

**PROSPECTS FOR THE DEVELOPMENT OF TRADE, INVESTMENT AND  
ECONOMIC RELATIONS BETWEEN UZBEKISTAN AND FOREIGN COUNTRIES**

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**Abstract.** This article demonstrates the importance of investment for the economic development of the Republic of Uzbekistan. In recent years, Uzbekistan has made significant strides to accelerate economic development and modernization. Due to its rapid growth, the country's economy has attracted international attention. Attracting foreign investment and developing various sectors of the economy is a key component in ensuring long-term economic stability and prosperity. Foreign investment is significant for Uzbekistan because it allows it to attract new technologies, management experience, capital, and a highly skilled workforce to the labor market.

**Keywords:** investment, share, net profit, loan, expenses, state-owned enterprise, technology, economic activity, banks, export processing zones, foreign investment.

Foreign investment is any property that facilitates the transfer of income from one country to another. However, there are certain types of real estate that cannot be considered foreign investment. For example, if a foreign citizen purchases a private home, it is considered the property of a foreign state, or an embassy is considered the property of a foreign state. However, this cannot be considered a foreign investment. All property, financial resources, and intellectual property that foreign investors invest in the economy, entrepreneurship, and other areas of activity in another country with the goal of generating high returns and efficiency are called foreign investment.

Section 3 of the Law of the Republic of Uzbekistan "On Foreign Investments" states [1]:

Foreign investors invest all tangible and intangible assets and rights thereto, including intellectual property rights, as well as any income received from foreign investment, in entrepreneurial activities and other activities not prohibited by law, primarily for the purpose of generating income (profit), in the territory of the Republic of Uzbekistan, and this is recognized as foreign investment. The Handbook of Foreign Trade, second edition, published by F. Henius in 1947 in the United States of America, gives a general description: "Exported investment is investment introduced from one country into another"[2].

Foreign investment[3] is any temporary investment by foreign states in the national economy, whether financial, tangible, or intangible. This may include participation in joint ventures, the creation of enterprises wholly owned by foreign investors, the acquisition of securities by foreign entities, and the receipt of loans and credits. Foreign investment is classified as a source of external financing, not domestic investment.

Foreign investment is very important for the creation of joint ventures, privatization, the establishment of banks with foreign partners, the purchase of securities, the right to use land and other natural resources, and activities in free economic zones.

Two main groups of factors influence foreign investment: 1) economic factors[5]: production growth and maintaining a sustainable rate of economic growth; 2) profound structural changes in the global and national economies (especially as a result of scientific and technological progress and the development of the global services market).

- expansion of international specialization and production cooperation;
- increasing transnationalization of the global economy;

- an increase in the output of foreign affiliates of US transnational corporations (TNCs), which is approximately four times greater than the volume of US goods exports;
- expanding internationalization and integration of production; expanding international economic relations, and other factors.

2) Political factors include the liberalization of capital exports (imports) through the creation of free economic zones (FEZs), offshore zones, etc.; the implementation of industrialization policies in developing countries[4].

- implementing economic reforms, including the privatization of state-owned enterprises and support for small businesses and the private sector;

- developing and implementing policies aimed at maintaining employment levels, etc.

Investment is essential to restore scientific, technical, production, and intellectual potential. Thanks to foreign investment, the domestic economy is reviving, and production is specializing in the production of modern, competitive goods.

This leads to the creation of new jobs and the resolution of existing economic and social problems in the country. Uzbekistan has the potential to become one of the many countries attracting foreign investment, as it possesses all the necessary conditions and numerous advantages.

Thanks to its socioeconomic development, geographical location, natural resource reserves, state economic policy, and other factors, Uzbekistan plays a significant role on the global stage. Investment is one of the fundamental economic concepts of a market economy, and the widespread and rapid integration of investment into our daily lives demonstrates its essence, significance, and necessity. Our government's close attention to this area and the conditions created for it has led to an increase in the number of new enterprises involving foreign investment and their establishment[8].

Therefore, one of the most important priorities is to provide economic incentives for companies interested in attracting foreign investment to our country and to create the necessary conditions for this. The consistent implementation of structural changes in our country depends on the creation of a favorable investment environment. The investment climate, which includes political, economic, regulatory, social, and other factors that influence investment processes in a country, is called the investment climate. The investment environment is primarily determined by economic factors such as mineral reserves, labor force qualifications and average wages, the state of the economic situation, the capacity of the domestic market, as well as the ability to sell goods on foreign markets, the state of the credit system, the level of taxation, the development of social and industrial infrastructure, and government policies aimed at supporting investment.[6]

Since our country gained independence, creating an attractive investment environment has become one of the main goals of the state's economic policy. Decree of the President of the Republic of Uzbekistan[2] No. 1213 aims to further deep structural reform of the economy, revitalize enterprise investment activity, attract foreign investment, primarily foreign direct investment, and its effective use, modernize production, retool technically and technologically, create new jobs, and ensure sustainable and dynamic development of the national economy. Investment lending through the banking system is of particular importance for financing capital investments under this program.

In conclusion, it should be noted that state regulation of investment activity, the direct involvement of foreign investment in new projects, and the attraction of a significant portion of private entrepreneurship entities to investment activities are the most important tasks, depending on the level of economic liberalization and the degree to which foreign investment is attracted. It is also important to stimulate foreign investment while simultaneously engaging the national

economy. Thus, the goal of state regulation of investment relations is to stimulate both the inflow of foreign investment and private sector investment in the national economy.

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