

LEGAL REGULATION OF INVESTMENT ACTIVITIES IN THE REPUBLIC OF UZBEKISTAN

¹Alimova Dilafroz, ²Kurbanova Shakhnoza

¹Doctoral student of Gulistan state university

²The lecturer of the Oriental university in Tashkent

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Abstract. *The article discusses the role and place of legal regulation in the socio-economic development of the Republic of Uzbekistan. The author of the publication notes that, actually, the system of legal regulation has a hierarchical structure consisting of a number of levels: governmental, regional and local. Some difficulties and obstacles for the organization of investment activity are revealed.*

Keywords: *investments, investment activity, legal regulation, unit investment funds, common trust funds.*

Introduction. Investments play a significant role in the functioning and development of the state economy, the structure and volume of which determine the solution of most socio-economic problems that contribute to economic growth and increased competitiveness of the state.

Literature review and research. Investment activity, like any type of activity, requires its appropriate regulation. Regulation of investment processes by the state greatly contributes to the formation and development of a system for effective management of investment activities. The lessons of history eloquently confirm the above: overcoming the Great Depression through the measures proposed in the “New Deal” by F.D. Roosevelt and the scientific approaches of J.M. Keynes made it possible to significantly improve the investment climate in the United States. Government intervention in the economy has yielded positive results. The world's first macroeconomic approach to state regulation of economic processes, including in the field of investment, was formed. For these purposes, a lot has been done precisely on the legal plane; A number of laws were adopted that made it possible to improve the investment climate in the country. The state's monopoly right to establish and maintain a proper legal regime acts as a platform for the development of investment activity. The state's ability to manage investment processes is determined by the presence of a large number of legal mechanisms that allow the functions of the owner and regulator to be implemented. The implementation of these functions is determined by a number of the following factors: political stability in the state, the degree of economic development, orientation towards solving social problems, the competence of state authorities in the field of investment policy and legal support for investment activities [1,2]. It should be recognized that the last factor has the greatest weight; it influences investors' decisions about organizing investment activities in a particular country in the world.

The legal framework for investment activity should include a system of budgetary, credit and tax mechanisms and an established state system for managing the investment process. The determining criterion of the regulatory legal framework is its ability to provide the investor with the stability of its activities. The legal system must regulate opportunities for investment in specific industries or areas, as well as regulate the procedure for using factors of production that are profitable in the context of investment in a particular state.

An analysis of domestic legal support in the field of investment activity allows us to note two important trends: its focus on improving the legal regulation of financial markets and the development of investment legislation in each specific subject of the country. M. A. Khairullina in her publication notes that the efficiency and quality of investment activity in certain regions of the country are determined by the interaction of state legislation, the competencies of regional government bodies to resolve issues of legislative regulation of investment activity [3]. As before, the problem of the development of investment legislation in the regions remains poorly understood.

Results and discussion. At the present stage, it can be stated that in Uzbekistan, through the efforts of the state authorities, a regulatory and legal framework has been created that takes into account all aspects of investment activity: competitive placement of centralized investment resources, regulation of taxation of investment projects, regulation of leasing operations, regulation of foreign investments.

In Uzbekistan, state regulation of investment activities is built on interrelated legal foundations of different levels of hierarchy: state regulations, regional regulations, municipal regulations and local legal acts of individual organizations.

State regulation of investment activity is carried out by the provisions of basic and complex branches of law. The specificity of the legal regulation of investment activity is that the latter, in market conditions, is in principle impossible without state legal regulation. Legal regulation of investment activity as a system integrates norms that influence mandatory, state-legal, dispositive and private law relations.

Namely investment activity is a specific area of social relations that requires comprehensive legal regulation. A system of legal incentives and restrictions in the field of investment activity is functioning and developing in Uzbekistan. Let's look at it below.

Thus, the group of state regulatory legal acts regulating issues of investment activity is formed by the following types of documents: development strategies of the Republic of Uzbekistan, individual laws, decrees of the President of the Republic of Uzbekistan relating to issues in the investment sphere, and other documents. State regulations governing investment activities include the Constitution of the Republic of Uzbekistan, the Civil Code of the Republic of Uzbekistan, and a number of decrees of the President of the Republic of Uzbekistan regulating the issues of protecting the rights of investors in the financial and stock markets. In addition, this group of laws consists of fundamental laws: The Law "On Investments and Investment Activities" [4], the Tax Code of the Republic of Uzbekistan, the Law "On Competition" [5], etc. The norms for indirect regulation of investment activities are reflected in the tax, budget, customs, land and forestry codes of the Republic of Uzbekistan.

The current legislation regulating the issues of foreign investment in the country's economy is important for the development of investment activity in the country. Measures aimed at improving the investment environment in Uzbekistan and the conditions created for investors are causing an increase in the flow of investments. In particular, according to the results of the third quarter of 2023, investments in fixed assets amounted to 226 trillion 638.6 billion soums, which showed an increase of 121% compared to the same period last year [6].

Decree of the President of the Republic of Uzbekistan № DP-4434 dated April 10, 2012 "On additional measures to stimulate the attraction of foreign direct investment" determines the need to develop and implement state policy in the field of foreign investment. The government of

the country determines priority objects and sectors for investment, takes part in the development of investment programs, interacts with the subjects of the Republic of Uzbekistan on investment issues, and ensures the protection of the rights and foreign interests of foreign investors.

Legal regulation of investment activities requires careful consideration of the main provisions of the decree of the President of the Republic of Uzbekistan № DP-60 “On the development strategy of the new Uzbekistan for 2022 - 2026”, which defines the hierarchy of strategic planning documents for public administration at all levels [7]. In relation to the investment sector of the economy, the strategic planning document is the concept of long-term socio-economic development of the Republic of Uzbekistan until 2026. Thus, all strategic planning documents in the investment sector should be revised taking into account the principles of state investment policy. The hierarchical order of documents is presented as follows: fundamentals of investment legislation - development strategy of the investment sector of the economy of the Republic of Uzbekistan - sectoral state investment programs - state programs of related industries - state regional investment programs - municipal investment programs.

The law of the Republic of Uzbekistan №LRU-392 “On investment and mutual funds” is devoted to the issues of investing property in securities and other objects. The law regulates the activities of joint-stock investment funds and joint-stock companies related to raising funds and property through the placement of shares [8]. This law establishes the right of co-owners to transfer mutual investment funds (property complexes) into trust management.

Regional legal acts of the country's subjects are represented mainly by regional laws on state policy in the field of investment.

At the regional level, a group of investment regulations is formed by such documents as, for example, the strategy for the socio-economic development of the region, the investment development strategy, the law on state regulation of investment activities, regulations on assessing the effectiveness of regional investment projects, targeted programs to support investment activities in the region and others. At the present stage, almost all regions of the Republic of Uzbekistan are engaged in creating conditions for the formation of a favorable investment climate. Most regional investment-related regulations are divided into two conditional groups: documents disclosing the range of investment benefits; documents establishing the forms of state support for investment activities, the procedure for providing specific benefits and the competence of the body providing specific benefits. According to the observations of researchers, certain regions can establish a favorable investment climate, but do not have proper legal support. Despite the certain effectiveness of such investment activities, foreign and domestic investors perceive the presence of regional investment legislation as a sign of the maturity of the regional legal regime.

Most subjects of the Republic of Uzbekistan consider the creation and development of an investment environment to be their strategic priority. Below are the main instruments for regional regulation of investment activity that make it possible to create such an environment (look at the Table).

The practice of developing investment programs based on regional regulations shows that when regulating investment activity in the regions, there is a shortage of mechanisms for solving problems of investment activity; the balance of interests of the local population, investors and authorities is not maintained. The problem of investment attractiveness of territories for private investors still remains.

Methods of state regulation of investment activities

Direct methods of investment regulation	Indirect methods of investment regulation
<ul style="list-style-type: none"> ✓ Targeted regional programs for the development of agriculture and industries; other industries; ✓ Regional budgetary and extra-budgetary funds; ✓ Direct capital government investments; regional standards and norms; quotas; ✓ Licensing; ✓ Regional controlling stakes; regional and municipal property; stimulating demand and regulating prices; financing of scientific research and development by the state; subsidizing the costs of enterprises for patenting inventions abroad 	<ul style="list-style-type: none"> ✓ Tax rates and incentive preferential taxation; ✓ Tax holidays; ✓ Preferential loan rates; ✓ Credit methods for stimulating exports; investment tax credit; regional and municipal loans; ✓ Guarantees and loan benefits for regional institutions investing in the regional economy

Investment activity is also regulated at the municipal level. Law of the Republic of Uzbekistan №LRU-350 “On self-government bodies of citizens” establishes that issues of investment activity are among the issues of local importance[9]. Accordingly, residents of a municipality, local governments and individual officials have the right to adopt municipal legal acts that are binding throughout the territory of the municipality.

Local government bodies, in accordance with current legislation, have the right to create conditions favorable for investment activities and take part in investment activities in the forms established by current legislation.

Indirect participation of municipalities in investment processes at the local level involves the creation of favorable conditions for investment activities:

- ✓ through the establishment of benefits for the payment of local taxes and the provision of preferential conditions for the use of land and natural resources registered as municipal property;
- ✓ representation and protection of investors’ interests;
- ✓ attracting funds from the population and other extra-budgetary sources to finance the construction of socio-economic facilities.

Direct participation of municipalities in investment processes at the local level involves capital investments implemented in the following forms:

- ✓ design, approval and financing of investment projects of municipalities implemented by municipalities;
- ✓ placement of funds from local budgets in order to finance investment projects by analogy with state regulation;
- ✓ issue of municipal loans;
- ✓ use in investment processes of municipal property objects, the construction of which is temporarily suspended or frozen.

New opportunities for municipal investment activities were provided by state law №LRU-537, which regulates the issue of public-private partnerships[10]. The conclusion of public-private partnership agreements involves the transfer to the investor of the rights to use and dispose of a municipal property along with a land plot for the purpose of carrying out the activities specified in the agreement. The main condition of such an agreement is the investor's obligation to use infrastructure facilities in the interests of local importance.

In addition, the public-private partnership agreement is important for municipal investment activities. The main condition for the use of capital facilities by an investor is their use in the interests of the local population.

Conclusion. At the municipal level, it is necessary to note the presence of municipal investment passports and standard investment programs, the implementation of which is based on attracting funds from the state, domestic and foreign investors.

The idea of creating a standard investment passport for a municipality is promising.

Investment activity at the territorial level has territorial restrictions. The subjects of municipal investment activity are local authorities, whose competence includes issues of legal regulation, development of an investment project, public hearings and competitive procedures for selecting an investor, concluding an agreement and monitoring the fulfillment of the investor's obligations under the agreement.

Thus, the legal regulation of investment activities by the state in the Republic of Uzbekistan plays a special role in organizing the investment process. An important trend that determines the further development of legal regulation in the country is the development and improvement of regional investment legislation and the development of municipal investment regulations.

An analysis of the provisions of state laws and municipal investment practice allows us to note the potential of legal regulation of municipal investment activities, which makes it possible to strengthen the material base of municipalities and resolve issues of local importance with the involvement of investors.

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