions created in the Republic of Uzbekistan.**

- production and services are growing in quantity and quality;
- An increase in the volume of production and services will lead to an increase in tax revenues to the state budget;
- Increased efficiency of production and services will increase wages and increase the welfare of the population;
- The country's export potential will grow through competitive production that meets world standards.

the economic development of any country can be achieved by attracting both domestic and foreign investment into the country's economy. The market mechanism of financing of investment processes means the active participation of commercial banks. In our country, too, the diversification and modernization of the economy is carried out by various economic means. One of the most important factors in this is investment.

In recent years, the movement of foreign direct investment (FDI) in the international investment market has been declining from year to year. According to the United Nations Trade and Development Organization's (UNCTAD) Global Investment Report, FDI inflows to developing countries exceeded foreign direct investment in developed countries due to the ongoing global financial crisis. about 52 percent were in developing countries).

### Conclusion

The Presidential Decree "On Additional Measures to Encourage Foreign Direct Investment", which is very important for the development of the country's economy, at the same time, it is another important step towards liberalizing the economy.

An important way to increase the efficiency of capital investments is to improve their technological and reproductive structure.

The investment climate is a condition that reflects local factors that affect the opportunities and incentives for enterprises to mobilize funds for production, create new jobs and expand the scope of their activities.

One of the most important factors determining the investment climate is the benefits and guarantees created for investors in the country. Providing tax incentives for investors is a widely used measure in practice.

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