

The Role of Foreign Investments in the Development of the Country's Economy

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Abstract

In this article, aspects of the importance of foreign investments in the development of the country's economy. Why is foreign investment important? Also, in the article, the problems encountered in the attraction of foreign investments to the national economy of our country and the need to use measures aimed at preventing these problems are widely covered.

Keywords- Investment, foreign investment, foreign capital, investor, export, import, national economy, investment process.

INTRODUCTION

Globally, foreign investment has emerged as a key factor in economic development in various countries. The inflow of foreign capital, experience and technologies plays a key role in strengthening the direction of economic growth of the country, stimulating innovation and expanding development opportunities.

In the new version of the Law of the Republic of Uzbekistan "ON INVESTMENTS AND INVESTMENT ACTIVITY", Law No. ORQ-598 dated 25.12.2019, foreign investments are classified as follows: - foreign investors in the social sphere, entrepreneurship, scientific and tangible and intangible assets and rights to them, including rights to intellectual property objects, as well as reinvestments;

Foreign investors are foreign countries, administrative or territorial bodies of foreign countries, international organizations established in accordance with agreements or other agreements between countries or subject of international public law, legal entities established and operating in accordance with the legislation of foreign countries. individuals, any other companies, organizations or associations, citizens of foreign countries and stateless persons permanently residing outside the Republic of Uzbekistan;

Foreign direct investment is a prominent form of international capital flow that occurs when an enterprise located in one country invests in business interests located in another country. These investments can take many forms, including new ventures, mergers and acquisitions, joint ventures, or expansion of existing operations.

Currently, there are several different forms of attracting foreign capital in our country:

- Establishment of joint ventures by adding a share to the charter fund;
- establishment of foreign private enterprises through 100 percent property ownership;
- Establishment of branches of large companies abroad; -
- Establishment of free economic zones; sale and purchase of financial assets.

One of the main advantages of foreign investment is its contribution to economic growth. The inflow of capital from abroad paves the way for the development of infrastructure, industry and services. This infusion of funds will help create jobs, thereby reducing unemployment and raising the standard of living of the local population.

In addition, foreign investment often brings advanced technology, management expertise, and best practices that are lacking in the recipient country. The transfer of this knowledge and skills leads to the development of local industries and makes them competitive in the global market. For example, technological advancements in sectors such as manufacturing, agriculture, and services can help increase productivity, thereby fueling economic expansion.

The role of foreign investments in the economy of developing countries is particularly large. These countries often face challenges related to limited capital availability, inadequate infrastructure and technology gaps. Direct investment acts as a catalyst in addressing these gaps by providing the necessary resources and expertise to overcome development barriers. In addition, foreign investments help the integration of domestic markets into the world economy. By attracting transnational corporations and developing international trade relations, countries can access large markets for their goods and services. This integration not only expands export opportunities, but also facilitates the transfer of knowledge, skills and technology, thereby promoting economic diversification and growth. However, while foreign investments offer many benefits, they also present certain challenges and risks. One such concern includes the volatility and susceptibility of external factors such as global economic conditions, changes in politics, and geopolitical tensions. Fluctuations in global markets can affect foreign capital flows, which affect the stability of recipient economies. Another challenge is to ensure that foreign investments contribute to sustainable development. Governments should implement strong policy and regulatory frameworks to protect against potential exploitation of resources or labor to ensure that investments are aligned with the country's long-term economic and social goals.

In Uzbekistan, regulatory documents have been adopted for the smooth operation of foreign-invested enterprises and the protection of investors' rights. In particular, the laws of the Republic of Uzbekistan "On foreign investments", "On guarantees of the rights of foreign investors and measures to protect them" and the Tax Code of the Republic of Uzbekistan, adopted on April 30, 1998, implement foreign investments. determines the legal basis and procedure for the increase.

The preferential financial conditions created in the Republic of Uzbekistan are as follows:

- guarantees for compensation of damages;
- guarantees for the preservation of capital of foreign investors;

- benefits set for them in the taxation system;
- freedom to take profits and income abroad;
- the ability to transfer and withdraw profits received in national soums and foreign currency;
- availability of customs benefits;
- the creation of a system of insurance protection of foreign investors' properties and their own risks.

In conclusion. Foreign investment plays a crucial role in economic development by injecting capital, expertise and technology into the economies of host countries. While offering many benefits, while mitigating potential risks, careful management and strategic planning are required to maximize the positive impact of foreign investment. When used effectively, direct investment is a powerful tool in supporting sustainable economic growth and prosperity in countries around the world.

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