INTERNATIONAL EXPERIENCE OF ATTRACTING FOREIGN INVESTMENT

Alimova Dilafruz Tokhir kizi
Doctoral student of Gulistan state university
dilafruzxasanovaalimova@gmail.com
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ABSTRACT

The article analyzes the foreign experience of attracting foreign investments and its applicability in the national economy. It examines the mechanisms, incentives, and institutional frameworks used in developed and developing countries to create a favorable investment climate. Special attention is paid to the role of state policy, legal regulation, and public–private partnerships in ensuring investment attractiveness. The study also highlights successful international practices that can be adapted to improve the efficiency of investment policy in Uzbekistan. The results show that the introduction of transparent legal norms, protection of investors' rights, and the creation of stable macroeconomic conditions are the key factors for sustainable inflow of foreign investments.

Introduction

In the context of globalization and increasing economic interdependence, attracting foreign investments has become one of the main drivers of sustainable economic growth and modernization for many countries. Foreign investments not only provide financial resources but also bring advanced technologies, modern management methods, and international market access. Therefore, studying and adopting the best foreign experience in this area is of great importance for countries seeking to enhance their competitiveness and improve their investment climate.

Many developed and emerging economies have successfully implemented effective mechanisms to attract and retain foreign investors. These include legal and institutional reforms, tax incentives, the establishment of special economic zones, and the improvement of public–private partnerships. The analysis of such practices allows for identifying the key factors that contribute to the creation of a favorable investment environment.

The Republic of Uzbekistan, as a country actively integrating into the global economy, also pays special attention to improving its investment attractiveness. In this regard, the study of international experience in attracting foreign investments is particularly relevant. This article aims to analyze the most effective foreign practices in this field and to determine the possibilities of their application in the context of Uzbekistan's economic development.

Literature Review

The issue of attracting foreign investments has been widely discussed in the works of many international and national scholars. Researchers emphasize that foreign direct investment (FDI) plays a crucial role in enhancing economic growth, creating jobs, and transferring advanced technologies.

According to **Dunning (1993)**, the *eclectic paradigm* explains FDI through ownership, location, and internalization advantages, suggesting that favorable investment conditions are essential for sustainable inflows[1]. **Porter (1990)** also highlights that the competitiveness of a nation's economy depends on its ability to attract and effectively utilize foreign capital[2].

Studies by the **World Bank (2020)** and **UNCTAD (2021)** show that countries with stable macroeconomic environments, transparent legal systems, and strong institutional frameworks tend to attract more investment[3,4]. Moreover, **OECD (2019)** emphasizes the importance of reducing bureaucratic barriers and ensuring investor protection to maintain confidence among foreign investors[5].

In developing countries, including those in Eastern Europe and Asia, successful cases of FDI attraction have been linked to the establishment of *special economic zones* and *investment incentives* (Kokko, 2006; Moran, 2012)[6,7]. Empirical research by **IMF (2020)** demonstrates that tax benefits, improved infrastructure, and political stability are among the decisive factors influencing investors' decisions[8].

For post-Soviet countries, scholars such as **Kalyuzhnova (2008)** and **Liuhto (2015)** note that reforms aimed at improving governance and liberalizing the economy have led to a gradual increase in foreign investment inflows[9,10].

In summary, the reviewed literature confirms that attracting foreign investments requires a combination of economic openness, institutional efficiency, and a supportive legal environment. These factors form the foundation for developing an effective investment policy that can be adapted to the specific conditions of Uzbekistan.

Methods

This research aims to analyze the investment policies of foreign countries, compare their experiences, and identify the possibilities of applying them in the context of Uzbekistan. To achieve this goal, the research methods such as comparative analysis, analytical method, systematic approach, literature review, empirical analysis were employed.

Results and Discussion

The conducted research revealed that many developed and developing countries have successfully attracted foreign investments by implementing comprehensive economic reforms and ensuring a stable business environment. The analysis showed that the most effective strategies are based on transparency, clear legal frameworks, and consistent government support.

For instance, countries such as **Singapore, South Korea, and Poland** have achieved significant economic growth by creating favorable investment climates through tax incentives, infrastructure development, and simplified administrative procedures. These examples demonstrate that a predictable regulatory system and efficient governance are key drivers of investor confidence.

In contrast, developing countries with weak institutions and unstable policies often face challenges such as corruption, excessive bureaucracy, and lack of investor protection. These barriers tend to reduce the attractiveness of their investment environments and slow down economic progress.

The study also found that **special economic zones (SEZs)** and **public–private partnerships (PPPs)** play an important role in attracting FDI. They provide a flexible platform for foreign companies to operate, while contributing to technology transfer, innovation, and local employment.

For Uzbekistan, the analysis indicates that learning from foreign experience—particularly from countries that successfully transitioned from centralized to market economies—can bring positive results. Improving the legal system, ensuring transparency, and developing modern infrastructure are among the most crucial measures to attract and retain foreign investors.

In summary, the results demonstrate that the combination of institutional reforms, macroeconomic stability, and an investor-friendly environment is essential for sustainable foreign investment inflows. Applying these lessons to the national context will help Uzbekistan strengthen its position as an attractive investment destination in the region.

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