Ways to Improve the Efficiency of Attracting Long-Term Investments in the Country's Economy

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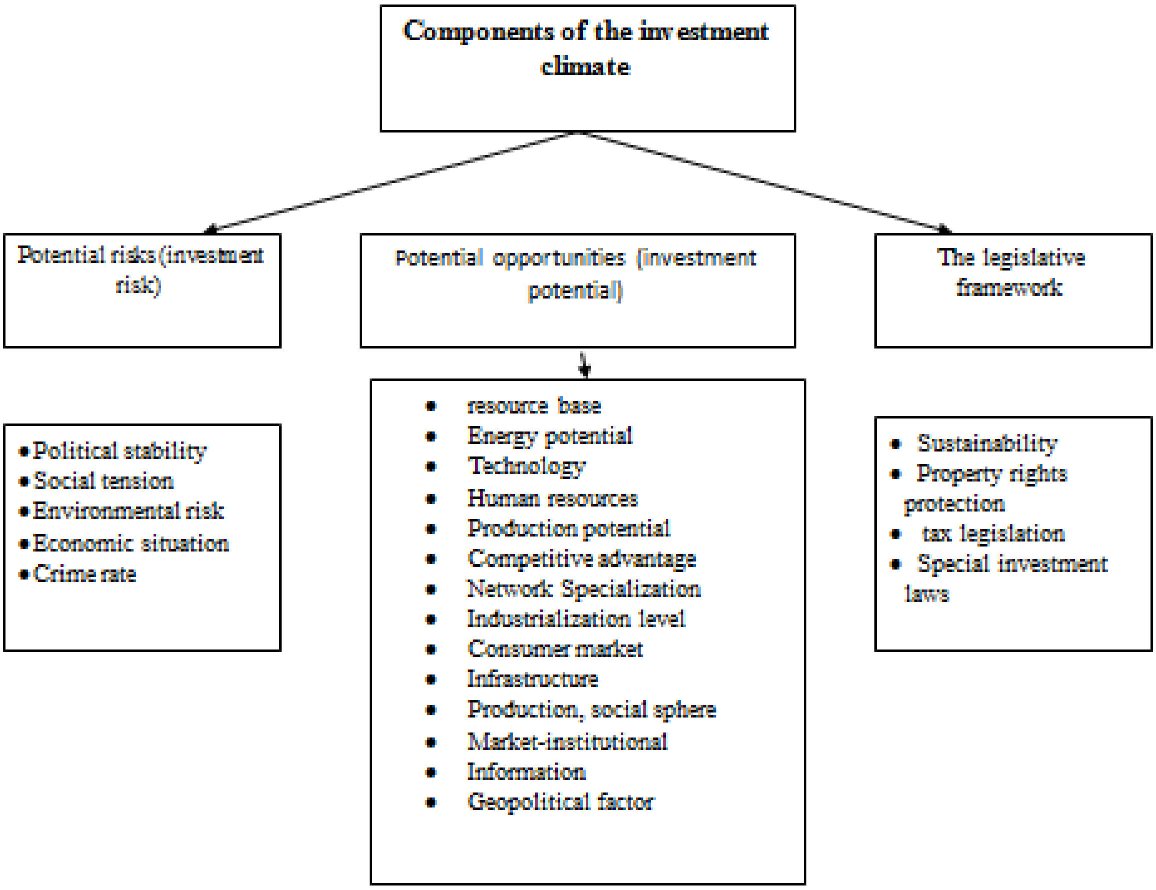
Abstract: The growth of a market economy in Uzbekistan requires a sharp increase in a number of macroeconomic factors. The processes taking place in this area are explained by the intensive exchange of events. Investment in manufacturing must play a crucial role in supporting and accelerating the country's economic growth.

Key words: Investments, Economy.

Only on the basis of investments is it possible to renew fixed assets and, on this basis, increase the competitiveness of products by reducing the cost of production and improving quality. However, in today's highly integrated economic environment, the coordinating role of the state remains objectively more significant. In this regard, the active intervention of the state in the sphere of investment should be considered as an integral part of macroeconomic policy for the coming years.

This must be done to achieve the strategic goal of economic growth, competitiveness and sustainable development of the national economy. Achieving the strategic goal can be achieved on the basis of macroeconomic planning, macro-management of investment processes by the state is one of the most important parts of such planning.

In the post-pandemic period, the main factor in achieving the reconstruction of production, the production of competitive products, and an increase in the share of exports in foreign economic activity in our country is the great attention paid to the investments necessary for the modernization of production. At the heart of these achievements, the focus was on improving the investment climate in the country, especially the demand for long-term investment, increasing competitiveness in the labor market, career advancement and professional growth. Based on this, in 2021 the task is to «ensure high and sustainable economic growth and macroeconomic balance, structural adjustment and modernization of production, continuation of technical and technological renewal» [1].



Scheme -1. Classification of factors of the country's investment climate

The investment attractiveness of a country is determined using a variety of complex indicators. They are usually described as a two-dimensional matrix, i.e. "risk (risk) - opportunity (profitability)" is called the investment climate. The investment climate is the conditions for placing long-term or medium-term capital investments in various sectors of a particular country or region. The investment climate is a broad concept that covers the political situation, the level of economic development, law, ideology, culture and other aspects.

Russian scientists Brodsky M.N., Kostenko S.I.: “The worse the investment climate, the higher the risk of the investor’s entrepreneurial activity, the lower the probability of investing” and Figure 1 shows the main elements of the investment climate of countries and regions.[2] It can be seen that the investment climate includes objective opportunities (investment potential), conditions for the activities of investors (investment risk) and a legal framework that summarizes the two above factors.

Investment policy is one of the most important areas of socio-economic development of any country. Because through this policy it is possible to increase the country's production capacity, increase the volume and quality of products, satisfy material and spiritual needs, and develop the entire state infrastructure.

In many cases, reforming the investment climate is strongly opposed by users of the benefits of the current situation. Such resistance may come from market distortions and other privileged individuals, other businesses, other privileged beneficiaries, government officials, or the general public, even if the outcome of the reforms is unclear.

Experience has shown that development can only take place if the authorities entrusted with the work of reform enter into negotiations with the population for the purpose of social support. Strengthening regulatory capacity is often a priority. The government should monitor the activities of the private sector to identify emerging trends and problems, as well as assess the impact of policies.

The manufacturing development process is usually based on scientific innovation, so it is difficult to predict what type of product a country or region will successfully produce. In this regard, it is necessary to create a favorable investment climate for all enterprises operating in the economy and focus on providing basic conditions.

Business focuses not only on the policies implemented by the government, but also on how these policies are implemented. That is why business (and other stakeholders) seeks to make public policy more convenient for themselves. Thus, practical measures of the government and issues of public administration are of paramount importance. When making investment decisions, enterprises jointly evaluate the formal policies and characteristics of public administration. This has important implications for the investment climate improvement strategy.

Many factors influence the level of costs, risks and barriers to competition. It is almost impossible to change factors such as the geographical location of a country. We recommend that the country's leadership exert a decisive influence on other aspects of the investment climate, such as guarantees of property rights, approaches to taxation, a satisfactory level of infrastructure, the functioning of the financial market and the labor market.

Natural and climatic conditions can also affect some types of economic activity, such as agriculture.

In any case, factors prone to change under the influence of the government can be of great benefit. Such changes will allow society to use natural and human resources more rationally.

The costs of producing and selling goods affect a number of opportunities that can bring benefits. While most of the costs are associated with simple business functions, others are related to government policy and the political situation in the country. But governments play a big role in the life of society, maintaining the infrastructure and smoothing out the inequalities of the market mechanism in the country.

Summing up the above considerations, it can be argued that improving the investment climate does not mean simply reducing all costs and risks or removing all barriers. Balancing the conflict between the interests of enterprises and society is the basis for improving the investment climate.

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