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EXPERIENCE OF FOREIGN COUNTRIES IN ATTRACTING FOREIGN INVESTMENT

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ABSTRACT

Improving the country's economy by analyzing the experience of foreign countries in attracting foreign investment, the application of the practice of attracting foreign investment in agriculture, Indian industry, Indian IT and the tourism industry of the European Union to the Uzbek economy. At the same time, foreign experience has shown that the practice of redistributing investments across sectors according to their resources is highly effective.

KEYWORDS: *Foreign Investment, Agriculture, Industry, IT, Tourism, Renewable Energy, Tax Policy, Food Industry, Start-Up, Asset Management, Gross Domestic Product.*

INTRODUCTION

Attracting foreign investment is a key goal of any national economy, especially in a country that is of international importance and seeks to gain a share of the inflow of foreign investment.

Nowadays, economy of India the most powerful in West Asia and surpassing France in the world economy, ranks sixth among the world's most economically developed countries with a real GDP of $ 2.66 trillion. The Indian economy has become one of the fastest growing economies in the world among the major economies.

India's foreign investment reserves in 2020 were estimated at US $ 480 billion. India ranks 5th among the top 20 economies receiving foreign investment and the largest in the subregion; The country accounts for 70-80 percent of foreign investment inflows into the region[1]. Foreign investment in India is growing. This is due to the fact that foreign investors know India as a major market and the resources are very cheap. In this respect, India has similarities in accepting foreign investment in Uzbekistan.

In India, the main inflows of foreign investment are in ICT, healthcare, infrastructure and energy. India has relaxed the administrative rules for foreign investors in some industries by abolishing the requirement for foreign investment to be approved by the Reserve Bank of India under a number of conditions. The overall growth in foreign investment in India is due to the fact that many of its assets, especially those with a high level of specialization in services, are skilled, English-speaking and cheap labor, and have a potential market of one billion people.

India has created favorable conditions for foreign investment. India has a highly effective democratic regime that provides a peaceful and stable political environment with the most essential features for investors. In addition, the country has a well-developed system of governance and an independent judiciary; the creation of a reserve of knowledgeable, hard-working and skilled engineers, managers, accountants and lawyers; India hosts an ever-growing consumer base and has become one of the world's largest markets for manufactured goods and services; low production costs. These factors make it an effective base for multinational companies to export to other high-growth emerging markets; the economy has a system of transparency and compliance.

The Government of India provides tax and non-tax investment incentives for certain sectors (e.g. electronics) and regions. In addition, each state government has its own policy, and each state sets additional investment incentives, including subsidized land prices, attractive interest rates on loans, discounted electricity tariffs and tax incentives. Central government development banks and state industrial development banks offer medium and long-term soft loans for new projects. The most notable of these initiatives is the introduction of the GST (Goods and Services Tax), which aims to increase tax revenues and make the economy more competitive in the long run.

In 2019, the National Electronic System Policy Program was developed for the design and manufacture of electronic systems in India. The program consists of three parts:

- Produce of electronic system project;
- Manufacture of electronic components and semiconductors;
- Create clusters of modified electronics production[2].

TABLE 1 INTERNATIONAL AGREEMENT ON PROTECTION OF FOREIGN INVESTMENTS[3]

Indicators	**India**	**South Africa**	**USA**	**Germaniya**
Transparency corruption index	8.0	5.8	7.0	5.0
Business Management Index	7.0	5.0	9.0	5.0
High Power Shareholder Index	7.0	7.4	9.0	5.0

The government believes that attracting foreign investment in the IT sector will make India one of the top three economically powerful countries in the future.

Foreign investment is capital invested in a country that provides production and service opportunities for local consumers and world markets. This capital depends on the investor's confidence in a particular business area and the geopolitical climate of the host country, as well as on national economic factors that benefit capital suppliers and the host region. All of the above are available in China.

New types of foreign investment inflows are growing rapidly as China liberalizes financial regulations to allow securities, asset management, insurance and other types of financial firms to be wholly or privately owned by foreigners. This will ensure the safe entry and exit of foreign investors' investments in the country.

Foreign direct investment(FDI) depends mainly on the available investment capital. In the early 2000s, the emerging world economy generated a large share of capital investment in many countries, which greatly increased the number of local investment ideas in China. Thus, institutional and individual investors have sought emerging markets for investment opportunities, and China has benefited greatly from the global opportunity for investment capital.

By this time, the Chinese government had implemented a number of legislative reforms. New start-up ideas have been developed to support local entrepreneurs. Concessional loans were quickly made available to entrepreneurs. Foreign investors have also benefited. The country has taken measures to prevent crime, kidnapping, robbery and extortion. The banking and financial system has been reformed to end hyperinflation. Cruel measures have been taken to combat corruption.

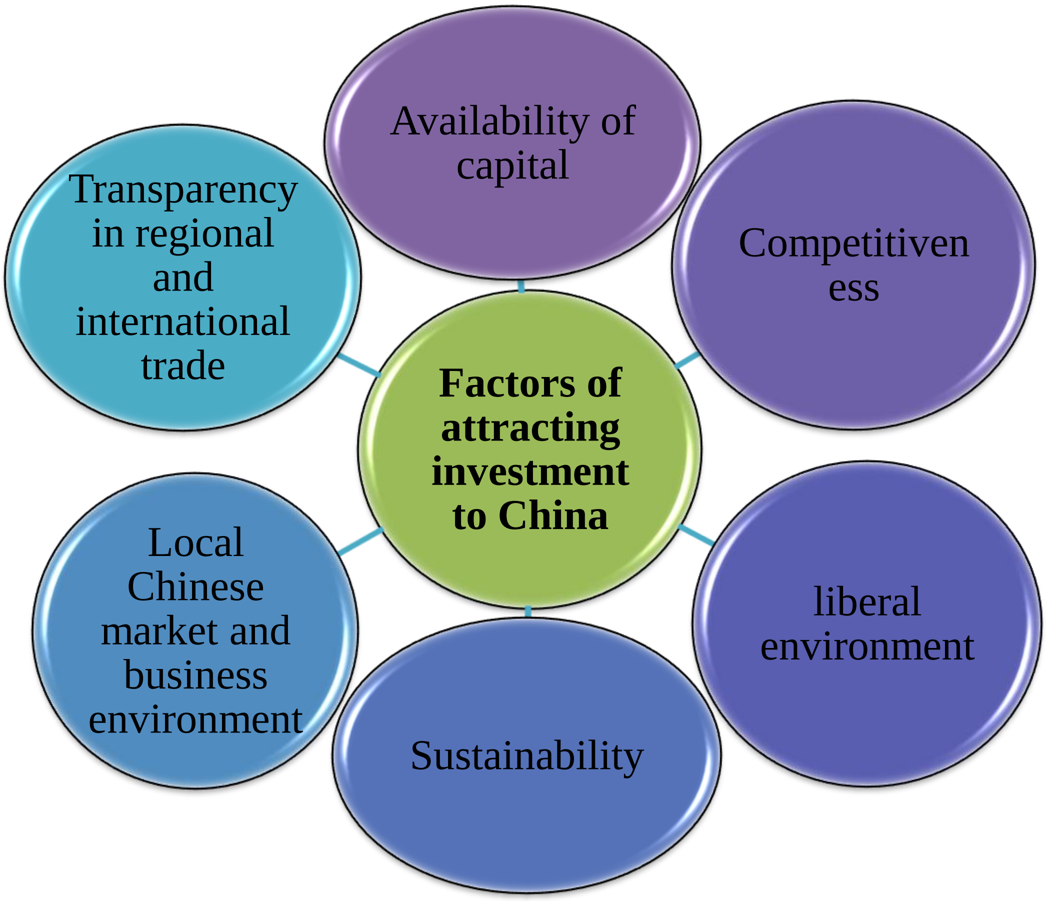

Figure 1. Factors attracting investment to China[4]

Measures were taken to make the people respect and obey the law. Creating the business environment that foreign investors want is the key to making China the second most economically developed country in the world today.

The Chinese government encourages foreign investment in the following industries: high-tech, equipment or new materials manufacturing, services, recycling, renewable energy, and environmental protection. The government also rejects speculative investments (money, real estate, or asset sales). In addition, the government wants to stop attracting foreign investment in resource-intensive and polluting areas. The attraction of foreign investment in industries and the number of benefits applied to them has increased from 76 to 125. The law provides for additional benefits in the following three areas. These are: high level of production; production-oriented services; Foreign investment in industry in central, western and northeastern China.

The specifics of tax policy are specific to the industry. One of China's main innovative tax breaks is for high-tech enterprises. They can take advantage of a 15 percent preferential corporate income tax rate, as opposed to 25 percent.

The government plans to allocate $ 15.4 million in aid packages each year to at least ten high-tech and new technology companies. According to the Chinese Ministry of Commerce, foreign investment in China increased by 20.5 percent year-on-year to 478.61 billion yuan ($ 70.67 billion) in the first four months of 2022. In dollar terms, direct investment increased by 26.1%.

The Chinese economy has seen remarkable growth over the past few decades. This has helped the country to become the second largest economy in the world. China's real gross domestic product was $ 14.72 trillion in 2020. The role of foreign investment is invaluable.

Agriculture is the basis of human needs. It provides for the entire population of the country and contributes significantly to its income. To develop this sector, any country pays special attention to attracting foreign investment. In India, for example, foreign investment in agriculture has always been a priority for the government.

The agricultural sector accounts for about 19% of India's GDP. India is the world's second largest producer of agricultural land (157.35 million hectares). It is also one of the top 15 exporters in the world. The sector employs more than 50 percent of India's population.

The following factors contribute to the growth of the Indian agricultural market:

- There has been a significant increase in the income of the urban population, which in turn has been a major factor in increasing the demand for agricultural products;
- Population growth.
- Foreign investment is important for Indian agriculture as India specializes in agricultural development.

There are a number of reasons for India to attract more foreign investment to the agricultural sector: the use of modern scientific advances, improving the incomes of those employed in agriculture, increasing exports, and the use of new technologies.

Under current government law, 100% direct investment in the agricultural sector in India is allowed in a number of automated activities:

- Horticulture, floriculture, beekeeping, vegetable and mushroom growing;
- Livestock, fisheries and drinking water production;
- Seed development;
- Services related to agriculture and related industries.
- In India, only two sectors are allowed to operate with a 100% share of foreign investment:
- Food industry;
- E-commerce automation industry.

In India, there are opportunities for foreign investors to invest heavily in agriculture in the following areas: Growing agricultural products such as fertilizers and hybrid seeds; Construction of food storage facilities (millions of tons of food are wasted every year in India due to lack of storage facilities. With an expansion of 35 million tons); infrastructure development (distribution, quality control, production, food processing, storage, logistics, packaging)

Increasing exports - The inflow of foreign capital will increase the productivity of the sector and make the country a leading exporter. India's agricultural and food exports are valued at $ 41.25 billion for the 21st year.

Taxes on agricultural products are deductible when foreign-invested businesses export.

Tourism is the driving force of the global economy today, and it is projected to continue to be the driving force for decades to come. According to the analysis, the number of international tourists is expected to reach 1.8 billion by 2030. It is known that tourism, among other factors, contributes to the creation of foreign exchange earnings and jobs. The fact is that despite the fact that tourism is highly volatile, more and more countries rely on tourism as an opportunity to develop their economies, and the fact that no country's economy is in a situation where there is no diversified structure is only significant. related to tourism. Nevertheless, tourism, regardless of its level of development, can serve as a strong foundation for the growth of individual economies. Due to its impact on other sectors of the economy, tourism, by its very nature, can help diversify the economy if used properly.

Today, tourism is a worthy and important source of economic growth. Foreign investment is one of the tools that many countries can use to develop their tourism industry. At the same time, the sector is seen as a means of generating export earnings, creating jobs, diversifying the economy and stimulating a more service-oriented economy, helping to revitalize declining cities and cultural activities, and opening up remote rural areas.

EU countries have been using a number of effective methods to attract foreign investment to develop tourism. This will require significant incentives for foreign tourism companies. One of these is tax breaks. Tax incentives are based on the principles of equality, fair income, efficiency, simplicity and effective incentives for growth.

Given the ability of Portuguese tourism enterprises to operate globally and the fact that many have chosen a competitive strategy of internationalization, special attention has been paid to attracting foreign investment in this area. As a result, outsourcing and transnational property structures and investments have become the standard for not only large corporations but also small and medium-sized businesses.

As an industry, tourism includes a variety of components, including hotels and restaurants, travel agencies and tour operators, transportation, as well as entertainment and tourist guides. All of these components are closely integrated through the consumption patterns of travelers.

Foreign investment is concentrated mainly in terms of foreign investment reserves related to tourism in developed countries and the location of hotels that are part of international hotel chains. Most of the foreign investment in hotels and restaurants is placed by developed countries. In this regard, the tourism sector is still not global but continental.

The main plan for the development of tourism in the Republic of Croatia, in accordance with the strategy, is to attract foreign investment in tourism as one of the main priorities. The program focuses more on the construction of new accommodation and other tourist facilities, resulting in the growth of international hotel brands over the past 10 years, during which time the global branded hotel accounted for almost 50% of the country's hotel stock observed an increase in Croatia ranks as the seventh largest destination with the largest investment potential in tourism.

The importance of tourism for the Croatian economy is also evident in its share in the tourism sector as part of the inflow of foreign investment. The Croatian government appreciates the potential positive role of foreign investors in the tourism sector.

In other EU countries, special attention is paid to attracting foreign investment in tourism. In particular, the hotel industry accounts for the bulk of foreign investment. Tax and insurance incentives for foreign investment have led U.S. and Japanese investors to invest in tourism.

There is an opportunity to further increase the investment potential of Uzbekistan by using the above scientific achievements of foreign countries. The results of foreign practice will lead to effective results in the country's economy.

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