



Foreign Experiences of Attracting Foreign Direct Investments

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Abstract: The essence of foreign direct investments is illuminated in the article. Also, the experiences of the USA and China in attracting foreign direct investments are explored. Special attention is being paid to effective use of production areas and facilities of state property and state-owned economic companies in the scientific research of the world's countries to attract foreign direct investment, creation of favorable conditions for active investment attraction, further support for new competitive production and development of small enterprises special attention is paid.

Keywords: Foreign direct investment, foreign investment, technology, industry, gross domestic product, export and import.

Introduction.

Acceleration of globalization processes in the world requires increasing the possibility of attracting direct foreign investments in the economy of countries. "Foreign direct investment is one of the main factors in the development of the country's economy" [1]. On the one hand, attracting direct foreign investments of developing countries allows the development of leading sectors of the economy, but on the other hand, the issue of placing these processes in connection with the potential of regions and natural resources causes difficulties. This situation shows the necessity of wide use of the economic potential of regions to attract foreign direct investment in the countries.

Special attention is being paid to effective use of production areas and facilities of state property and state-owned economic companies in the scientific research of countries of the world to attract foreign direct investment, creation of favorable conditions for active investment attraction, further support for new competitive production and development of small enterprises special attention is paid.

Analysis Of Literature On The Subject.

Being a broad concept, direct investment is long-term capital investments made in various objects to finance the socio-economic projects without state guarantees on the basis of risk in the country or another foreign country, with the aim of obtaining economic benefits and social effects. Based on different views many studies have revealed the theoretical importance of investments, especially their direct types.

In particular, K. According to Eklund, "investment is something left for tomorrow in order to have more consumption conditions in the future. A part of it is currently unused consumer goods, and the other part is resources aimed at expanding production" [2].



According to A.Sh. Bekmurodov, direct foreign investment is the direct export of capital that gives the investor the right to control the enterprise, and thus the enterprise becomes a foreign subsidiary of the main parent company [3].

B.A. Vakhobov states that foreign direct investments are long-term investments that allow the investor to have effective control over economic activity, at least 10% of the company's share or shareholders' capital [4].

A.S. Azizov emphasizes that the term foreign direct investment should be understood as an investment in a foreign enterprise by providing partial or complete control over economic activity [5].

Special attention was paid to the concept of foreign direct investments. According to the Law of the Republic of Uzbekistan "On Investment and Investment Activities", direct foreign investment is the investment of a foreign investor without government guarantees under risky conditions at the expense of own funds or debt funds [6].

Research Methodology.

Abstract-logical thinking, generalization, grouping, induction and deduction, comparative analysis, analysis and synthesis methods are widely used in the article.

Analysis And Results.

As President Sh.M.Mirziyoev noted, "Life itself and the experience of the past years demand the elimination of serious deficiencies in ensuring comprehensive development of regions and fundamental changes in infrastructure activity" [7].

In the process of globalization, the policy of effective use of foreign investments by developing countries in order to accelerate national economic development was widely implemented in the 60s and 70s of the 20th century and today. The experience of industrialized or developed countries in this regard is rich and extensive.

We will consider the experiences of economically developed countries with extensive practical experience in attracting and developing foreign investments. The USA is one of the leading countries in the world in terms of economic potential and level of development.

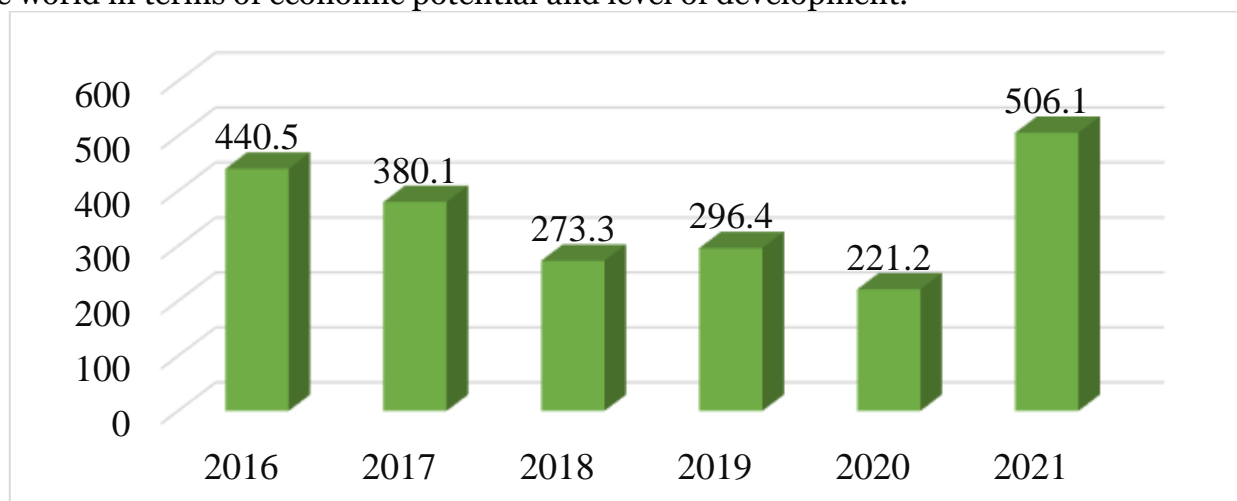


Figure 1.1. Flows of foreign direct investment (billion USD) [8] attracted in the US economy in 2016-2021



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From the data of Figure 1.1, it can be seen that the flow of direct foreign investments attracted to the US economy in 2020 constituted 120.7 billion US dollars. As a result of the impact of the coronavirus pandemic, we can see that the flow of foreign direct investment in the United States decreased by 49 percent. This situation happened mainly in wholesale trade, financial services and manufacturing. However, in 2021, the flow of foreign direct investments made up 506.1 billion US dollars.

Today, the demand for foreign direct investments of all developed and developing countries is increasing, because investments act as the main driver of the economy. In the last 13 years, there has been a change in the flow of foreign direct investments in the countries of the world (Figure 1.2). The analysis shows that the flow of foreign direct investments fluctuated between 2009 and 2020.

We can acknowledge that one of the main reasons for this is the negative impact of the world financial and economic crisis of 2008-2009 on all sectors of the economy, but on the other hand, the impact of the second wave of the crisis that began in European countries in 2014-2015 on the general indicators, and on the third hand, the impact of the coronavirus pandemic in 2019-2020.

The financial crisis and the coronavirus pandemic of recent years not only weakened the economy, but also accelerated the division of the population into poor and financial groups. It led to an increase in the number of the unemployed, a decrease in the income of a large number of people and the demand for various services and goods, and ultimately impacted the flow of foreign investment moving between countries.

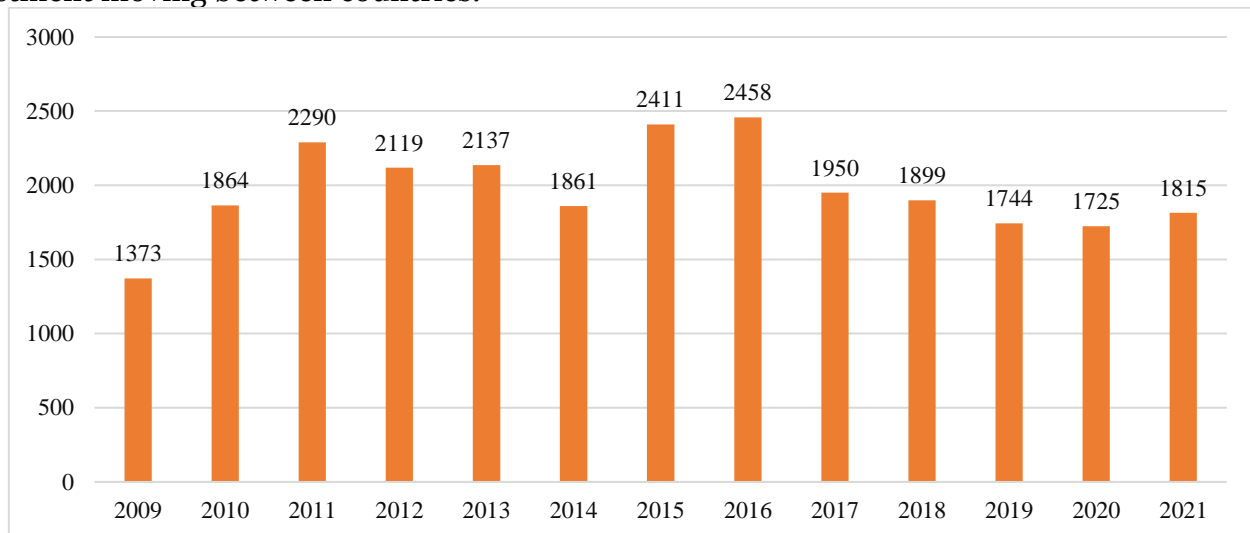


Figure 1.2. Changes in the flow of foreign direct investment attracted to the countries of the world in 2009-2021 (trillion USD) [9]

It is worth noting that the main part of foreign direct investments attracted to the countries belong to the free economic zones and to the contribution of the real sector networks of the countries of the world. Measures taken to attract foreign direct investment in developed and newly industrialized countries on a global scale show that they are important.

Among the developed countries, the implementation of the economic development model of the People's Republic of China and the experience of attracting foreign investments in the conditions of Uzbekistan and their use will serve to ensure the country's economic development at a higher pace in the future, and increase the source of income of the population.



The People's Republic of China has long been a top destination for foreign direct investment over the years, especially when compared to the United States. According to the United Nations, we can see China's growth "driven by technology-related industries, e-commerce, and research and development."

The analysis of foreign investment statistics shows that the volume of foreign direct investment attracted to China increased by 45% between 2010 and 2021, making China known as the world's largest recipient of foreign investment in 2021 for the first time.

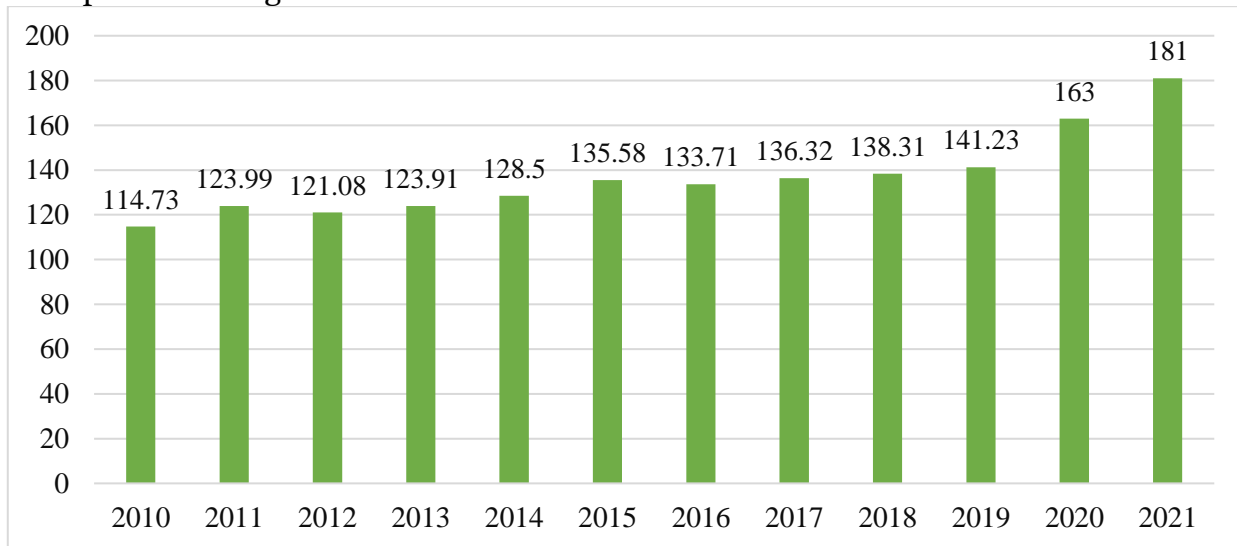


Figure 1.3. The volume of foreign direct investment attracted to China in 2010-2021 (in billion US dollars) [10]

China's success in attracting foreign investment is largely due to the creation of favorable investment conditions in the country. Low cost of labor, low cost of land use rights, large-scale incentives for production-oriented capital, development of social and household infrastructure has led to China becoming a hotspot for foreign investment over the next 25-30 years.

China became the largest recipient of foreign direct investment in 2021 as the coronavirus outbreak spread across the globe throughout the year. China's GDP grew by 2.3 percent in 2019, according to official data, making China the world's only major economy to avoid contraction last year. The world's second-largest economy has surprised many with how quickly it recovered from the coronavirus shock, especially as policymakers were forced to manage the conflicting relationship between the United States and China on trade and other fronts [11].

Conclusions And Suggestions.

In order to create an effective system of attracting foreign direct investments, firstly, it has been found to develop a development strategy, secondly, to create "roadmaps", and thirdly, to develop a concept for the past years.

We have reviewed the experiences of economically developed countries with extensive practical experience in attracting and developing foreign investments. The USA is considered one of the world's leading countries in terms of economic potential and development level.

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The following proposals and recommendations for attracting foreign direct investment have been developed [12].

scientific-practical suggestions are given on the introduction of foreign experiences (methods) in attracting direct foreign investments;

practical recommendations on improving methods of evaluating direct foreign investments in the economy have been developed;

Scientific proposals have been made to identify objects in need of direct foreign investment and to implement relevant projects.

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