



Priorities of Investment Activities to Ensure the Growth of the National Economy

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Abstract: *The article substantiates the need to increase investment activity in Uzbekistan, discloses scientific views on investment potential, analyzes investment growth. An assessment is given of the distribution of investments in recent years by region, the state of the share of foreign investment in the composition of investments in the regions. A number of recommendations have been made to increase the investment potential and improve the efficiency of investments.*

Keywords: *investment activity, economic growth, national economy, foreign investment, investment project, regional distribution, investment strategy.*

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Introduction

Active attraction of investment resources is essential for ensuring high growth rates of the national economy. In Uzbekistan, during the period of new reforms, special attention is paid to the active attraction of investments in production and their effective use. In particular, the "Development Strategy of New Uzbekistan for 2022-2026", approved by Decree of the President of the Republic of Uzbekistan No. UP-60 of January 28, 2022, sets specific tasks for actively attracting investment to the economy.

The strategy sets out measures to attract \$120 billion, including \$70 billion in foreign investment, over the next five years to further improve the investment climate in the country and increase its attractiveness. The tasks of creating a new system for the efficient use of investments and increasing export volumes, based on the "bottom-up" principle, and implementing a strategy for attracting foreign and domestic investment until 2026 were also outlined.

It is also planned to use the practice of joining individual regions to the relevant foreign countries in order to attract investment. In particular, tasks were defined for the development of investment and foreign trade relations with the People's Republic of China in the Syrdarya region, the Russian Federation in the Surkhandarya region, and Indian business circles in the Jizzakh region. It is supposed to use the public-private partnership method to attract investments in such areas as energy, transport, healthcare, education, ecology, utilities, and water management.

Work is also underway to establish separate support organizations to inform and assist investors. For example, in the Surkhandarya region "Investor Support Center", in the Navoi region "Business Support Center" of the Navoi Mining and Metallurgical Combine, and in the city of Tashkent "Center for Advanced Projects and Engineering" and in each district "Innovation and Technology Centers" to provide practical assistance entrepreneurs. Every year in Tashkent it becomes a tradition to hold the "Tashkent International Investment Forum".

In particular, on March 24-26, 2022, the first Tashkent International Investment Forum was held, which was described as "A new platform for the Central Asian region, in its format the investment potential of Uzbekistan will be presented to international investments and business circles." The forum was attended by over 2,000 participants - major investors and distinguished guests from 56 countries. As a result of the forum, a package of specific contracts and investment deals worth \$7.8 billion was signed.

Literature review

Particular attention is paid to the investment potential of the regions in the field of scientific research. In particular, according to the approach of the domestic economist A.M. Sadikov, the investment potential of a certain region is determined by its natural resource, production and consumption, infrastructure, innovation, labor, institutional and financial potential¹.

According to his research, it is possible to achieve the expected effect from attracting capital and direct it to the rapid development of the economy only taking into account the natural, economic, demographic, environmental and other conditions of the region. According to A.M. Margolin, the investment potential is a set of investment resources ordered in a certain volume, the use of which ensures the achievement of the synergistic effect, provides the object with the result of the mutual influence of various factors. The effect of this impact is greater than the sum of the effects of individual impacts of factors on the object².

S.A. Trukhin proposes to determine the investment potential by assessing the labor, consumer, industrial, financial, institutional, innovative, infrastructural and natural resource potential. Another economist, D.D. Dengin, considers the investment potential as a macroeconomic characteristic of the region and emphasizes that it includes such factors as economic and geographical conditions, the saturation of the region with production factors, the standard of living of the population, their consumer demand³.

C. Guadalupe and G. Economists such as Castro used in their scientific works such indicators as the level of income (GDP per capita, real average wage), market size (GDP, population), human capital (per capita government spending on education, level of education), infrastructure (government spending on transport and communications per capita, number of fixed telephones per capita), geographic location (distance from the center of the region to the capital, distance from the center of the region to the nearest border crossing).⁴

In another source, the problems of regional economic growth, unemployment, the movement of factors of production between regions located at different distances from each other are the subject of analysis of regional macroeconomics, which uses a set of econometric models and helps to understand the essence of the processes taking place in the regions and form an appropriate regional economic policy⁵.

In Western literature, the concepts of "investment environment" and "investment attractiveness" are often used together with the concept of "investment potential" when reflecting investment activity. Economists K. Head and T. Mayer in their study analyzed the issues of market potential and

¹ Садыков А.А. Основы регионального развития: теория, методология, практика//Монография. Ташкент. «IQTISOD-MOLIYA», 2005. С. 198 – 201.

² Марголин А. М. Экономическая оценка инвестиций. М., 2001. С. 357–359.

³ Деньгин Д.Д. Региональный инвестиционный потенциал: пути изучения и проблемы использования // Экономический журнал. 2009. Т. 16. № 2. С. 50–56.

⁴ Carmen Guadalupe Juárez Rivera, Gerardo Ángeles Castro Foreign direct investment in Mexico Determinants and its effect on income inequality // Contaduría y Administración. 2013. Vol. 58. № 4. P. 201–222.

⁵ Armstrong H., Taylor J. Regional Economic Policy. 3 ed. (1-ed. Philip Allan, Oxford, 1978) — Wiley-Blackwell, 2000, 437 p.

placement of Japanese investment resources in the European Union. According to them, the most important factor influencing the choice of a place for investment is demand. In particular, according to their study, a 10% increase in market potential in a particular area increases the possibility of its choice by investors by 3-11%, depending on the characteristics of this area.

Authors such as A. Okhotina and O. Lavrinenko name political, legal and environmental conditions as factors influencing the investment environment. S.Radukits and J.Stankovits in their scientific work used twelve groups of criteria to assess the business environment of the regions of Serbia: the need for a strategic approach to local economic development, organizational capabilities to support the economy, the existence of constant cooperation and communication with local enterprises, the effectiveness of permits for construction operations, full business information support, investment and marketing support in the region, creditworthiness and financial stability, support for employment and human resource development, strengthening cooperation between the public and private sectors, adequate infrastructure and reliable domestic services, local payments, taxes and open and stimulating policies fees, introduction of information technologies.

Analytical part.

The volume of investments in fixed capital attracted to the economy of Uzbekistan increased by more than 2.1 times in 2017-2021. At the same time, the volume of investments had high growth rates: 19.4% in 2017, 29.9% in 2018 and 38.1% in 2019, and in 2020 the volume of investments decreased by 4.4% because of the pandemic. In 2021, investment growth recovered to 2.9% and the volume of investments in fixed assets directed to the economy of Uzbekistan amounted to more than 239.5 trillion. sum. Since the beginning of a new period of reforms in Uzbekistan, i.e. in 2017-2021, the highest investment growth rates were in Jizzakh region (3.56 times), Syrdarya region (3.37 times), Surkhandarya region (2.98 times), Tashkent region (2.91 times). (Picture 1)

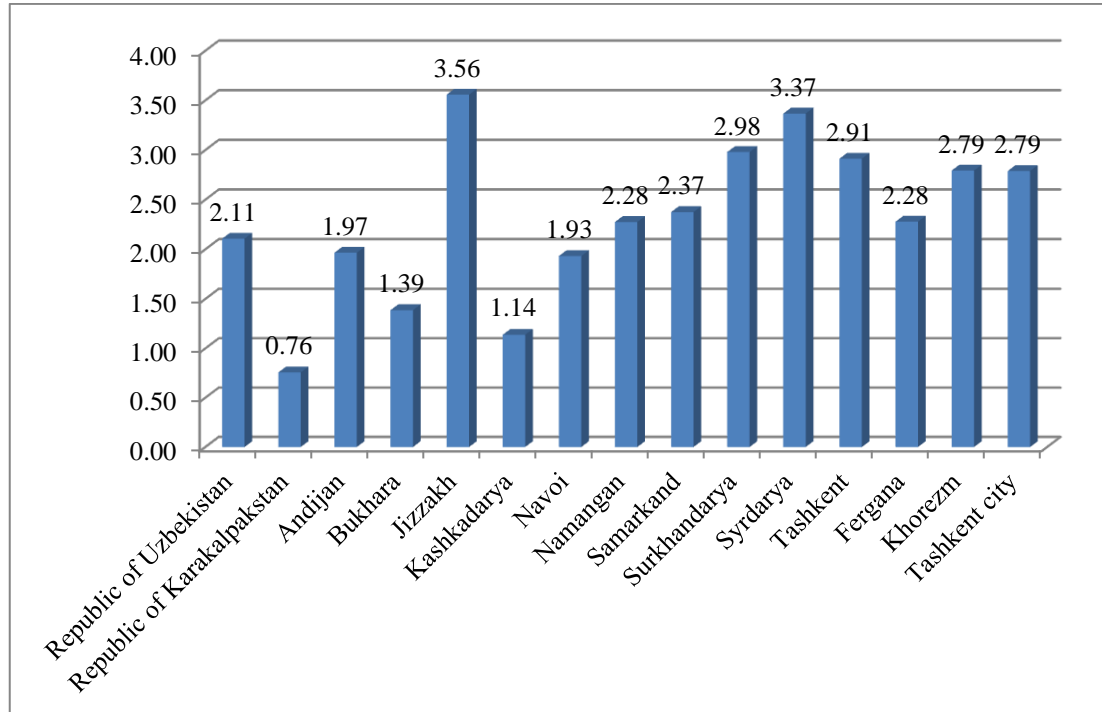


Figure 1. Investment in fixed capital accumulated growth in 2017-2021, (in times).

The growth of investments in the economy of the Republic of Karakalpakstan (0.76 times), Kashkadarya region (1.14 times) and Bukhara region (1.39 times) was significantly less than the average for the republic (2.11 times). An analysis of the regional structure of investments attracted

to the national economy shows that most of the investments made in 2017-2021 fall on the shares of Tashkent city (23%), Kashkadarya region (11%) and Tashkent region (10%).

Investments in the economy of Khorezm region (3%), Syrdarya region (3%), Jizzakh region (4%), Republic of Karakalpakstan (4%) occupied relatively small shares in the volume of republican investments. In 2021, investments attracted to the city of Tashkent amounted to 58.2 trillion. sum, in the Tashkent region 28.1 trillion. sum, in the Bukhara region 20.5 trillion. soums, respectively, the shares in the investments of the republic amounted to 24.3%, 11.7% and 8.6%. 8.1 trillion to the Republic of Karakalpakstan in 2021. In 2021, the Republic of Karakalpakstan attracted 8.1 trillion. soums, to the Syrdarya region - 8 trillion. soums, to the Khorezm region - 8.3 trillion. soums.

In 2017-2021, an average of 35.3% of investments attracted to Uzbekistan are foreign investments. During this period, the share of foreign investments in the total volume of investments in Bukhara region (55.1%), Kashkadarya region (52.5%), Navoi region (45.4%), Surkhandarya (40.9%) regions significantly exceeded the national level (Figure 2). In 2021, the share of foreign investments among the sources of financing of the total investment amounted to 61.3% in the Navoi region, 59.8% in the Syrdarya region, 58.5% in the Bukhara region.

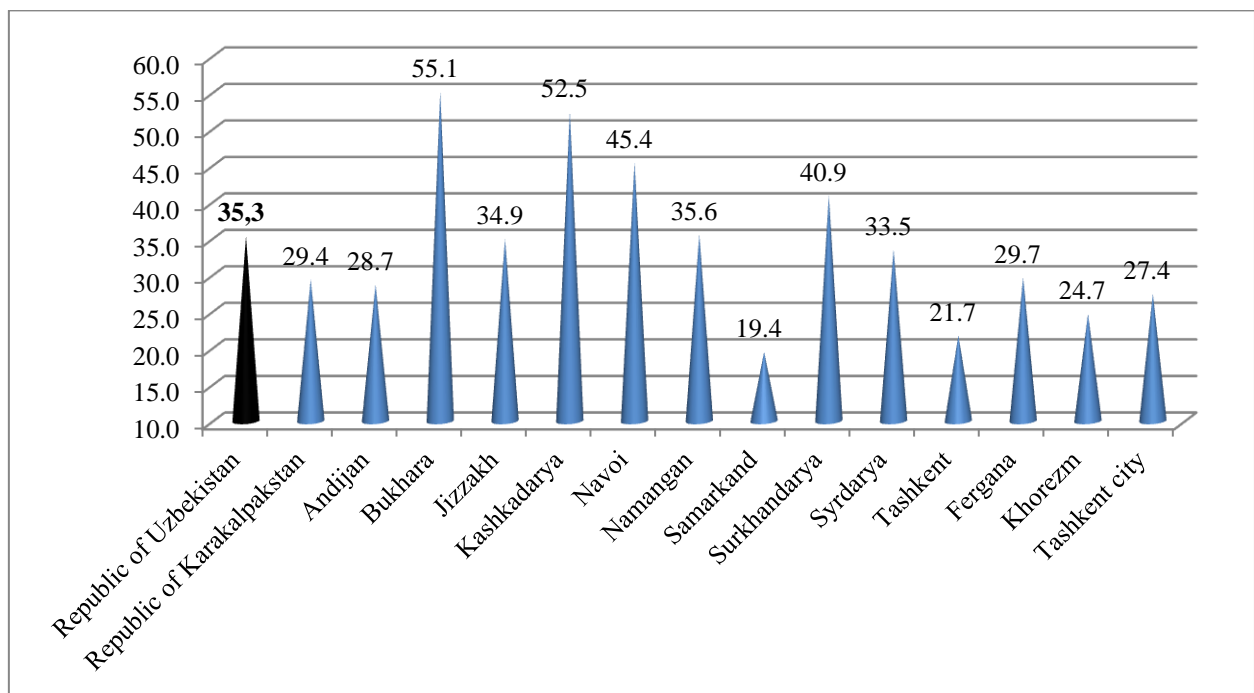


Figure 2. The share of foreign investments in the structure of investment in the regions of Uzbekistan in 2017-2021, in %

In 2017-2021, the share of foreign investment in total investment was relatively low in Samarkand region (19.4%), Tashkent region (21.7%), Khorezm region (24.7%) and Tashkent city (27.4%). Among the major investment projects implemented in the republic in 2021 with the participation of foreign direct investment, the following can be mentioned:

- Construction of a solar photo power plant with a capacity of 100 MW in the Navoi region on the basis of a public-private partnership (pilot project);
- Implementation of exploration work at the mine "25 Years of Independence" in the Surkhandarya region and the development of the mine on the basis of a distribution agreement, the creation of a gas chemical complex;
- Expansion of production capacities of Shurtan-GCC;

- Program to increase hydrocarbon production for 2017-2021;
- Development of the Muruntov mine (Stage V) Stage 1;
- Program for the modernization and improvement of the efficiency of the national gas transmission system for 2021-2022.

In 2021, at the expense of foreign loans under the state guarantee of the Republic of Uzbekistan, projects such as the modernization of substations of main power grids, the introduction of an automated system for accounting and control of electricity, the modernization of the Topalanskaya hydroelectric power station, the electrification of the Bukhara-Urgench-Khiva railway, and the renewal of the locomotive fleet were implemented.

The manufacturing industry leads in the composition of investments in fixed capital by types of economic activity - 63.2 trillion soums of investments in fixed assets or from 25.8% of the total sources of financing of this type of economic activity. Total in the mining industry 232 trillion. about UZS or 9.5% of the total investment in the republic, 6.4% of its composition or 15.7 trillion. soums refers to the production of crude oil and natural gas.

In 2021, the average per capita volume of capital investments in Tashkent (20.6 million soums), Navoi region (14.7 million soums), Bukhara region (10.5 million soums), Tashkent region (9.6 million soums) soums) has a relatively high level, significantly exceeding the national figure (6.9 million soums). In this year, the volume of investment per capita was relatively low in the Fergana region (3.3 million soums), Andijan region (3.5 million soums) and Samarkand regions (3.9 million soums).

Results

Summing up the above, we can give a number of recommendations to increase the investment potential of the regions of Uzbekistan and improve the efficiency of investments. It is advisable at the initial stage to develop a concept of a long-term regional policy for the entire republic in order to pursue a reasonable investment policy in our country and create the necessary conditions for the active development of investments in the regions and their effective use. This republican concept is the basis for setting priorities and main goals in the development of concepts for long-term socio-economic development within individual regions. At the next stages, it is recommended to develop regional investment strategies based on the concepts of socio-economic development of the regions.

We consider it necessary to cover the following main tasks for developing the concept of regional policy in the whole country and improving the efficiency of investments:

- taking into account the economic potential and current trends of the country's regions, constantly identify within them "growth centers" and "lagging regions";
- creation of all conditions for ensuring active diffusion of news and innovations from regions considered as "growth centers" to peripheral regions and remote rural areas;
- formation of a system of modern transport corridors connecting developed regions and lagging regions;
- Continue and develop the communication network formed in the "growth centers" in lagging regions;
- to ensure the free movement of labor and labor resources between the developed regions of the republic and the regions lagging behind in development;

- creation of an effective mechanism to encourage the opening of branches of higher educational institutions, research organizations, "intelligence" centers operating in developed regions in regions lagging behind in development;
- ensuring effective use of the opportunities of regions with high production, consumer, labor, institutional and innovation potential in lagging regions through interregional joint programs of socio-economic development.

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