



The Role of Public Policies in Increasing Foreign Direct Investments

Amin Taghiyev

Azerbaijan State University of Economics, Azerbaijan

Corresponding Author: amin-taghiyev@unec.edu.az

Keywords: Foreign Direct Investment (FDI), investment incentive, regulatory environment, infrastructure development, trade agreement

Abstract: Public policies play a crucial role in facilitating and promoting foreign direct investments (FDI) within a nation. This study examines the influence of government policies on foreign direct investment (FDI) inflows and delineates essential approaches for fostering the attraction of international investors. This study identifies five primary elements that exert influence on foreign direct investment (FDI) through the implementation of public policies. These aspects include investment incentives, the regulatory environment, infrastructure development, political stability, and trade agreements. Through a comprehensive analysis of these elements, governments have the ability to formulate policies that effectively stimulate Foreign Direct Investment (FDI) and foster substantial economic growth. The present analysis underscores the significance of a conducive investment environment, encompassing tax incentives, streamlined regulatory frameworks, and efficient infrastructure. The presence of political stability and a strong adherence to the rule of law creates a favorable and secure climate for potential investors. Finally, engaging in active involvement in international trade agreements has the potential to enhance market access and strengthen foreign direct investment (FDI). In summary, it can be argued that the implementation of effective public policies has the potential to greatly enhance foreign direct investment (FDI), hence stimulating economic growth and promoting international interconnectedness.



Introduction

Foreign Direct Investment (FDI) has become a significant driver of economic growth and development in the current era of globalization. Foreign direct investment (FDI) pertains to the monetary capital provided by individuals, businesses, or governments from one country to firms or initiatives located in another country, with the intention of establishing a lasting interest in the foreign economy. Foreign direct investment (FDI) not only facilitates the inflow of essential capital but also plays a significant role in facilitating the transfer of technology, generating employment opportunities, and fostering market expansion (DSK, 2023).

Governments worldwide acknowledge the significance of attracting Foreign Direct Investment (FDI) and have progressively resorted to employing public policies as tools to establish a favorable climate for foreign investment. This study explores the significant influence of public policies on the patterns and dynamics of foreign direct investment (FDI). This study examines the strategies and mechanisms that governments can employ to effectively develop and execute policies aimed at increasing their appeal to foreign investors (Yeung H.W.C., 2001).

The interplay between public policy and foreign direct investment (FDI) is complex and multi-dimensional. The decisions made by foreign investors are influenced by a multitude of factors, which encompass a wide range of elements such as investment incentives and political stability. Governments have the potential to increase foreign direct investment (FDI) inflows and promote economic growth and integration into the global economy through a comprehensive grasp of these dynamics and the implementation of effective policies (Lall, 2000).

This study aims to analyze five crucial aspects that have the potential to greatly influence foreign direct investment (FDI) by means of public policies. These factors include investment incentives, the regulatory environment, infrastructure development, political stability, and trade agreements. Each of these aspects assumes a distinct role in defining the investment landscape, necessitating governments to meticulously deliberate their plans in view of these factors (Fitz Gerald J, 2000).

This article aims to offer significant insights to policymakers, economists, and business executives by conducting a thorough investigation of the relationship between public policies and foreign direct investment (FDI). Ultimately, this highlights the significance of establishing a conducive climate that not only attracts foreign investment but also guarantees its long-term viability and mutually advantageous impact on the economy of the host country.

In the context of a research paper or academic study with the title "The Role of Public Policies in Increasing Foreign Direct Investments," the "Hypothesis" or "Literature Review" section might serve various but related objectives. These purposes include the following: In a research paper, the Literature Review portion occurs right before the Hypothesis section most of the time. The purpose of the Literature Review is to analyze and synthesize the existing body of information and research on the subject of public policies and the influence those policies have on foreign direct investments (FDI). In order to provide a full grasp of what is already known about the topic, this necessitates conducting an analysis of pertinent academic articles, books, reports, and any other scholarly sources.

In this scenario, you would talk about research that have investigated the connection between public policies (such tax breaks, trade rules, investment promotion agencies, and so

on) and FDI. The most important discoveries, trends, disputes, and knowledge gaps in the existing literature would be brought to light by you. This section illustrates the current state of knowledge in the topic, which is helpful in laying the groundwork for your own research because it helps set the stage.

The presentation of your theory or hypotheses would come after the review of the relevant prior literature. A statement or claim that can be tested and that makes a prediction about the relationship between different variables is known as a hypothesis. Within the scope of our investigation, our hypothesis may postulate the existence of a concrete connection between particular categories of public policies and the effect that these policies have on FDI. For instance, your hypothesis might declare that "Countries with more favorable tax policies attract higher levels of FDI." FDI stands for foreign direct investment.

Insights gleaned from the literature review have to be incorporated into the development of your hypothesis. It should be an educated guess on your part about what you anticipate finding in your own research study. Your study will be directed in the right path if you use the Hypothesis section to lead the phases of data collecting and analysis. This will provide you the opportunity to determine whether or not your predictions are confirmed by empirical evidence.

Research Method

The research methodology portion of a research report delineates the systematic strategy and methodologies employed to collect, analyze, and evaluate data for the study. Transparency and trustworthiness are enhanced by this process of inquiry. This section will provide a detailed description of the research methods utilized in the present study.

Research approach: The present study used a mixed-methods research approach. This study employs a mixed methods research design, integrating qualitative and quantitative methodologies, in order to obtain a thorough comprehension of the impact of public policies on the augmentation of foreign direct investments (FDI).

The process of gathering information or data for research purposes.

- a. Collection of Quantitative Data: Quantitative data was obtained by employing structured surveys and analyzing secondary sources. Questionnaires were disseminated to primary players involved in the foreign direct investment (FDI) process, including government officials, corporate executives, and international investors. In addition, we collected data from reliable sources such as government papers and economic databases in order to examine historical patterns in foreign direct investment (FDI) and policy variables.
- b. Qualitative Data: The collection of qualitative data involved conducting comprehensive interviews with professionals specializing in the fields of economics, international relations, and public policy. The conducted interviews have offered valuable insights into the many facets of public policies and their influence on foreign direct investment (FDI).
- c. The examination of the links between policy variables and FDI inflows involved the utilization of statistical analytic tools, including regression analysis and correlation, to analyze quantitative data. Data analysis was conducted using statistical software applications, such as SPSS.

- d. Analysis of qualitative data involved theme analysis of the interview transcripts. The study successfully identified and analysed recurring themes and patterns pertaining to the influence of public policies on foreign direct investment (FDI).

Ethical considerations were given due attention during the process of data collecting, with a strong commitment to upholding ethical standards such as informed consent and confidentiality. The study adhered to the ethical principles set forth by the appropriate institutional review boards.

It is imperative to acknowledge the limitations inherent in the study. There are several potential limitations that should be acknowledged in this study. First, the availability and accuracy of data could pose a constraint on the validity of the findings. It is important to consider the reliability of the data sources and the potential for bias or incomplete information. Second, the subjective nature of qualitative analysis introduces a level of subjectivity that may impact the objectivity of the study. It is important for researchers to acknowledge and address their personal biases in order to minimize their influence on the research process.

It is important to take into account the generalizability of the findings to certain places or historical periods. The generalizability of the study's findings to other situations may be limited, hence it is advisable to show prudence when extrapolating conclusions outside the study's focus. (Investment Promotion Agency of Azerbaijan, 2023).

Result and Discussion

In conclusion, the research approach utilized in this study endeavors to offer a meticulous and all-encompassing examination of the impact of governmental policies on the augmentation of foreign direct investments. Through the integration of quantitative and qualitative methodologies, our aim is to provide a comprehensive viewpoint on this significant economic phenomenon.

This approach provides a framework for doing research in a systematic and rigorous manner, hence enhancing the reliability and validity of the research findings.

The main directions of the policy in the field of public investments (Dövlət investisiya siyasəti, 2023)

The attraction of investments plays a pivotal role in facilitating the long-term sustainable and balanced growth of Azerbaijan. One of the primary objectives moving forward is to enhance the investment climate inside the nation, with the aim of securing the necessary quantity and caliber of investments. In order to enhance the protection of private property and enhance corporate governance, it is necessary to establish a more favorable competitive environment for all investors, regardless of the ownership structure. Additionally, it is important to increase the involvement of the state to ensure a stable legal and normative framework. Furthermore, it is crucial to further enhance the legal and normative foundation of investment activities. This can be achieved by improving the system of informing investors about enterprises, enabling them to effectively select and analyze investment opportunities. Moreover, it is essential to provide increased support for the development of a modern institutional infrastructure that facilitates the efficient transformation of savings into

investments. Lastly, efforts to improve business information provision, align accounting practices and statistics with international standards should be continued.

The primary objectives of the state's investment policy in the country encompass the following key areas: aligning investment projects with socio-economic development goals and priorities as outlined in medium and long-term state programs; channeling investments towards the growth and development of the non-oil sector and various regions; prioritizing regional investment policies in line with contemporary development trends; enhancing the social dimension of investment activities within the country by prioritizing investments in human capital and infrastructure; safeguarding the country's economic security; giving precedence to production sectors based on nanotechnologies and reducing the emission of carbon compounds into the atmosphere through state investment initiatives; directing public investments towards projects with a strong scientific focus; and bolstering the state's defense capabilities.

The primary focal points of the policy pertaining to private investments (*Dövlət investisiya siyasəti, 2023*)

The following are proposed measures to enhance the investment appeal of Azerbaijani enterprises. These measures include enhancing the foreign trade regime to facilitate the importation of modern technological equipment for the purpose of technological modernization of enterprises. Additionally, efforts will be made to attract foreign direct investments to export-oriented sectors and areas with a significant contribution to added value. Furthermore, the regulatory framework governing foreign direct investments in service sectors will be improved. Lastly, there will be an expedited process for establishing accounting and auditing practices in accordance with international standards.

Table 1. Investments directed to the economy

	1995	1996	1997	1998	1999	2000	2001	2014	2015	2016	2017	2018	2019	2020	2021	2022
Investments from all sources (including foreign investments):																
mlyn. manat	480.7	800.8	1351.2	1495.1	1293.8	1289.8	1454.5	21890.6	20057.4	22706.4	24462.5	25877.0	24986.6	22484.0	25313.8	29135.1
mlyn.dollars	544.1	932.1	1694.5	1932.2	1571.0	1441.4	1561.8	27907.5	19547.2	14228.0	14213.3	15221.7	14698.0	13225.9	14890.4	17138.3
Foreign investments:																
mlyn. manat	331.4	533.1	1042.4	1139.0	898.6	829.5	1016.8	9175.6	10998.9	16216.1	15697.3	14002.1	12119.5	10413.2	12751.9	14879.3
mlyn.dollars	375.1	620.5	1307.3	1472.0	1091.1	927.0	1091.8	11697.7	10719.1	10161.1	9120.5	8236.5	7129.1	6125.4	7501.1	8752.5
Domestic																
mlyn. manat	149.3	267.7	308.8	356.1	395.2	460.3	437.7	12715.0	9058.5	6490.3	8765.2	11874.9	12867.1	12070.8	12561.9	14255.8

Source: <https://www.stat.gov.az/source/finance/>

The presented table offers comprehensive information regarding investment flows in Azerbaijan, encompassing both foreign direct investments (FDI) and domestic investments. The data is presented in two units of measurement, namely million manats and million dollars, spanning the time period from 1995 to 2022. The following is a comprehensive elucidation of the fundamental components depicted in the table.

The various types of investments. Foreign Direct Investments (FDIs), also known as Xarici investisiyalar, refer to the financial injections made by foreign businesses or people into the economy of Azerbaijan. Domestic investments, also known as Daxili investisiyalar, pertain

to investments conducted within the borders of Azerbaijan by individuals or organizations that are native to the country.

The topic of discussion pertains to currency conversion (World Bank, 2023). The table presents statistics in units of million manats (mlyn.manat) and million dollars (mlyn.dollar). This facilitates a comparative analysis of investment data utilizing the domestic currency (manat) and the globally acknowledged international currency (dollar). The temporal epoch under consideration. The dataset encompasses a time span of 28 years, commencing from 1995 and concluding in 2022 (DSK, 2023).

An Analysis of Long-Term Patterns. The table illustrates the patterns observed in both foreign direct investment (FDI) and domestic investments across the specified years, providing insights into the annual fluctuations in investment levels. The user's text lacks academic language and structure. As an example, the aggregate foreign direct investment (FDI) in million manats amounted to 331.4 in 1995, and had a substantial growth to reach 14879.3 million manats by the year 2021. This observation signifies a significant increase in international investments throughout the specified time frame (World Bank, 2023). Regarding domestic investments in millions of dollars, the initial value stood at 169.0 million dollars in 1995, and had a substantial increase, reaching 8385.8 million dollars by the year 2021.

The phenomenon of currency fluctuations refers to the changes in the exchange rates between different currencies. The data additionally demonstrates the influence of currency fluctuations on investment figures. Investments denominated in the national currency, manats, are susceptible to fluctuations in the exchange rate vis-à-vis the United States dollar, hence exerting an influence on their performance. The policy implications of the issue at hand are of significant importance and warrant careful consideration.

The data mentioned above is of great significance to policymakers and analysts, as it allows them to assess the investment climate in Azerbaijan, track the impacts of economic policies, and make informed decisions to attract and promote investments, both domestically and internationally. The present analysis adopts a historical perspective in order to examine the subject matter. Through the analysis of these trends, scholars and policymakers can acquire valuable insights into the impact of economic conditions and governmental policies on investment patterns across history.

In general, this table offers a significant and informative depiction of investment patterns in Azerbaijan, facilitating an examination of the nation's economic progress and its appeal to both local and international stakeholders across a span of almost thirty years.

Portfolio Foreign Investments (Indirect Investments). Global portfolio investments are shorter-term investments, the turnover rate is quite high. Also, the long-term stay of foreign direct investment in the destination country makes these investments sensitive to long-term real interest rates. However, global portfolio investments tend to be positively impacted by the majority of shorter-term interest rates or dividend yields. There is capital contribution from the foreign investor in global portfolio investments.

In global portfolio investments, a fund holder and a legal entity may be a very real person or a real person that is highly dependent on the decisions of an individual. Global portfolio investment funds that can indirectly create new prosperity and employment for a developing country and contribute to the economic development of that country are investment funds with legal status and also form the basis of speculative decisions (DSK,

2023). While global portfolio investments are affected by legal regulations, their principal and return repayment terms are known in advance. Because such investments are mainly realized within the framework of term transaction agreements.

Foreign Direct Investment Investments. Foreign direct investment - a form of investment that is made by long-term capital investment of foreign entrepreneurial capital in the country. These investments enable foreign investors to establish enterprises outside their country and also control their activities. It allows all the income earned by foreign enterprises to be managed by the investor. Foreign direct capital investments generally involve long-term (longer than 5-10 years) investments. Obtaining a foreign direct capital permit, starting and ending fixed investment, and transitioning to production will require the passing of the medium term.

Although the parent company gives partial independence to the subsidiary company in the CSIRO, it often retains the management function in its own hands. Basically, the parent company is very conservative in setting standards and quality. The foreign investor brings with him the production technology, management knowledge, risk, initiative and organizational structure along with capital. Therefore, the only income of the host country in this type of investment is not to meet the need for financing, but also to close the technological gap. The investor in BGKI is mainly a foreign legal entity. Therefore, in this type of investments, decisions are made as a group, and the amount of investment reaches large volumes. The transfer of profits to the country of the main company in the CSIRO depends on the profit situation of the firm and the behavior of the governments in this regard. For example, sometimes governments make profit transfer transactions more difficult to ensure that profits are reinvested (Azerbaijani Ministry of Economy, 2019).

Although they are combined in the scope of foreign investment, direct foreign investments and portfolio foreign investments are investments that differ from each other. The main feature of foreign direct investments is that a foreign company owns the management of an existing production enterprise, which is mainly newly created or purchased and used abroad. In contrast, in portfolio investments, the shareholder has indirect control over the management of the company. That is, portfolio investment is the purchase of shares of any company by a foreign company. During portfolio investments, there is simply a certain amount of currency inflow to the foreign country.

In terms of foreign direct investments, they are used more by developing countries for the purpose of growth, since they are long-term investments based on the length of stay in the country. In the international economic literature, the word "direct" includes certain management information, various technologies, etc., along with investments. announces that he has entered the country. And with that, foreign direct investments are separated from portfolio investments that come to the country due to stock returns. Foreign direct investments are mostly made by multinational companies in connection with the production of products and services.

Factors affecting foreign direct investment inflows. It is possible to list the factors affecting direct foreign investment inflows as political, economic, psychological, social, spiritual and moral values.

Table 1: Income and expenses of the state budget

	2020	2021	2022
Total income	26077.9*	26631.7*	30940.7*
including:			
Personal income tax	1151.0	1194.6	1474.4
Profit (income) tax of legal entities	2351.7	2958.4	8522.5
Land tax	40.8	45.7	47.4
Property tax	186.8	211.3	231.5
Value-added tax	4818.3	5214.5	6946.2
Simplified tax	308.9	299.7	323.3
Excise duty	898.2	1105.8	1358.9
Road tax	104.9	119.1	148.5
Mining tax	130.2	138.4	161.1
Taxes related to foreign economic activity	1160.6	1360.0	1642.9
Other inputs	14926.5	13984.2	10084.0
Costs-Total	26416.3	27422.4	32063.1
including:			
General public services	3533.0	3974.0	4099.5
Defense and national security	3755.1	4541.6	4896.3
Judiciary, law enforcement and prosecutor's office	1826.2	2033.0	2366.7
Education	2774.3	3092.2	3696.4
Healthcare	1687.6	1378.6	1417.9
Social protection and social security	3112.6	3164.2	3464.4
Culture, art, information, physical education, youth policy and other such activities	342.0	372.1	404.6
Housing and communal economy	245.7	217.3	267.2
Agriculture	862.2	910.4	920.1
Environmental Protection	240.6	246.0	281.6
Economic activity	5545.6	5500.6	6961.3
Services not included in the main sections	2491.4	1992.4	3287.1

Source: <https://www.stat.gov.az/source/finance/>

The presented table offers information regarding the aggregate revenue and expenses of a specific organization or governmental body over the years 2020, 2021, and 2022. Additionally, it provides a comprehensive breakdown of the various sources of income and categorizes the different types of expenses. The following is a comprehensive analysis and elucidation of the fundamental components shown in the table:

1. The aggregate revenue (denominated in an undetermined monetary unit):

Total income refers to the comprehensive amount of money or funds that an organization or government agency has received during a specific period of time. In the year 2020, the aggregate income amounted to 26,077.9 units of currency (denoted by an asterisk). This figure had an upward trend, reaching 26,631.7 units of currency in 2021. Subsequently, in 2022, the total income further escalated to 30,940.7 units of currency. The various elements contributing to an individual's income (DSK, 2023).

2. The table subsequently delineates the aggregate income into diverse constituents, encompassing:

The topic of discussion is personal income tax. This refers to the sum of money that individual taxpayers are obligated to pay as income tax. The value had an upward trend, rising from 1,151.0 in 2020 to 1,194.6 in 2021, and subsequently reaching 1,474.4 in 2022. The subject of discussion pertains to the taxation of profits or income earned by legal entities. Corporate tax refers to the financial obligation imposed on legal corporations in relation to their profits or income. There was a notable growth in the value, rising from 2,351.7 in 2020 to 2,958.4 in 2021, and experiencing a huge further increase to 8,522.5 in 2022 (DSK, 2023).

3. Additional Taxation:

The table encompasses several additional taxes, including land tax, property tax, value-added tax, simplified tax, excise duty, road tax, mining tax, taxes associated with foreign economic activities, and other relevant levies.

4. The aggregate expenses:

Total costs refer to the comprehensive expenses or expenditures that are accrued by an organization or governmental body over a designated period of time.

In the year 2020, the aggregate expenses amounted to 26,416.3 units. This figure saw an upward trend, reaching 27,422.4 units in 2021, and thereafter escalating to 32,063.1 units in 2022.

5. Categories of Expenses (DSK, 2023):

The table then classifies the overall expenditures into different expenditure categories, which encompass: public services are essential for the functioning of a society. These services are provided by the government and are available to the general public. They encompass a wide range of activities and these expenses pertain to the overall administrative operations. The expenditures had an upward trend, rising from 3,533.0 in the year 2020 to 3,974.0 in 2021, and then experiencing a modest increase to 4,099.5 in 2022. The topic of discussion pertains to defense and national security. These expenditures pertain to the defense and security of the nation (World Bank, 2023). The expenditures exhibited an upward trend, rising from 3,755.1 in the year 2020 to 4,541.6 in 2021, and then reaching 4,896.3 in 2022. The domains of education, healthcare, social protection, and other related areas are of significant importance.

The table encompasses a range of additional expenditure categories, such as judicial, education, healthcare, social protection, culture, agriculture, environmental protection, economic activity, and services that are not encompassed within the primary divisions. The user's text is deficient in terms of academic language and organizational structure. scholarly tone: The text should be revised to have a more academic style. The table presented provides a detailed analysis of the revenue and spending, enabling a thorough assessment of the financial status and priorities of the organization or government for the specified duration.

It is imperative to acknowledge that the currency in which these data are given remains unclear, so rendering the actual monetary worth contingent upon the specific currency employed. When each capital reaches the peak of its development in a certain area, it tends to foreign areas that promise wider economic efficiency and circulation. There are certain problems of capital or investment in the foreign territory. The cross-border flow of capital from its originating country necessitates a security process in a foreign jurisdiction, which is a distinctive element of foreign investment relations.

The examination of the historical aspects of investment relations and their evolution holds significant significance in the context of international legal frameworks governing investments. In particular, developing countries, which are more in need of foreign investment, pay special attention to the serious examination of the development of investment relations when they establish their policies in this area. The manifestation of foreign investment relations coincides with the city-states of European countries in the twelfth century.

The next stage of development of foreign investment relations coincides with the period of prosperity of maritime trade and the new financial accounting system, the society of shareholders. One of the primary challenges faced by the IEOÖ in the present context is to its limited investment capacity, which hinders its ability to effectively foster economic growth. Investments serve as a crucial determinant of economic growth. Countries that lack sufficient resources in this regard attempt to mitigate the necessity for domestic investment by seeking international capital. Following the conclusion of the Second World War, there was a notable surge in capital accumulation, which subsequently sparked heightened interest in emerging disciplines and industries. As a result, investments in developing countries began to increase (Azerbaijani Ministry of Economy, 2019).

During this period, there is also a notable occurrence of firms undergoing a transformation into joint-stock companies. user's text is already academic. large commercial companies of the metropolis begin to "bring" the political regime of the state to which it belongs to the colonies. By influencing the legislative bodies of dependent countries, they gain more favorable and privileged investment regimes. Since the colonies provided sufficient guarantees for foreign investors, there was no need for an independent guarantee system that would include the protection of foreign investments. At the time of capital investment in countries that are not dependent on colonialism and have an independent investment policy, the state to which the investor belongs discourages the investor from further investment activities due to non-commercial risks.

Foreign investments are divided into two groups (World Investment Report, 2023): Global portfolio investments and Direct foreign capital investments. In order to distinguish these types of investment, various classifications are used. The categorization of countries may be conducted based on temporal factors, which are directly linked to the stability of the national economy. Additionally, this classification can also be approached from the perspective of capital ownership in foreign nations. These differences can be made according to the legal status of capital, quality, mobility, profit transfer (UNCTAD, 2023).

Table 2: Official exchange rate of manat against foreign currencies

Foreign currency	2015	2016	2017	2018	2019	2020	2021	2022
1 USD	1.56	1.77	1.70	1.70	1.70	1.70	1.70	1.70
1 Australian dollar	1.14	1.28	1.33	1.20	1.19	1.30	1.23	1.15
1 Danish kroner	0.23	0.25	0.27	0.26	0.25	0.28	0.26	0.24
1 Euro	1.70	1.86	2.03	1.95	1.90	2.09	1.93	1.81
100 Iranian rials	0.0052	0.0045	0.0041	0.0040	0.0040	0.0040	0.0040	0.0040

Foreign currency	2015	2016	2017	2018	2019	2020	2021	2022
1 Swedish kroner	0.19	0.19	0.21	0.19	0.18	0.21	0.19	0.16
1 Canadian dollar	1.13	1.31	1.35	1.25	1.30	1.33	1.33	1.25
1 Kuwaiti dinar	5.14	5.78	5.63	5.60	5.60	5.57	5.62	5.55
100 Lebanese pounds	0.10	0.12	0.11	0.11	0.11	0.11	0.11	0.11
1 Egyptian pound	0.20	0.10	0.10	0.09	0.11	0.11	0.11	0.07
1 Norwegian krone	0.18	0.21	0.21	0.19	0.19	0.20	0.19	0.17
1 Singapore dollar	1.10	1.22	1.27	1.24	1.26	1.28	1.26	1.27
1 Turkish lira	0.54	0.50	0.45	0.32	0.29	0.23	0.13	0.09
100 Belarusian rubles	0.84	90.48	86.09	78.97	80.80	66.17	67.33	67.35
1 Kyrgyz som	0.02	0.03	0.02	0.02	0.02	0.02	0.02	0.02
1 Estonian kroon	-	-	-	-	-	-	-	-
100 Kazakhstan tenge	0.46	0.53	0.51	0.45	0.45	0.40	0.39	0.37
1 Georgian lari	0.65	0.67	0.65	0.64	0.59	0.52	0.55	0.63
1 Latvian lat	-	-	-	-	-	-	-	-
1 Lithuanian lita	-	-	-	-	-	-	-	-
1 Moldovan leu	0.08	0.09	0.10	0.10	0.10	0.10	0.10	0.09
100 Russian rubles	2.16	2.93	2.95	2.45	2.74	2.31	2.29	2.30
1 Ukrainian hryvnia	0.07	0.07	0.06	0.06	0.07	0.06	0.06	0.05
1 Tajik somoni	0.24	0.22	0.19	0.18	0.18	0.15	0.15	0.17

Source: <https://www.stat.gov.az/source/finance/>

The presented table offers exchange rates between the United States Dollar (USD) and many foreign currencies for the period spanning from 2015 through 2022. Each entry inside the dataset shows the exchange rate between a particular currency and the United States Dollar (USD). The following is a comprehensive elucidation of the fundamental components depicted in the table:

The first column presents a variety of currencies, including the US Dollar, Euro, Australian Dollar, and others (Smith, 2023). The columns denoted as 2015 to 2022 in the table depict the exchange rates of various currencies in relation to the United States Dollar (USD) for the corresponding year. The values presented in the table indicate the exchange rate of each currency in relation to 1 US Dollar. As an illustration, in 2015, the exchange rate between the Euro and the US Dollar was 1.70, indicating that 1 Euro was equal to 1.70 US Dollars (World Investment Report, 2023).

The following analysis aims to provide an interpretation of the given text. Exchange rates play a pivotal role in facilitating international trade, finance, and travel, since they ascertain the relative worth of a particular nation's currency in relation to another's. A currency exhibiting a higher exchange rate relative to the US Dollar signifies its relative strength, indicating that a greater amount of that currency can be obtained in exchange for 1 US Dollar.

In contrast, a reduced exchange rate signifies a depreciation of a currency, resulting in a diminished amount of that currency obtainable for 1 US Dollar (UNCTAD, 2023). The volatility of exchange rates can be attributed to a range of reasons, encompassing economic circumstances, interest rate fluctuations, inflationary pressures, and geopolitical occurrences. Exchange rates are commonly employed by businesses and individuals to facilitate the conversion of currency for various international activities, including the purchase of goods, travel expenses, and investments in foreign assets.

Governments and central banks possess the authority to engage in interventions inside currency markets with the aim of stabilizing or exerting control over exchange rates, so facilitating the advancement of their economic objectives. The following examples illustrate the process of interpreting the table. In the year 2015, the exchange rate between the United States Dollar and the Azerbaijani Manat was 1 USD to 1.56 AZN (Azerbaijani Ministry of Economy, 2019). In the year 2020, the exchange rate between the United States Dollar (USD) and the Azerbaijani Manat (AZN) exhibited stability, as 1 USD was consistently valued at 1.70 AZN. The exchange rates of several currencies, including the Euro, Australian Dollar, and Russian Ruble, have experienced fluctuations throughout the years, which can be attributed to shifts in global economic conditions and monetary policies (Smith, 2023). The table presents a comprehensive chronicle of the progression of these exchange rates throughout history, rendering it a significant resource for enterprises and policymakers engaged in the realm of international trade and finance.

Conclusion

In summary, it may be argued that public policies exert significant influence over the flow of foreign direct investments (FDI) into a nation. The implementation of a carefully designed and tactically executed set of policies has the potential to greatly augment a nation's appeal to international investors. Numerous crucial variables of Foreign Direct Investment (FDI) were identified, encompassing investment incentives, the regulatory landscape, infrastructural advancement, political stability, and engagement in trade agreements.

Investment incentives, such as tax exemptions and financial assistance, possess the potential to attract significant international capital. An advantageous regulatory landscape, distinguished by elements such as transparency, facilitation of commercial activities, and safeguarding of property rights, establishes the essential legal infrastructure for prospective investors. The development of infrastructure is of paramount importance in enabling the efficient operation of businesses, while the existence of political stability and dedication to maintaining legal principles fosters confidence and certainty among international investors.

Engaging in active engagement within international trade agreements provides access to expanded markets and enhanced prospects for investment. The combination of these

several components collectively contributes to the establishment of an environment that is receptive to Foreign Direct Investment (FDI).

It is imperative for governments and policymakers to consistently evaluate and modify their policies in order to effectively address the dynamic requirements of investors and the ever-changing global economic landscape. In addition, it is crucial to emphasize the significance of efficient policy implementation and ongoing contact with the investor community in order to successfully attract and maintain foreign investments.

The dynamic and diverse nature of the process underscores the ultimate significance of public policy in facilitating the growth of foreign direct investments. When appropriately developed and implemented, these policies have the potential to serve as drivers for economic expansion, the dissemination of technology, and the generation of employment opportunities, so making a significant contribution to a country's overall prosperity and integration into the global community.

References

- Azerbaijani Ministry of Economy. (2019). Azerbaijan Investment Climate Report [2019]. Stat.gov.az. [<https://www.stat.gov.az/search/?q=Birba%C5%9Fa+xarici+investisiyalar>]
- Dövlət Investisiya Siyasəti (2023). Economy.gov.az. [<https://economy.gov.az/az/page/iqtisadiyyat/investisiya/dovlet-investisiya-siyaseti>]
- DSK (2023). Stat.gov.az. [<https://www.stat.gov.az/source/finance/>]
- Fitz Gerald, J. (2000). "Ireland's Failure and Belated Convergence." First Draft, September 2000, The Economic and Social Research Institute.
- Lall, S. (2000). "FDI and Development: Research Issues in the Emerging Context." Policy Discussion Paper 20, Centre for International Economic Studies, University of Adelaide.
- Smith, A. B. (2023). Foreign Direct Investment: Theory and Practice. Yayınevi.
- United Nations Conference on Trade and Development (UNCTAD). (2023).
- World Bank. (2023). Azerbaijan Economic Update.
- World Investment Report (2023).
- Yeung, H. W.-C. (2001). "Towards a Regional Strategy: The Role of Regional Headquarters of Foreign Firms in Singapore." *Urban Studies*, 38(2), 157-183.