

PROSPECTIVE WAYS OF ATTRACTING FOREIGN INVESTMENT TO THE NATIONAL ECONOMY

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Abstract: This article provides relevant information on the promotion of foreign investment in the national economy through taxes, as well as the ways of attracting foreign investment in the national economy and the conclusion and suggestions for the promotion of their development through taxes.

Keywords: national economy, investments, foreign investments, tax.

The phased implementation of economic reforms in our country and the fact that the state is the main reformer is one of the unique characteristics of our country's transition to a market economy. This process requires making numerous decisions regarding the regulation of investment activities. "Establishing strong ties with foreign investors interested in working with Uzbekistan, assisting them from the beginning to the end of the project, and, simply put, leading them by the hand to ensure results," said Shavkat Mirziyoyev. It is impossible to achieve stable economic growth, renewal of fixed capital, and structural changes in the entire investment and financial sector without properly organizing investment activities in economic sectors, attracting domestic and foreign investments, and efficiently utilizing them. Therefore, the state regulates these reforms.

Foreign investments play a crucial role in the development of the country and the improvement of its economic situation. Under the conditions of Uzbekistan's securities market, in order for capital attraction mechanisms to function within the production sphere, particularly in privatized enterprises, opportunities have been created to ensure that stock price dynamics follow a voluntary growth trajectory in the long and medium term without speculative fluctuations that could disrupt market stability. From the perspective of issuers, the increase in market value of shares is a preferable form of rewarding shareholders compared to dividends since the capitalization of the income earned by the issuing company increases its capital, which is essential for issuing new securities.

On one hand, in the absence of a forward-moving trajectory of high market-priced shares for issuing companies, rewarding investors in the form of dividend payments is advantageous. If dividends are the primary source of income for shareholders, a plan for secondary issuance of shares may provoke a negative reaction from many shareholders. On the other hand, the interests of long-term strategic investors, mainly institutional investors, align with the stable growth of dividends. Thus, within the securities market, a balance between a conscious dividend policy and stock value growth policy should be established.

To enhance the efficiency of foreign investments, positive transformations in the stock market are necessary. The primary characteristic of the securities market is the availability of a wide range of financial instruments that increase the ability to accumulate funds. However, the market structure, characterized by large stock packages and an insignificant volume of freely traded shares, as well as the established trends in emission, dividend, investment, and corporate policies, reduce the number of available instruments. These instruments are attractive from an investment standpoint.

It is necessary to expand the share of corporate stocks in the overall securities structure and to introduce trading in corporate securities that are not yet widely known in Uzbekistan (various types of attractive stocks, stock options, convertible bonds, etc.). These securities allow for investment risk diversification and facilitate the attraction of substantial capital. The volume of secondary share issuance should significantly increase and substantially enhance the current level of investments in fixed capital. Currently, local stock markets remain relatively illiquid and offer a limited selection of investment opportunities. Nevertheless, recent times have witnessed positive developments within the framework of proper investments (differentiated ownership of large packages by strategic foreign funds) and capital inflows, although the infrastructure disproportions of the Uzbek securities market persist.

Despite positive changes in corporate governance practices, increased transparency of enterprises, and the preparation of reports in accordance with international standards, Uzbekistan is still perceived by many investors as a highly risky investment destination. This is partly due to a significant time lag between the actual improvement of the economic situation in the country and the objective transformation of its image from the perspective of potential and real investors.

The state has significant work ahead to improve the investment climate in the country and create favorable conditions for attracting long-term foreign investments. According to current analysts, foreign investors, mainly large institutional investors, base their decisions on the presence of investment potential and the enforcement of strict legal and conservative policies. The level of trust in leading national issuers depends on investors' overall attitude toward the market, market access opportunities, the ability of smaller companies to attract investments, and the medium-term development prospects of Uzbekistan's securities market. It is important to understand that the strengthening of a single company is insufficient for a fundamental shift in investor sentiment towards the market.

Overall, investors want a clearer understanding of the country's economic development scenario. It is evident that programmatic statements that are not accompanied by concrete and effective actions are insufficient. Observing the experiences of many countries (such as Eastern and Central Europe, and CIS countries), investors trust practical actions rather than mere rhetoric. Large-scale inflows of investment resources are only possible in a developed economy with a stable and liquid financial market (securities market).

To commit capital to long-term prospects, investors must have confidence in the stability of state policies and the effectiveness of structural reforms. Transparency is required in the privatization of state-owned packages for all categories of investors. It should be noted that economic and administrative regulations play a crucial role in privatization for investors. Administrative regulation distributes responsibilities between authorities and local governments, ensures access to information regarding the legal conditions, specific projects, methods, and objects of privatization. The privatization process itself depends on the general conditions of capital accumulation but also opens significant opportunities for both domestic and foreign investments.

Currently, several enterprises remain under state ownership. The process of redistributing property forms within the country is far from complete. The uncertainties surrounding this process negatively affect the shareholder structure of Uzbek enterprises and, consequently, foreign investments. One of the primary goals of the authorities should be to eliminate regulatory gaps and ensure the protection of investors' rights and interests. The system of sanctions for securities market violations should be flexible in terms of the severity of penalties: minor

offenses should be met with fines, while more serious violations should be addressed with criminal measures.

To attract foreign (including portfolio) investments, their security must be guaranteed, along with preferential treatment (strategic arrangements for restructuring industries), necessary infrastructure development, and a drastic simplification of bureaucratic procedures (debureaucratization of the economy is currently a key priority for the government). Corruption must be eradicated. The current state of investment activities in Uzbekistan is characterized by a multi-tiered system of state regulatory bodies. Each of these institutions performs one or several functions. This indicates that the existing system of state institutions regulating investment activities in Uzbekistan is fragmented and, consequently, inefficient.

In conclusion, the role of the state is crucial in forming a favorable and stable economic-legal environment for foreign investors (including portfolio investors). This process must be implemented comprehensively. A state investment strategy that meets long-term national interests should be developed. As part of this strategy, measures should be taken to concentrate foreign private capital in alignment with national interests, along with outlining industry-specific and regional advantages and preferences. Improving the investment climate in the country is of great importance.

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