



INVESTMENT POTENTIAL OF UZBEKISTAN, BENEFITS OF INVESTING IN THE COUNTRY AND POSSIBLE PROBLEMS THAT COME WITH IT

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It should be noted that at the current stage of development of the world community, no country can achieve the corresponding (desired) level of socioeconomic development without investment. Uzbekistan, one of the fastest growing developing countries is trying to implement new investment policies and offering foreign investors many privileges to attract the foreign investment into the national market. It is stated in many regional and international surveys held by some economic institutions that Uzbekistan has a huge potential to hold the foreign investment in terms of fresh markets, labor force, geographical location and scientific advances as well as healthy environment for doing business. The following article gives some reasons for investment prospects in Uzbekistan as well as analyses the problems that have to be solved.

Key words: *investment, agriculture, human resource, GDP government regulations economic stability, natural resources, tax, logistics.*

INTRODUCTION

Achieving sustainable development, increasing incomes and improving the living conditions of the population, in general, the socio-economic development of the country, largely depends on the volume and structure of investments attracted to certain areas and sectors of the national economy. Consequently, the priority direction of the social and economic development of any state will be aimed at the formation of an attractive investment environment. In this connection, for Uzbekistan, which has planned to reach the average level of economic development of developing countries in the near



future, consideration of the issue of improving the investment environment for attracting foreign capital and domestic investment has a special significance.

Modern Uzbekistan –it is leading industrial state located in the heart of Central Asia, ensuring stability and economic development of the region as a whole.

Among the advantages offered by the modern economy of Uzbekistan for foreign companies –political and macroeconomic stability, favorable climatic conditions, hospitable and hardworking people and many others.

METHODS AND MATERIALS

Among the advantages, the key factors for the success of doing business in Uzbekistan are: a rich resource base, a favorable geographic location in the center of the largest regional markets, a transport and logistics system integrated into a network of land and air communications of international importance, a diversified industrial base and a scientific and intellectual, personnel potential of the republic. Access to a wide range of raw materials maximally optimizes the cost of production by significantly reducing the cost of transporting raw materials and materials, provides an opportunity for in-depth processing with the production of products with high added value and a level of localization in excess of 30%.

The economy of Uzbekistan is one of the few which is characterized by absolute energy independence in the world. The industry of the republic is fully provided with natural gas, oil and petroleum products, coal and electricity. 188 deposits of oil, gas and condensate, 3 deposits of coal explored here.

Electricity produced in the country fully covers the growing needs of the republic and at a cost 4.5 times lower than the average price paid by industrial consumers in developed countries.



Additional possibilities are created by the unlimited potential of alternative energy sources, including solar, wind, derived from the processing of municipal solid waste which annually allows us to generate energy in the amount of more than 51 billion tons of oil equivalent. Agriculture is considered to be an important supplier of raw materials for industrial production. Due to favorable climatic conditions, Uzbekistan has the richest agricultural potential: the country is the fifth largest producer of cotton fiber in the textile industry, it has the potential to produce more than 10 million tons of fruits and vegetables per year, annually supplies to the market up to 10 thousand tons of air dried silkworm cocoons.

Proximity to extensive sales markets and a developed transport infrastructure of Uzbekistan, integrated into the multimodal communication system of Eurasia, also predetermine the prospects of investment and trade and economic cooperation. By investing in Uzbekistan, foreign companies will have the opportunity to enter the 5 largest and fastest growing markets –these are CIS countries with a market of more than 300 million people in Central and Eastern Europe, South and Southeast Asia, and the Middle East. At the same time, a developed multimodal network, significantly reducing the time and costs of delivering goods from Uzbekistan and transit through the territory of our country, as well as agreements on the establishment of the most favored nation treatment with 44 countries, and the Free Trade Area established between 12 CIS countries, significantly increase the competitiveness of uzbek manufactured products in foreign markets.

ACKNOWLEDGEMENT

It is well known that labor resources are also important for foreign investors. Uzbekistan, one of the most densely populated and multinational states of the world located at the crossroads between the West and the East, has



historically been a place of concentration of leading research and educational institutions that have turned our country into a “forge” of highly qualified, professional personnel.

Today, there are 91 higher educational institutions in Uzbekistan, including branches of leading British, Singaporean, Italian, Russian universities. Half of our universities specialize in the training of specialists in technical, special industry areas.

The historically formed rich scientific culture of Uzbekistan, an extensive network of multi-disciplinary scientific and applied organizations creates objective prerequisites for the development of progressive innovative mechanisms for the development of the economy. Uzbekistan, where since 1943 one of the world leading scientific bases has been operating – the Academy of Sciences of the Republic of Uzbekistan, which unites 18 research institutes, is the “center of innovation” in the region.

The need to build up the production and export potential of Uzbekistan is evidenced by the fact that Uzbekistan is located in the center of the 5 largest and most dynamically growing markets in the world – these are the markets of the CIS, East and Southeast Asia, South Asia, including Afghanistan, Middle East, Central and Eastern Europe. Competition in these markets, in today’s conditions, foreign companies, including Spanish companies can only win by using the absolute and comparative advantages of Uzbekistan.

First of all, this is a favorable geographical position of the republic at the intersection of all trade routes between the above regions, a developed multimodal network covering markets that are far beyond the borders of Central Asia, including Eastern Middle East, Northern India and Western China.

The unprecedented conditions for the development of dynamically growing and, in many respects, remaining uncovered, markets in Central Asia



and the CIS, are also due to the possibilities of duty-free entry of Uzbekistan producers into the markets of Central Asia with a population of 60 million and the CIS with a population of 300 million.

Along with customs and tax benefits established for all enterprises of the Republic of Uzbekistan, there are a number of benefits provided to enterprises of the following sectors of the economy that attract direct private foreign investment:

1. Products of the radio-electronic industry and the production of components for computer and computer technology.
2. Light industry:
3. Silk industry:
4. Building materials industry:
5. Industrial production of poultry and eggs.
6. Food industry:
7. Meat and dairy industry:
8. Chemical and pharmaceutical industry:

MATERIALS AND RESULTS

These enterprises are exempt from paying income (profit) tax, property tax, tax on the development of social infrastructure and landscaping, environmental tax, single tax for microfirms and small enterprises, as well as mandatory contributions to the Republican Road Fund.

These tax benefits are provided for the volume of direct private foreign investment:

- from 300 thousand US dollars to 3 million US dollars - for a period of 3 years;
- over 3 million US dollars up to 10 million US dollars - for a period of 5 years;
- over 10 million US dollars - for a period of 7 years.

In this case, these tax benefits are applied under the following conditions:



- placement of these enterprises in labor-abundant regions - the Republic of Karakalpakstan, Jizzakh, Kashkadarya, Syrdarya, Surkhandarya, Khorezm regions, as well as in rural settlements of Navoi, Andijan, Namangan and Fergana regions;
- implementation by foreign investors of private direct foreign investments without providing a guarantee of the Republic of Uzbekistan;
- the share of foreign participants in the authorized capital of the enterprise must be at least 50 percent;
- introduction of private direct foreign investment after state registration of these enterprises;
- investment of foreign investments in the form of freely convertible currency or new modern technological equipment;
- the direction of income received as a result of the provision of these benefits during the period of their application, for reinvestment in order to further develop the enterprise.

The rights of a foreign investor:

- independently determine the volumes, types and directions of investment;
- conclude contracts with legal entities and individuals for the implementation of investment activities;
- to own, use and manage their investments and the results of investment activities.

CONCLUSION

By the decision of a foreign investor, the right to own, use, dispose of investments, their results can be transferred to other legal entities and individuals in the manner prescribed by the legislation of the Republic of Uzbekistan.



- independently decide on patenting abroad and in the Republic of Uzbekistan of his own inventions, utility models and industrial designs obtained as a result of investment activities in the Republic of Uzbekistan;
- independently and freely dispose of income (including its unimpeded repatriation) received as a result of investment activities;
- to attract funds to the Republic of Uzbekistan in the form of loans and borrowings;
- to use funds in national currency on their accounts for the purchase of foreign currency in the domestic foreign exchange market;
- to acquire rights to land plots in the cases and on the conditions stipulated by the legislation;
- to use the property and any property rights belonging to him as property, as security for all types of obligations assumed by him, including obligations aimed at attracting borrowed funds in accordance with the legislation of the Republic of Uzbekistan;
- receive adequate compensation in case of requisition of his investments and other assets;
- to receive compensation for losses incurred as a result of illegal actions (inaction) and decisions of government bodies, local government bodies and their officials.



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