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ADVANTAGES OF ATTRACTING FOREIGN INVESTMENTS

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Abstract
The article discusses the scientific theories of attracting foreign investment to the region. The role, significance and impact of investments in the region on development are considered. The article is covered based on theoretical views and author's opinions.

Keywords: foreign direct investment, foreign investment, regional economy, international capital, competition.

Introduction

The process of globalization of the world economy and the activation of international capital movement have created great promising opportunities for the development of the national economy at the expense of attracting foreign investments for developing countries and regions. In the conditions of modernization of the economy, the problem of attracting foreign investments to Uzbekistan and its regions required the development of its new strategic priorities.

MATERIALS AND METHODS

V. K. Bugaev, one of the Russian scientists, analyzed the factors influencing the change in the level of openness and closure of the regional system [5], and L. V. Davydova defined the strategic basis for the development of the economy of the country and its regions [6]. , F.S.Tumusov defined the concepts of region and territory, E.Kocherin classified according to the signs of foreign investments, Y.A.Yudanov analyzed foreign trade activity.

A. Qayumov, F. Egamberdiev and A. Sodikov worked on the theoretical and regional aspects of attracting foreign investments to Uzbekistan and its regions and increasing its effectiveness. A. Vakhabov, R. Yuldashev analyzed the indicator of the level of transaction costs of foreign economic activity in Uzbekistan.

In this research, the main focus is on the content of foreign investment and its involvement in the national economy. However, in the context of modernization of the economy, there have been no separate studies on regional specific aspects of attracting foreign investment to the regions. All these cases show the fundamental difference of this study from other works carried out on this topic.

RESULTS AND DISCUSSION

The international movement of capital is important in the development of the world economy, because it leads to the strengthening of foreign economic and political relations of countries, increases their foreign trade turnover, accelerates economic development, increases the volume of production, increases the competitiveness of manufactured goods in the world market, and increases the technical potential of importing countries. and increase employment in the country. But in the global economy, no investor invests capital in other countries and regions by himself. For this, it is necessary to attract foreign investors to the country's economy, interest them to invest in this country and region, and create material interest in them.

Today in the world economy, there are five theoretical views justifying the attraction of foreign direct investment (FDI) to the regional economy. They include:

1. Product life cycle theory;
2. "Flying geese" theory;
3. Theory of competitive advantage;
4. Eclectic paradigm theory;
5. Theory of investment development path.

R. According to Vernon's research, corporations change their development strategy depending on the stage of the product's life cycle in the market, and they are based on the following directions:

• production of goods at home;
• export of goods;
• transfer of production to foreign markets.

The form of development strategy chosen by the corporation depends on the ratio of production costs and income corresponding to it. In this case, the stages are 1) the stage of innovative product production; 2) maturity of the product, that is, the stage where its perfect production is formed; 3) stage of mass production and export of the product.

Product export is characteristic of the second stage of maturity, i.e. perfect production of the product for the corporation, and the need to move production abroad arises in the third stage of mass production and export of the product. Typically, a corporation is more interested in exporting a product in the maturity stage of its life cycle than in capital exports during the mass production stage of the product. As the product matures, the competitive environment for the company intensifies and becomes very fierce. During this period, the company was required to spend a lot of money to win the competition. This, in turn, reduces the company's profit per unit of output. For a company, exporting goods or capital is a solution to this problem, freeing it from excess costs.

If goods and capital are successfully exported, the corporation will maintain its leadership in the business. At the same time, in the new market, the corporation will have the opportunity to reduce production costs as a result of having cheap labor and other factors of production. In this case, the corporation gets an opportunity to conveniently extend the product's life cycle. The corporation establishes its leadership in the new market by organizing the production of cheap goods, while at the same time it maintains its leadership at home by re-exporting the cheap goods to its own market and selling them at lower prices than competitors.

Theory of competitive advantage. As we know, the science of economic theory A. Since the time of Smith, it has been proved that in the conditions of the competitive environment, firms need to establish their dominance in a number of positions in order to ensure competitive advantage in the market. Today's conditions force companies to look for new opportunities and directions to establish such dominance. This problem was explained by M. Porter in the work "Competitive advantage of the nation" [3].

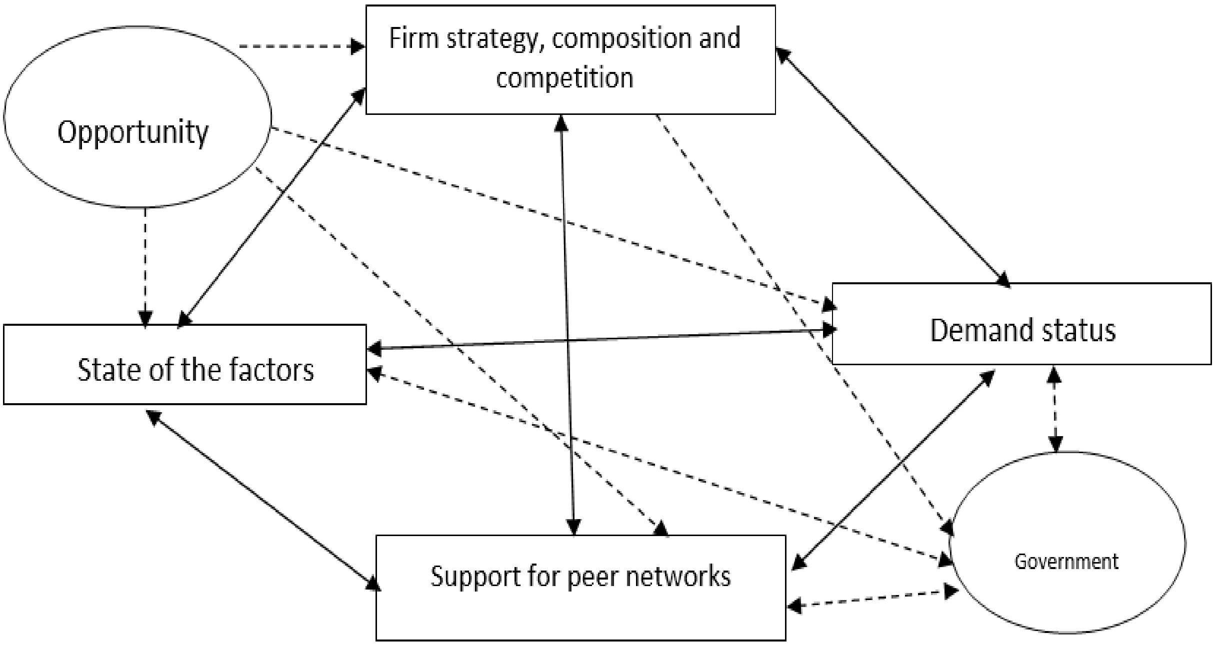

Figure 1. Porter's "diamond of competitive advantage"

He presented the results of a large-scale study of nearly 100 industries in 10 industrialized countries with high export performance. M. Porter began to identify a system of factors that provide competitive advantage based on research. For this, it was necessary to find answers to the following questions:

1. Why are some corporations more successful than others in entering foreign markets?
2. Why have some countries attracted foreign direct investment in high-value-added industries while others have not?

M. Porter proved that the strategies of countries receiving foreign investment are based on taking advantage of existing competitive advantage and found that competitive advantage can be found in four directions:

1. Advantages of corporate management;
2. Predominance of production factors;
3. Demand (market) volume in the country;
4. Priority due to auxiliary and additional networks.

CONCLUSION

Based on the conducted research and the analysis of various approaches, from the point of view of the development of the national economy, in our opinion, foreign investment can be characterized as follows: foreign investment ensures economic growth, minimizes economic risk, creates additional opportunities for profit, and by releasing innovative resources from the borders of the national economy of the investor, investment It expresses economic relations regarding the allocation and use of international capital for long periods in order to have a position of high influence on its objects. It goes without saying that international capital is the most important element in all phases of reproduction.

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