

STUDY OF THE IMPACT OF FOREIGN INVESTMENT ON ECONOMIC DEVELOPMENT IN EMERGING MARKETS

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Abstract

In an era of intensified globalisation, sustained national development in emerging market economies increasingly hinges on the successful attraction and management of foreign investment. This study explores both the positive and negative experiences of attracting foreign direct investment (FDI) in China, Kosovo, and Uzbekistan—three countries representing diverse trajectories within the emerging market spectrum. The research employed a qualitative-comparative approach through secondary data analysis, drawing on metrics from the *Doing Business* rankings, the International Institute for Management Development (IMD) World Digital Competitiveness Index, and the Global Innovation Index. These tools were used to assess the dynamics of FDI inflows and outflows, their correlation with gross domestic product (GDP), and the regulatory and institutional factors shaping investment climates. The novelty of this study lies in its cross-national focus on how varying policy environments and digital competitiveness levels impact FDI attraction, offering a fresh lens on post-socialist and transition economies. The findings reveal distinct patterns: while China demonstrates strength in digital infrastructure and institutional capacity, Kosovo and Uzbekistan face challenges such as bureaucratic inefficiency and underdeveloped innovation ecosystems. Common barriers to FDI attraction ranging from legal ambiguities to limited investor protections are identified, along with best practices for overcoming them. This study contributes to the literature by synthesizing lessons from these diverse contexts, providing actionable recommendations for policymakers. It underscores the importance of not only economic liberalisation but also institutional reform, digital transformation, and regulatory transparency in creating a favorable environment for sustainable foreign investment.

Keywords Country Competitiveness, Digital Technologies, Foreign Direct Investment, International Business.



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INTRODUCTION

In the modern-day globalised world, foreign investment is an integral part of the economic development of emerging markets. Economic development is the process by which the economic well-being and quality of life of a nation, region, or community are improved. It encompasses various factors, such as economic growth, rising living standards, technological advances, and social and institutional changes that lead to increased productivity and prosperity. Economic development is often measured by indicators such as GDP growth, income distribution, employment levels, and poverty reduction.

The inflow of foreign investment into emerging markets can lead to the economic growth of countries, improving trade balance, creating opportunities to increase the competitiveness of products, introducing innovations, improving labour conditions and increasing the skills of workers (Malyarets et al., 2017; Ismayilov et al., 2024b; Antwi et al., 2025; Beltran, 2025). The study of the impact of foreign investment on the economic development of countries in the context of emerging markets is the basis for building an effective investment policy of states, as well as a vector for improving investment attractiveness through the development of foreign investment.

The development of emerging markets is dependent on foreign investment due to a lack of domestic financial resources. Foreign investments can compensate for this shortfall and subsequently affect the national economic growth (Loi, 2023; Anugradia et al., 2025; Ikhsan et al., 2025; Jalmasco et al., 2025). It is also worth noting that foreign investments are made in sectors of the economy that are of interest to investors. Accordingly, such an approach leads to uneven development of economic sectors within the country (Krylovskiy, 2024; Candia et al., 2025; Intharit et al., 2025). Therefore, there is a need to create an effective model for attracting foreign investment into the economic development of countries with emerging market economies.

Geci (2021) addressed the impact of foreign direct investment (FDI) in Kosovo as one of the key factors in the national development. The scientist concluded that Kosovo's economy receives little foreign investment. The high level of corruption is an obstacle to their inflow. In the planning period, the researcher considers attracting FDI in Kosovo by improving the state regulation and regulatory framework for foreign investment, fighting corruption, and reforming the financial system. Therefore, studying the experience of other countries in terms of the effectiveness of attracting foreign investment is extremely relevant.

Sertolli's (2020) opinion is the same regarding the low level of FDI attraction in Kosovo. The scientist believes that over the past 10 years, Kosovo has made significant efforts to attract foreign investment through joint ventures. The problem is the lack of agreements and a strategy for the national development. The best practices of emerging market countries in attracting foreign investment should be studied and applied to Kosovo. Imomkulov (2023) addressed the impact of FDI on the economy in Uzbekistan. The study showed that the national economy has not attracted enough FDI. The problem in attracting them to the country is the dominant role of the state in the economy, the inefficiency of the judicial system, the lack of transparency, and the underdeveloped banking sector. It is determined that the driving factors of FDI in the economy of Uzbekistan are the exchange rate, trade openness, and natural resources. The negative factors are inflation and economic liberalisation. It is necessary to explore ways of developing the country to attract foreign investment.

Chinese economic growth over the past 30 years is directly related to FDI attraction, as justified by Mehmood et al. (2021). Researchers determined that there is a positive long-term relationship between FDI and infrastructure development. China's steady improvement of infrastructure is increasing FDI inflows. Foreign investment in the Chinese economy has helped to increase the level of R&D, create more advanced financial institutions, and reduce transaction costs (Ali & Wang, 2018; Jumaera et al., 2024; Jarnawi et al., 2025; Kheang et al., 2025; Mabeza et al., 2025). Foreign investment has a positive impact on the economic growth of emerging markets (Abdullayev et al., 2024; Jalmasco et al., 2025; Obenza et al., 2025; Putri et al., 2025). It is foreign investment that brings new technologies, capital investment, job opportunities, and the development of banking and other industries to countries. As can be noted, opinions differ on the impact of foreign investment on the economic development of countries in the context of emerging markets. The study aimed to address this impact and to build ways to improve the attraction and distribution of foreign investment in the examples of China, Kosovo and Uzbekistan.

RESEARCH METHOD

The research is based on a qualitative analysis of existing approaches to studying the impact of foreign investment on the economic development of countries in the context of emerging markets. The information for this article was provided by materials from scientific and practical conferences, scientific articles by foreign and domestic scholars, analytical data from the World Bank, the IMD World Competitiveness Ranking 2023 (2023), the Economy Profile of China (2020a), the Economy Profile of Kosovo (2020b), the Economy Profile of Uzbekistan (2020c), and the Global Innovation Index (2014; 2019; 2023).

An in-depth analysis of the dynamics and structure of foreign investments was carried out. This analysis was used to determine the trend of FDI inflows and outflows in terms of value based on the statistical information obtained. Values of FDI inflows and outflows were used to calculate the share by comparing (dividing) them with the global volume of FDI inflows and outflows. The net inflow of FDI to gross domestic product (GDP) ratio was also analysed. This analysis highlighted the trend of FDI impact on the economic growth of China, Kosovo and Uzbekistan. The results of the analysis were synthesised, and the peculiarities of the trend of attracting foreign investments were substantiated.

The World Bank Doing Business rating was analysed, which identified positive and negative trends in the impact on foreign investors in China, Uzbekistan and Kosovo. The rating determines conditions for starting a business; peculiarities of working with construction permits; ease of obtaining electricity; property registration; ease of obtaining loans; protection of minority investors' rights; payment of taxes; exports; enforcement of contracts; and resolution of insolvency. By analysing and summarising the results of these indicators, the business climate for attracting foreign investment in the economies of China, Kosovo and Uzbekistan was determined.

The article analysed and summarised the results of the International Institute for Management Development's (IMD) 2023 World Digital Competitiveness Index, conducted by the International Competitiveness Centre. The following metrics were analysed: knowledge (creation of know-how and qualified specialists in their creation); technology (development of digital technologies in the country); and the national readiness for the transition to digital transformation in the future. It identifies the specifics of Chinese digital transformation (since Kosovo and Uzbekistan are not in the ranking). The study synthesised the impact of FDI inflows and outflows on the development of Chinese digital transformation.

By analysing the Global Innovation Index, calculated by the World Intellectual Property Organisation, the impact of foreign investment on innovation in China, Kosovo and Uzbekistan was identified. The indicators used to compile the rating were analysed: institutions; human capital and research; infrastructure; market complexity; business complexity; investment; knowledge and technological outputs; creative outputs; technology outputs; and efficiency. The article summarises the extent to which FDI inflows affect national innovation developments.

The article substantiates methods for attracting foreign investments in promising sectors that influence the economic and social growth of Kosovo and Uzbekistan, drawing on China's experience and based on the formalisation and generalisation of statistical analysis results.

RESULTS AND DISCUSSION

The active development of emerging markets implies attracting foreign investment within the country. Such investments help to solve the problems of national development, industrial development and innovation (Kolodiziev et al., 2021; Rachmatika & Salighehdar, 2024; Rubio et al., 2025). However, there are also negative factors associated with such investments, which lead to dependence on foreign capital. It is essential to consider the impact of foreign investment, both positive and negative factors, on several countries with similar levels of development, such as China, Kosovo, and Uzbekistan, as FDI, while contributing to economic growth and technological advancement, can also lead to challenges such as over-reliance on foreign capital, inequality, and potential inefficiencies due to weak governance or regulatory frameworks (Makhazhanova et al., 2024; Nou et al., 2025; Salim et al., 2025). Initially, it is necessary to define their economic characteristics and conduct an economic analysis.

Notably, the attraction of foreign investment to a country is influenced by its image, legislation and level of development. The level of development of a country can be assessed by its GDP per capita. Thus, the Chinese GDP per capita in 2022 was 12598 USD, Kosovo – 5943.1 USD, and Uzbekistan –

2496.1 USD. In terms of development, China is more advanced. An in-depth analysis of the dynamics and structure of foreign investment, namely FDI in the development of the countries studied, showed the following results (Table 1).

Table 1. Dynamics and structure of foreign investment in China, Kosovo and Uzbekistan in 2000-2022

Values	2000	2005	2010	2015	2018	2019	2020	2021	2022
FDI, net inflows, USD billion USA									
Global	1569.23	1553.38	1902.89	2758.34	895.07	1850.49	1229.96	2286.53	1790.22
China	42.09	104.11	243.7	242.49	235.36	187.17	253.09	344.07	180.17
Kosovo	0	0.134	0.49	0.343	0.318	0.285	0.395	0.501	0.764
Uzbekistan	0.074	0.213	1.663	1.041	0.625	2.316	1.728	2.28	2.497
FDI, net outflow, USD billion USA									
Global	1403.55	1417.44	1791.71	2198.51	696.7	1518.79	1018.64	2374.36	2049.13
China	4.612	13.73	57.953	174.391	143.026	136.91	153.721	178.798	149.692
Kosovo	0	0	0.05	0.041	0.054	0.074	0.068	0.119	0.183
Uzbekistan	0	0.002	0.003	0.005	0.002	0.003	0.011	0.002	0.004
Structure of FDI, net inflows, %									
Global	100	100	100	100	100	100	100	100	100
China	2.682	6.702	12.807	8.791	26.295	10.115	20.577	15.048	10.064
Kosovo	0	0.009	0.026	0.012	0.036	0.015	0.032	0.022	0.043
Uzbekistan	0.005	0.014	0.087	0.038	0.07	0.125	0.14	0.1	0.139
Structure of FDI, net outflow, %									
Global	100	100	100	100	100	100	100	100	100
China	0.3286	0.9686	3.2345	7.9322	20.5291	9.0144	15.0908	7.5304	7.3051
Kosovo	0	0	0.0028	0.0019	0.0078	0.0049	0.0067	0.005	0.0089
Uzbekistan	0	0.0001	0.0002	0.0002	0.0003	0.0002	0.0011	0.0001	0.0002
FDI, net inflow, % of GDP									
Global	4.6	3.3	2.8	3.6	1	2.1	1.4	2.3	1.7
China	3.5	4.6	4	2.2	1.7	1.3	1.7	1.9	1
Kosovo	0	0	9.2	5.5	4	3.6	5.1	5.3	8.2
Uzbekistan	0.5	1.5	3.3	1.2	1.2	3.8	2.9	3.3	3.1

The net inflows and outflows of FDI investments in Kosovo and Uzbekistan are not high. Thus, the investment tide in Kosovo ranged from 0.134 billion USD in 2005 to 0.764 billion USD in 2022. The investment inflow to Uzbekistan was 0.074 billion USD in 2000 to 2.497 billion USD in 2022. As can be noted, over the past 20 years, net investment inflows to these countries have increased, accelerating development. An indicator that clearly shows the relationship between FDI and development is net FDI inflows as a percentage of GDP. Although China has received many times more FDI over the past two decades, its share of GDP has fallen from 3.5% to 1.0%. In Kosovo, the share was 9.2% in 2010, but then declined, reaching 8.2% of GDP by 2022. In Uzbekistan, the growth is expected to increase from 0.5% in 2000 to 3.1% of GDP in 2022.

The peculiarities of obtaining effective foreign investments in countries are the developed legislation on the regulation of foreign investments. Chinese policy aims to improve the business environment, promoting business and protecting foreign investment (Shtal et al., 2018). At the same time, the legislation of Kosovo and Uzbekistan requires improvements in terms of the protection of foreign investments. Every year until 2020, the World Bank compiled the Doing Business rating, which showed in detail how the national economy is open to business and how investments work. In 2024, the project will be restarted according to new criteria. According to the Doing Business 2020 ranking, China ranks 31st in the world in terms of ease of doing business (Economy Profile of..., 2020a),

Kosovo ranks 57th (Economy Profile of..., 2020b), and Uzbekistan ranks 69th (Economy Profile of..., 2020c).

The “starting a business” indicator in all three countries surveyed is high (over 95 points out of 100), which indicates a simplified business registration procedure. Chinese results were relatively high in the Acquisition of a construction permit, which was 77.3 points out of 100; obtaining an electricity permit – 95.4 points; and registering property – 81 points (Economy Profile of..., 2020a). The same figures were for Kosovo – 55.3, 73.9 and 77.5 points respectively (Economy Profile of..., 2020b); Uzbekistan – 61.7, 86.9 and 67.9 points respectively (Economy Profile of..., 2020c). In terms of ease of obtaining loans, China was rated 60 points out of 100; Kosovo – 85 points; Uzbekistan – 65 points. China received a low credit score due to its low legal rights strength index and lack of credit bureau coverage. Uzbekistan has a low score due to the low strength of the legal rights index and lack of credit registry coverage. It is worth noting that in 2020, several new laws were passed in China to protect loans and investors (Zhang, 2022). Therefore, the problem with loan protection has been partially resolved.

In terms of minority investor protection, China scored 72 points, Kosovo 40 points, and Uzbekistan 70 points. As can be noted, China and Uzbekistan have a high degree of investor protection. Kosovo has a problem with the protection of shareholder rights, ownership and control, and corporate transparency. Therefore, Kosovo should learn from the experience of China and Uzbekistan to improve these indicators. Chinese tax payment and foreign trade scores were 70.1 and 86.5, which means that the country's foreign relations are effective. Kosovo also scored highly in the areas of taxation (81.9 points) and foreign trade (94.2 points). Uzbekistan received a high score of 77.5 points for taxation. However, it scored low in foreign trade (58.2 points). Therefore, Uzbekistan should review its export policy at the state level.

The contract enforcement amounted to 1.5 billion USD: China – 80.9 points; Kosovo – 64.7 points; Uzbekistan – 71.9 points. These figures are quite high, which demonstrates the effectiveness of contractual activities. The insolvency resolution index was 62.1 points for China; 63.5 points for Kosovo; and 43.5 points for Uzbekistan. The indicator has a low score, which means that it is difficult to close a business. Bankruptcy legislation should be revised. The impact of foreign investment on the economic growth of emerging markets was studied using the IMD world competitiveness ranking 2023 (2023). This rating was conducted in 2023 for 64 countries. It includes China among the countries studied. Kosovo and Uzbekistan were not included.

The ranking includes countries that are undergoing digital transformation. Digital competitiveness is determined by three factors: knowledge, technology, and readiness for the future. In 2023, China was ranked 19th with 84.41 points, down 2 places from 2022. It was ranked 21st in knowledge (75.59 points), 22nd in technology (78.25 points), and 13th in future readiness (81.1 points). Based on this, it is possible to state the positive impact of foreign investment in Chinese development, which allows for better digitalisation and readiness for the digital future. However, for Kosovo and Uzbekistan, foreign investment is not enough to develop digital technologies. It is possible to state that investors in these countries invest in the development of certain types of industries and raw materials (Rexhepi et al., 2024; Shagembe et al., 2025; Siddique et al., 2025). The Global Innovation Index is conducted annually on a global scale and is determined by the Global Innovation Index, as shown in Table 2.

Table 2. Results of the Global Innovation Index assessment in 2014-2023

Countries	2014		2019		2023	
	Ranking from 143 countries	Score	Ranking from 129 countries	Score	Ranking from 134 countries	Score
China	29	46.57	14	54.82	12	55.3
Uzbekistan	128	25.2	-	-	82	26.2

Source: compiled by the authors based on The Global Innovation Index (2014; 2019; 2023)

China ranks highly in terms of innovative development, moving from 29th place (46.57 points) in 2014 to 12th place in 2023 with a score of 55.3. Notably, foreign investment has a positive impact on the inflow of innovations. In Uzbekistan, the situation is different. It climbed from 128th in 2014 to 82nd in 2023. However, in 2019, it was not included in the ranking, as it was considered too low for

innovation development. In terms of points, nearly the same value with a gap of 1 point in 2014 and 2023 is notable. Kosovo is not in the ranking. A more in-depth analysis of the Global Innovation Index 2023 (2023) for Uzbekistan demonstrated a low level of education and research development, a low level of infrastructure development, an average level of trade development, an average level of FDI attraction, a low percentage of ICT in total trade, a low level of research talent in business, a high dependence on high-technology imports, and a high growth of labour productivity in industry.

It is possible to state that investments in Kosovo and Uzbekistan are made in the interests of investors in the construction and location of raw materials enterprises, rather than in the innovative development of the countries (Rexhepi, 2023). China has been able to attract multinational companies with the development of smart technologies. Therefore, Kosovo and Uzbekistan could employ Chinese experience. In summary, the development of innovations should attract foreign investment in the economies of Kosovo and Uzbekistan (Shahini & Shtal, 2023). As Chinese experience shows, it is investments in innovation (technical and managerial) that have helped significantly improve the social level of development of the national population and increase GDP. In the current development environment, China is also investing in less developed countries (Ismayilov et al., 2024a).

In 2025, the global economic situation is characterized by a slowdown in growth, estimated at approximately 2.3%, caused by ongoing geopolitical tensions, trade fragmentation, and policy-related issues (Mehdi, 2025). This situation has led to significant changes in investment trends, particularly a decline in foreign direct investment in poor countries, which has fallen to its lowest level since 2005. At the same time, there is a growing focus on digital and sustainable industries, driven by innovations in artificial intelligence, renewable energy technologies, and a global commitment to sustainable development. These trends point to a turning point in the global economy, where technological advances and environmental factors are increasingly influencing investment decisions and shaping the future direction of economic development.

The study found that China improved its position in the IMD World Digital Competitiveness Index and the Global Innovation Index in 2023 and has all the prerequisites for attracting new investments in the development of innovation and digital technologies in the near future. Zhang (2022) argues that foreign investment in China needs to be protected. In 2019, China adopted a law on foreign investment. Foreign investment has been crucial to China's development over the last four decades. The law streamlined the national market system. The law provides foreign investment with a stronger legal guarantee of transparency and efficiency in the use of foreign investments. The development of the domestic consumption model and the domestic market requires the attraction of foreign investment at an in-depth level. Scientists estimate that the new law's implementation will attract 1.5 trillion USD of foreign investment in the next 10 years.

The IMD 2023 World Digital Competitiveness Index confirms China's active development of digital technologies. Liu and Wang (2021) reached different conclusions on the impact of FDI on the innovation of domestic companies in China. Researchers have calculated that a 1% increase in the share of foreign investment could increase the number of utility model patents by 0.65% and invention patents by 0.27%. Along with the positive results of foreign investment, there are also side effects. Foreign investment in one industry harms technologically related industries and processing industries. The supply of human capital increases the production of innovations, while the lack of it reduces them (Khalegi et al., 2024; Somantri, 2024; Yulianti & Awingan, 2024; Syahrul et al., 2025). Therefore, scientists believe that foreign investment should be directed to human capital.

The results of the study conclude with the need to develop a state mechanism for the impact of foreign investment in China. Therefore, the state plays a key role in the efficiency of attracting and using foreign investment, which subsequently affects economic growth (Tleubayev et al., 2024). Hao (2023) identified a relationship between trade openness, FDI, capital accumulation and industrial economic growth in China. Based on the statistical analysis from 1990 to 2021, there is a close relationship between these indicators. Regulating the growth of areas of responsibility is crucial for attracting foreign investment and advancing China's industrial development. The foreign exchange needs to be managed on an ongoing basis. Increasing trade openness is necessary to attract FDI through tax incentives. The uneven development of industrial regions in the country leads to uneven social development.

Government regulation is needed to balance FDI inflows in all industrial regions of the country. Institutional elements, such as governance systems and regulatory frameworks, play a key role in assessing the effectiveness of foreign direct investment in promoting economic development. Robust

governance systems that ensure political stability, transparency, and accountability create a favorable climate for foreign direct investment by reducing risks associated with corruption, legal uncertainty, and inefficiency. A well-defined regulatory framework with clear rules and regulations regarding property rights, contracts, and investor protection attracts foreign investors by providing guarantees of security and fair treatment of their capital. In addition, effective and transparent regulatory bodies strengthen corporate confidence, simplify investment processes, and reduce the complexity associated with bureaucratic procedures. Thus, reliable governance systems and regulatory frameworks not only promote the inflow of FDI but also help ensure that these investments make a significant contribution to economic growth, innovation, and sustainable development.

The Innovation Development Index analysis reveals that China's investment incentives determine the effectiveness of foreign investment. Foreign investment in R&D increases the productivity of enterprises and the growth of the national innovation potential. It is necessary for enterprises, together with the support of the state, to effectively use the opportunities to attract FDI. Liu et al. (2023) show the effectiveness of Chinese foreign policy in attracting FDI to the country. Foreign investment does not affect labour productivity in the short term, but it increases it in the long term. The survey results indicated that obtaining loans in China is challenging. Therefore, it is important to develop financial coverage through a credit bureau. Jakubczak (2020) examined both the positive and negative factors that influence foreign investment in the Chinese economy. A negative factor is the threat to the national security of the country. The creation of an incentive catalogue can help streamline the structure of industrial development by encouraging foreign investment.

The study determined that Kosovo has high tax and foreign trade performance, as confirmed by the Doing Business rating. There is a different opinion of scientists Kastrati and Vokshi (2023), who conducted a study on the impact of tax rates on attracting foreign investment in Kosovo. As the results of the study above have shown, Kosovo has built an effective tax policy towards foreign capital, but there is a problem with corporate transparency and the protection of owners' rights. The researchers also concluded that there is the need to stimulate corporate taxation, which will encourage international tax competition. Kosovo's low taxation does not compensate for the lack of corporate transparency and protection of property rights. The researchers believe that VAT payments are unfavourable for businesses and have shown the need to focus on direct taxes.

An analysis of Kosovo's investments and exports by Bajrami and Bellaqa (2020) showed that in 2012-2016, FDI mainly came from Turkey, Switzerland and Germany. The narrow provision for foreign investment is associated with a regime of unsatisfactory incentives and an unfavourable climate. The authors found a negative correlation between exports and foreign direct investment (FDI). Reforms are needed at the legislative level, in taxation, and in infrastructure. The quality of manufactured products must be ensured following the requirements of the European Union. Kosovo needs to reform its state institutions and improve the government's image, as indicated by the study, which will help attract more foreign investment and ensure economic growth. In a study of the impact of foreign investment on the economy of Kosovo, Qabrati (2021) concluded that such investment creates employment opportunities, increases domestic investment, and facilitates technology transfer. Calculations conducted by scientists have shown that investments in real estate, entrepreneurship, education, healthcare, and social services account for 94.5% of the country's economic growth.

The results of the study showed that Uzbekistan has a low level of contract enforcement and difficulties with business closure. It was decided that contractual activities at the state level needed to be improved and legislation on business closure simplified, as this had a negative impact on attracting foreign investors. The study by Valeev (2023) analyses bilateral agreements on attracting foreign investment. Uzbekistan did not deal with such agreements. It is necessary to study the experience of other countries with investment treaties and their regulation. The results of the study showed that Uzbekistan is not in the digital competitiveness ranking, which confirms the conclusions of the scientists. Foreign investments are made in certain types of activities, which hinders socio-economic development. The inflation rate and GDP growth per capita in Uzbekistan directly depend on FDI. According to Imomkulov (2023), the impact of FDI on economic growth in Uzbekistan is proportional. The author believes that there is a lack of transparency and the dominant role of the state in the economy, as well as ineffective judicial mechanisms. The author believes that the authoritarian regime, low competitiveness of the country and dependence on commodities prevent foreign investment in Uzbekistan. The results of the statistical analysis of Uzbekistan have shown that foreign investment does not affect the country's economic growth. Foreign investors invest in raw materials only, so there

is no visible increase in the social level of the population. This highlights the need for the state to encourage investors to invest in innovative technologies, considering the experience of China (Foreign direct investment..., 2023).

It should be noted that foreign investment has both positive and negative effects on the economy of Uzbekistan, which is confirmed by the results of the study. Therefore, the policy of an emerging market country should be aimed at overcoming negative barriers and increasing positive ones. An analysis of foreign investment in Uzbekistan's economic growth by Saida and Dilshod (2019) showed the need for foreign investment to create joint ventures. Foreign investment has an impact on the restructuring of the economies of emerging markets. It is important to improve the efficiency of the accounting system in order to facilitate decision-making by foreign investors. FDI has an effective impact on exports. It was noted that Uzbekistan exports dominated imports in recent years, which has been achieved through FDI.

CONCLUSION

The study of the impact of foreign investment on the economic development of countries in the context of emerging markets using the examples of China, Kosovo and Uzbekistan has led to the following conclusions. The analysis of FDI inflows into the economies of the countries under study showed that they increased from 2000 to 2022. In China, FDI inflows increase or decrease in direct proportion to the trend in global volume. A comparison of FDI inflows to GDP showed that in China, this indicator declined annually, while in Kosovo and Uzbekistan, it grew. The Doing Business ranking showed that China has a problem with bankruptcy legislation and the closure of enterprises, which is not positive for investors. Uzbekistan and Kosovo have problems with corporate transparency and infrastructure development. The IMD Digital Competitiveness Index 2023 includes only China among the countries surveyed, which has a high degree of digitalisation and prospects for further development. This result shows a high degree of use of foreign investment in intellectual capital, digital technologies and innovations. According to the Global Innovation Index, Chinese innovation potential has grown significantly over the past 10 years. Kosovo has no innovation development and is not rated in the ranking. Uzbekistan is only developing its innovation potential, which is confirmed by the ranking results. In summary, foreign investment plays an important role in the development of emerging markets. However, it is essential to improve legislation and ensure a favorable business climate. It is important to attract investment in sectors that generate innovation, which subsequently impacts GDP growth per capita. An even distribution across all regions of the country and types of economic activity will help improve the socio-economic status of citizens. It is necessary to adopt China's positive experience in attracting foreign investment. The development of special legislation that transparently regulates and protects foreign investment is positive.

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AUTHOR CONTRIBUTIONS

Conceptualization, Wei Li; Methodology, Murod Muhammedov; Formal Analysis, Akhtam Nizamov; Resources, Sarvar Iskhakova; Data Curation, Murod Muhammedov; Writing – Original Draft Preparation, Denis Spahija, Wei Li, Murod Muhammedov, Sarvar Iskhakova; Writing – Review & Editing, Denis Spahija, Akhtam Nizamov, Sarvar Iskhakova; Project Administration, Denis Spahija.

CONFLICTS OF INTEREST

The author(s) declare no conflict of interest.

USE OF ARTIFICIAL INTELLIGENCE (AI)-ASSISTED TECHNOLOGY

The authors declare that no artificial intelligence (AI) tools were used in the generation, analysis, or writing of this manuscript. All aspects of the research, including data collection, interpretation, and manuscript preparation, were carried out entirely by the authors without the assistance of AI-based technologies.

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