



## FUNDAMENTALS OF INVESTMENT ENVIRONMENT IN THE PROCESS OF DIGITAL TRANSFORMATION OF THE ECONOMY

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### ABSTRACT

The article is devoted to the theoretical substantiation of the problems of improving the investment policy of recipient countries in the conditions of digitalization of economic processes and determining the strategic priorities of investment policy in the digital economy.

**Keywords:** investment, investment policy, foreign direct investment, digital economy, digitalization, multinational corporations.

In the development of the digital economy, an important place is occupied by investments, including direct foreign investment (in the following places, direct investment). In contrast, the digital economy is changing international production and investment models.

The transition to a Global digital economy has a fundamental impact on investment policy.

The introduction of digital technologies in digital transnational corporations (next referred to as TMK) and all other Tmks is changing international production models:

- digital TMS can reach foreign markets with much lower assets and costs than traditional TMS;

- Digital TMS create fewer jobs directly in the receiving countries, and their impact on the economy is mainly indirect, which is manifested in competitive advantages in all other sectors;

- The introduction of digital technologies in all TNCs leads to an increase in the share of intangible assets and services in creating global added value, as well as the establishment of new requirements for supply chain partners in the receiving state and technological infrastructure.

As a result, the recipient countries face a number of problems. At the strategic level, there is a need to develop policy measures to respond to changes in the structure of international investment and investment conditions. In the digital age, the competitive advantages of the economy that help attract international investment can change. Attracting international investment in the digital economy is less dependent on factors such as low labor costs and more depends on factors such as infrastructure status, Labor qualifications and availability of cheap energy. This is primarily a challenge for developing countries and countries with economies in transition, including the Republic of Uzbekistan.



Investments in the digital sector are also important for policies and organizations (next to what is called IAPI) that deal with the promotion and promotion of investments. For example, the results of ASPI's work are usually assessed by direct material income on investments: created production funds and new jobs. It is more difficult to assess the effectiveness of investments in the digital sector. In addition, the transition to the digital economy also affects the regulation of investor behavior. Investment norms designed for the material economy may need to be revised in terms of new business models of the digital age.

The same applies to industrial regulations. Many traditional industries that are experiencing the consequences of numbering - retail, media and (consumer) loans-are also facing investment restrictions in many countries. This can also have an effect for international investment agreements (which are referred to as Hiss in the following places), since the same areas are usually seen in the comments to the hiss.

In addition, digital TMs are becoming crowded within industry limits and are beginning to interfere with other highly regulated sectors and activities such as transportation. Some provisions of the Analog era may become obsolete (such as retail restrictions that can be circumvented through e-commerce) or inadvertently slow down the adoption of digital technology; others may need to adapt to the realities of the digital age to achieve public policy goals. Finally, at the international level, the authorities need to assess how the evolution of the rules of e-commerce and service sales will affect international investment agreements.

From the point of view of investment policy, the emergence of new players in the international arena and a change in the nature of international operations of TNCs cannot but affect the process of setting strategic investment goals.

Strategic aspects of investment policy in the digital economy include identifying competitive advantages for attracting investment from digital TMS, assessing potential challenges and risks, and identifying strategic opportunities (e.g. key industries, digital content or services, application development, etc.); creating favorable conditions for the introduction of digital technology into various sectors of the economy in order to integrate companies into global supply chains; the focus of investment policy tools on Sustainable Development and inclusive growth.

In modern conditions, it is necessary to introduce aspects of digital development into the country's investment policy. At the national level, this includes the improvement of investment measures to encourage and encourage investment, including direct investment, in order to assess the impact of existing investment policy tools on digital operating models and reduce risks associated with digital operating models. In international investment agreements, the consideration of investment measures related to the new digital industry (production) must also be carried out taking into account aspects of digital transformation in international regulations such as e-commerce and trade regulations.

At the same time, it is necessary to include investment policy tools in digital development strategies.

Investing in digital infrastructure involves a detailed assessment of the need for investments in infrastructure within the framework of digital development strategies, including broadband coverage and internet infrastructure (for example, the creation of data centers, the creation of



network infrastructure); creation of favorable conditions for private investment in digital infrastructure, including the promotion of online provision of public services; development of regional cooperation.

Investing in digital companies should be aimed at ensuring that content regulations and regulations are favorable for investing in the digital sector while maintaining public policy goals; supporting the development of local businesses in the digital economy through the creation of clusters and Hubs, promoting innovative approaches to financing and favorable conditions in non-digital networks.

Investing in digitalization should encourage firms to invest in ICT and related skills in all areas, as well as the use of affordable digital services (such as cloud services); creating and improving electronic public services to generate demand for local developers and reduce costs of doing business.

In the digital economy, investment policies must be coordinated to address public problems through regulation with other policies (e.g. in the field of data security, privacy, Competition, Consumer Protection, National Security, etc.); with networking and social policies (e.g., job loss in traditional networks) to mitigate the potentially negative socio-economic consequences of digital transformation.

Most countries are actively stimulating the digitization of their economies, as this creates great opportunities for development. Digital development helps local firms enter global markets or integrate into global digital value chains. The digital economy can create new opportunities for the development of local businesses, including in the digital sectors (e-commerce and digital media), in the social sectors (e-health, e-learning) through international investments or contacts with global digital firms. in new industries (such as the digital content creation or application development industry), creating new jobs.

Policy measures aimed at realizing existing opportunities and solving problems cover many areas. The main investment policy related to the implementation, protection, facilitation and promotion of international investment is especially important for the development of digital infrastructure, for example, in cases where foreign investment is important for rapid digital development and investment costs in physical assets are high. . Public-private partnership, including cooperation with foreign investors, is also an important means of developing the infrastructure of a recipient country. For the development of the digital sector, other policy areas related to investments (such as taxation, trade, technology, advanced training) are more important.

Today, in most countries, issues of changing investment policies have lagged behind in the development of digital development strategies. In this regard, the inclusion of digital development in investment policy is an important task, and it is necessary to include investment policy in digital development strategies.



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