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Participation Of Foreign Investments In The Development Of Entrepreneurship In The Renewed Uzbekistan And Its Development Strategy (Historical Approach)

Tolipov Fayzulla Saidovich

Candidate Of Historical Sciences, Associate Professor, The National University Of Uzbekistan, (Uzbekistan)

ABSTRACT

The article analyzes the attraction of foreign investment in business in Uzbekistan, measures for investment cooperation with foreign countries for the innovative development of the economy and the ongoing new reforms on the basis of historical principles. It emphasizes the specificity of local factors, such as active domestic and foreign policy with advanced foreign countries in terms of business and entrepreneurship, favorable conditions for foreign investors, maintaining peace and tranquility in the country. It is also noted that the positive situation in the macro and microeconomic indicators of the country has served as a key factor in actively attracting foreign investment, the existing problems in this area and the history of measures taken to address them. It analyzes important factors and strategies for foreign investment in business and entrepreneurship development.

KEYWORDS

Renewing Uzbekistan, business and entrepreneurship, investment, foreign investment, innovation, cooperation, reforms, factors, economy, forecast, strategy, law, capital, credit, banking.

INTRODUCTION

At the current stage of development of the world community, no country can achieve socio-economic development without investment. Countries that have not been able

to attract investment resources to the national economy in a timely manner and are experiencing cash shortages are likely to lag behind in socio-economic terms. In this case,

one of the best solutions to the problem is to attract capital resources in developed countries, that is, investment in the economies of developing countries. In general, investments play an important role in the socio-economic development of the country, bring new modern technologies and know-how to the country's economy, increase the production capacity of modern products that are in demand in the domestic market, replace imported goods, build new enterprises, create new jobs, to improve the living standards of the population as a whole [1. Page 27]. If we look at the recent history of Uzbekistan, in the history of Uzbekistan, which has been renewed in recent years, foreign investment in production has been contributing to the innovative development of the economy, business and entrepreneurship and improving the welfare of the population.

METHODS

The article is based on the methods of objectivity, consistency, historical-comparative analysis, chronological study of historical and social events, reliance on sources and evidence and their validity, which are characteristic of the social sciences and humanities. It was based on the definition of indicators for assessing the effectiveness of the state's investment policy, the existing problems based on the development strategy of the industry and some methodological criteria for identifying priorities for their solution.

RESULTS

At the current stage of the new history of Uzbekistan, the country is taking effective measures to increase the attractiveness of the investment climate in the development of business and private entrepreneurship, and new reforms are being implemented.

According to experts, currently Uzbekistan has the following favorable conditions for attracting foreign investors:

- Socio-political stability;
- Formation of the legal framework for the protection of private property and competition;
- Construction of infrastructure to support the investment process;
- Favorable geographical location of the country;
- High potential for the development of the agro-industrial sector and the richness of the country's mineral resources;
- Availability of highly skilled labor resources;
- Sufficient size of the domestic market for trade [2. №2].

According to historical research, given today's active investment climate, it can be said that by 2017 the economy of Uzbekistan has grown almost six times, and the real income of the population has grown almost nine times. The share of GDP per capita increased to 6.9 times, which allowed Uzbekistan to become one of the middle-income countries. According to the World Bank, Uzbekistan ranks 63rd out of 190 countries in terms of economic level. According to the World Economic Forum, Uzbekistan is one of the five fastest growing countries in the world in 2014 and 2015 and growth forecasts for 2016-2017 [3.№2]. This, no doubt, ensured that the high rates of economic growth provided a relatively proportional distribution of income among the population.

Research has shown that foreign investors can only function perfectly if the right conditions and tax incentives are created. That is, according to this, a certain part of the income of a small enterprise that actively attracts foreign investment is exempt from tax, as it is

intended to create opportunities for such small enterprises to invest in the expansion of production and the introduction of new technologies [4. №7].

As a result of reforms in recent years, trade and investment agreements worth about \$ 60 billion were signed in the last quarter of 2017 and the first half of 2018, with more than 400 agreements and arrangements reached with foreign countries. As a result of the active investment policy pursued by the state, "Over the past 20 years, the volume of reformed foreign direct investment and unsecured loans in the economy of the Republic of Uzbekistan amounted to 25.3 billion US dollars, of which 11.8 billion US dollars (47%) involved in the year. Over the past 5 years, foreign direct investment has been attracted mainly in the oil and gas sector (73%), information technology and communications 6%, electricity 2%, light and textile 1% and automotive 0.2%. investment involved [5. 2018/10/17].

Of course, the rapid development of the industry is closely linked with its regulatory framework. Therefore, in recent years, a number of decrees, laws and regulations have been adopted in the country as an important factor in the further development of the industry. Among them was the Presidential Decree № PD-5495 of August 1, 2018 "On measures to radically improve the investment climate in the Republic of Uzbekistan." This normative document aims to liberalize the economy, reform public administration, limit interference in business activities, reduce and simplify licensing and permitting procedures, ensure free access to goods, as well as to create the most favorable investment climate for attracting direct investment in the country, further strengthened the legal framework that provides for the creation of the necessary infrastructure in the regions [6. №7]

According to A.Bekmurodov, I. Majidov and U. Gafurov, comparing the activities of foreign investors with small businesses with other countries of the world, the share of small business in the production of developed countries has reached almost 70% over the past 30 years [7. 124 bet]. In particular, the figure rose from 38% to 52% in the United States, from 47% to 55% in Japan, and from 58% to 67% in the European Union. The share of small businesses in the total number of enterprises in these countries is not less than 92.5%. Over the last 20 years of the 21st century, small business employment has grown from 47 percent to 54 percent of total employment in the United States, from 73.8 percent to 78 percent in Japan, and from an average of 48 percent to 72 percent in the European Union. The share of small business in GDP in the CIS countries is much lower than in developed countries, including 20-21% in Russia and 16.7% in Ukraine [8. Page 30].

Uzbekistan has also accumulated a lot of positive experience in this area in recent years. That is, one of the important directions in attracting foreign investment to the national economy was the formation of special economic zones. Navoi, Jizzakh, Angren, Gijduvan, Kokand, Urgut, Hazarasp free economic zones have been established in our country, and today they are effectively operating. As of January-September 2018, the volume of foreign investments and loans in fixed assets amounted to 17770.6 billion sums, the share of foreign investments and loans in total investments amounted to 25.0%, foreign direct investment and loans - 7336.6 billion sums, the share of direct foreign investment and loans in the total volume of foreign investment and loans was 41.3%. The above analysis shows that the amount of foreign investment in January-September 2018 increased by almost 2.5 times compared to

2010 due to the conditions created for foreign investors, in particular, the timely formation of the regulatory framework [9. Page 53].

If we look at the statistics, in 2001-2017, the number of small businesses and private entrepreneurship in the country increased from 99 thousand to 229 thousand, while in the first half of 2018 the number of such enterprises amounted to 247.7 thousand. Accordingly, as of January 1, 2016, the number of small businesses with foreign capital reached 4,564. In 2015 alone, 386 enterprises with foreign capital were established in the country. As of January 1, 2019, the number of enterprises with foreign capital operating in the country amounted to 7,560. This is explained by the fact that compared to 2018, the number of enterprises increased by 2043. Of the existing enterprises, 4,006 were small joint ventures and 3,554 were foreign enterprises [10. Page 21].

In particular, the announcement of 2018 as “the Year of Active Entrepreneurship, Support of Innovative Ideas and Technologies ” in the country, a detailed analysis of the work done in previous years in accordance with the adopted State Program identified factors for further development of the industry. 2019 Year has been declared “ the Year of Active Investment and Social Development” in our country. This year, the important goals and objectives of the implementation of these areas, in particular, foreign investment in entrepreneurship [11. 2019].

It should be noted that today the large amount of foreign direct investment in foreign capital investment is a positive development. This is due to the fact that investors direct capital investments into the country's economy without state guarantees, which indicates that they have assumed all the risks that may arise

as a result of operating in the national economy.

In his Address to the Oliy Majlis on the most important priorities for 2019, President Mirziyoyev focused on investment, saying, “World experience shows that whichever country pursues an active investment policy has achieved sustainable economic growth. That is why investment is the heart of the economy, in Uzbek”.

If we look at the dynamics of change in this area, we can see that investments in entrepreneurship are attracted in two ways. The first is direct investment, the second is foreign investment and loans included in fixed capital. Their volume in the previous period amounted to 4340.8 billion sums, while the share of foreign investment and loans in total investments amounted to 28.3% of total foreign direct investment and loans amounted to 3778.4 billion sums, foreign direct investment and loans in total foreign investment and loans. The share was 87.0 percent. In particular, \$ 2,848.50 million for the operation of small free economic zones, including: \$ 448.8 million for JSCB "Asaka Bank"; USD 1,618.50 million on the National Bank for Foreign Economic Activity; Uzpromstroybank - 660.3 million US dollars; \$ 65.4 million for Uzsharobsanoat JSC; The fact that the Uzcharmsanoat Association plans to develop \$ 55.5 million is proof of our opinion [12. Page 49].

Of course, the republic's cooperation with the International Entrepreneurship Support Fund, the International Monetary Fund, the European Bank for Reconstruction and Development, the World Bank and its affiliate, the International Finance Corporation, the International Investment and Guarantee Agency creates an opportunity to provide

preferential loans for the country's investment socio-economic program.

In this regard, agreements have been reached with 1,080 projects worth \$ 52 billion in 2018 to attract investment in entrepreneurship in cooperation with international banks. The volume of joint investments with the World Bank, the European Bank for Reconstruction and Development, the Islamic and Asian Development Banks, and other international financial institutions amounted to \$ 8.5 billion. Today, 456 projects worth \$ 23 billion are being implemented in our country at the expense of foreign investments [13. Page 6]. Due to such foreign investments, for example, the number of new joint ventures and foreign enterprises registered in Uzbekistan until May 2018 amounted to 776. As a result of working with joint ventures, 182 joint projects worth US 17 billion dollars have been implemented [14. Page 37] is a confirmation of our above thoughts.

Today in the world there is a fierce competition and struggle between countries to attract foreign capital to entrepreneurship. In terms of the volume of foreign investment, its quality and the use of favorable conditions in developed countries, an innovative environment is being created from year to year, which serves to ensure the attractiveness of the investment climate.

However, speaking about the problems in Uzbekistan, the President noted that despite the significant work being done in our country to improve the business environment, in some respects we still occupy a low position among the countries of the world. In particular, In the World Bank's Doing Business ranking, our country ranks 134th in construction. This indicates that there are many problems in the field. For example, in the field of construction,

there are 17 procedures for issuing permits, which take an average of 246 days to obtain, notes the head of state [15. 2018 y. December 29].

In accordance with the business strategy, relations with the world's leading countries have significantly intensified, and as a result of negotiations with foreign leaders, Russia, Belarus, the United States, China, France and other EU countries, Turkey, Egypt and the Asia-Pacific region. The strategic partnership with the Middle East has reached a qualitatively new level. In particular, it is planned to open Uzbek-Russian joint ventures with the Russian Federation, 23 new trading houses, 20 small businesses and retail centers [16. №218].

In other words, historical analysis has shown, for example, that in the history of Uzbek-Russian cooperation, first of all, openness, strategic equality, attracting investments in the field of active contractual agreements have reached a new level, a new era of active investment climate has begun in Uzbekistan. It is important to create adequate conditions for investors in the future.

Looking at the future strategy of cooperation in the field of entrepreneurship on the example of other countries, according to the strategic partnership between Uzbekistan and Turkey, specific measures have been developed to increase bilateral trade to \$ 5 billion in the coming years. According to such agreements, Memorandums of Understanding on cooperation in the field of investment, agriculture and cooperation program for 2019-2020 were signed with the United States for \$ 4.8 billion, with the Arab Republic of Egypt [17. № No. 184]. According to the strategic plan, 19 agreements and 56 trade agreements worth \$ 263 million will be signed with the Republic of Belarus [18. №190]. Such agreements were

signed with India in the coming years from September 30 to October 1, 2018, worth \$ 3.2 billion, and during the official visit of President Islam Karimov to France on October 8-9, 2018, agreements on investment projects worth 5 billion euros were signed [19. №1].

However, as of January 1, 2019, the number of small enterprises with foreign capital operating in the country amounted to 7,560. Compared to the same period last year increased by 2043 or 37.0%. The bulk of these enterprises accounted for the Russian Federation, the Republic of Turkey, the People's Republic of China, the Republic of Kazakhstan and the Republic of Korea. In addition, 4,006 enterprises with foreign capital are joint ventures, and 3,554 are foreign enterprises. By regions, the main part of small and medium and large enterprises based on private entrepreneurship with foreign capital is in Tashkent city 4728 (62.5% of the total), Tashkent region 851 (11.3%) and Samarkand region 396 (5.2%). The lowest number of enterprises with foreign capital was in Khorezm region (0.9%), Kashkadarya - 85 (1.1%), Navoi region - 109 (1.4%) and the Republic of Karakalpakstan - 121 (1.6%). [20. 2019/01/15].

Studies have shown that in our opinion, it is necessary to work with foreign partners in some areas with low performance, to further develop the work that needs to be done to attract investment. If you look at the small enterprises with foreign capital in terms of economic activity, the largest number was in industry - 2995 (39.6%), trade - 1668 (22.0%) and other activities - 1225 (16.2%). The lowest rates are in health and social services - 97 (1.3%), information and communication - 209 (2.8%), transportation and storage - 214 (2.8%), agriculture, forestry and fisheries - 339. (4.5%), 325 (4.3%) in accommodation and catering

services, and 488 (6.5%) in construction [21. №1].

It can be seen that the main part of operating enterprises with foreign capital falls on the type of industrial and commercial activities. The lowest share is in the provision of health and social services, as well as information and communication activities. However, in January-December 2018, the number of newly established enterprises with foreign capital amounted to 2385. This is an increase of 1,522 compared to the same period last year. At the same time, 428 enterprises with the participation of residents of the Russian Federation, 364 enterprises of the Republic of Turkey, 351 enterprises of the People's Republic of China, 246 enterprises of the Republic of Kazakhstan and 161 enterprises of the Republic of Korea were newly registered. Also, during 2018, residents of the Islamic Republic of Afghanistan, the Republic of India, the Federal Republic of Germany, Ukraine, the Republic of Azerbaijan and other countries expressed interest in the activities of joint ventures [22. №1].

This means that in the history of the years of independence, significant work has been done in Uzbekistan as a result of strong investment in various areas through entrepreneurship, and today they are bearing fruit. In this regard, a detailed analysis of the work done in Uzbekistan in 2018 - the "Year of Active Entrepreneurship, Support of Innovative Ideas and Technologies" and made important proposals for the development of this sector [23. 2018. 29. 12.].

According to him, in order to implement the plans set out in the Program, in the first half of 2019, about 86 trillion sums, or 1.6 times more than in the same period last year, for the first time in the country's history, the share of

investment in GDP exceeded 38%. However, according to him, the peculiarity of the investment policy pursued in the country is that priority is given to projects aimed at creating new high-tech production entities that provide deep processing of local raw materials. As a result of active investment policy and direct foreign investment in sectors of the economy and regions, many projects are being implemented. This serves to ensure employment and welfare of the population [24. № 823].

It is no secret that the first half of 2020 was a difficult and extremely difficult test period in the history of the peoples of the world, as the coronavirus infection in China spread all over the world and affected all sectors, especially the world economy. This has led to a sharp decline in production and consumption in countries with large economies, disruption of global production chains and trade relations, falling commodity prices in world financial markets and deteriorating conditions. In this regard, on March 19, 2020, the Decree of the President of the Republic of Uzbekistan "On priority measures to mitigate the negative impact of the Coronavirus pandemic and the global crisis on sectors of the economy" was issued. According to the decree, the Anti-Crisis Fund was established under the Ministry of Finance of the Republic of Uzbekistan. As with all sectors, the Fund's mission is to support entrepreneurship and employment:

1. Increase the provision of guarantees and compensation for interest expenses on loans issued by the State Fund for Entrepreneurship Development under the Agency for Small Business and Entrepreneurship Development, primarily for the production, sale and sale of socially important consumer goods;
2. Reimbursement of unearned income in the budget of the Republic of Karakalpakstan,

local budgets of the regions and the city of Tashkent due to delays in the payment of interest-free taxes for up to three years and the slowdown of entrepreneurial activity;

3. Establishment of an anti-crisis fund and increased spending to support entrepreneurship and the socially vulnerable;
4. Reduction of the minimum monthly amount of social tax for individual entrepreneurs to 50% of the basic calculation amount;

Until January 1, 2021, the task of suspending the process of tax audit of business entities has been set [25. 2020. 20.03].

CONCLUSION

In conclusion, it can be said that the measures taken in Uzbekistan today to attract foreign investment in business and entrepreneurship, technical and technological modernization of enterprises in the business sector, increase the number and quality of products and increase competitiveness serve to further develop the country's economy. The following aspects are an important factor for the active attraction of foreign investment in Uzbekistan today:

First, it reaffirmed that the active domestic and foreign policy pursued in Uzbekistan, the favorable conditions created for foreign investors, the preservation of peace and tranquility in the country, the positive macroeconomic indicators of the country will serve as a key factor in actively attracting foreign investment;

Second, Uzbekistan is establishing equal partnerships with foreign investors on the basis of economic relations. It confirms the establishment of cooperation in this area with

developed countries, which have their own prestige and prestige in the world, without allowing any public investment to enter our country. Indeed, the investments made have shown that the country's economy is supported by creating ample opportunities for its development;

Third, world experience has shown that countries that are transitioning to a market economy cannot successfully integrate into the world economic community without creating a favorable investment climate and actively attracting foreign investment to the national economy.

Fourth, Uzbekistan's consistent path of denationalization and privatization of property, development of entrepreneurship and business confirms that it creates real conditions for intensifying the process of attracting foreign investment to the country's economy.

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