



FOREIGN COUNTRIES ENTERING UZBEKISTAN IMPORTANCE AND ANALYSIS OF INVESTMENTS

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Abstract: This article analyzes the achievements and problems of Uzbekistan in attracting foreign investment. The contribution of foreign investment to the development of the country's economy is highlighted through projects in the industrial, transport and agricultural sectors. It indicates promising directions for expanding the investment potential of Uzbekistan . It indicates the legal reforms implemented and measures taken by the government to encourage foreign investment.

Keywords: free economic zones, legal reforms, investment promotion, industrial sector, economy of Uzbekistan, investment climate, industrial development, foreign trade, new technologies.

Introduction. Foreign investment plays an extremely important role in ensuring the economic development of Uzbekistan and its competitiveness in the global economic system. Foreign capital creates great opportunities not only for financial support of various sectors of the economy, but also for the introduction of new technologies, modernization of infrastructure and effective organization of production processes. This, in turn, contributes to the creation of new jobs, ensuring economic stability and achieving a high level of innovative development in various sectors of the national economy.¹ Foreign investment remains the main tool for attracting foreign capital to the country, ensuring its effective use and achieving strategic economic goals. In this case, an increase in investment will help increase production volumes in industry, agriculture, transport and other sectors, import new technologies, expand export potential and ensure economic growth in general. In accordance with the Decree of the President of the Republic of Uzbekistan No. PF-158, the “Uzbekistan –2030” strategy was developed. According to it, the main goals are set as follows: to further increase the investment attractiveness of our country, to absorb \$250 billion in investments in our country, including \$110 billion in foreign investments and \$30 billion in investments within the framework of public-private partnerships, to maintain an investment rating of regions, to further increase their attractiveness for investors based on the capabilities of each region. As the President of the Republic of Uzbekistan Sh. Mirziyoyev noted, investments serve as the “driver” of the economy. Major reforms implemented in Uzbekistan, including the creation of free economic zones, a favorable tax policy and system of incentives for new investors, and measures aimed at further simplifying the entry of foreign capital into the country's economy,

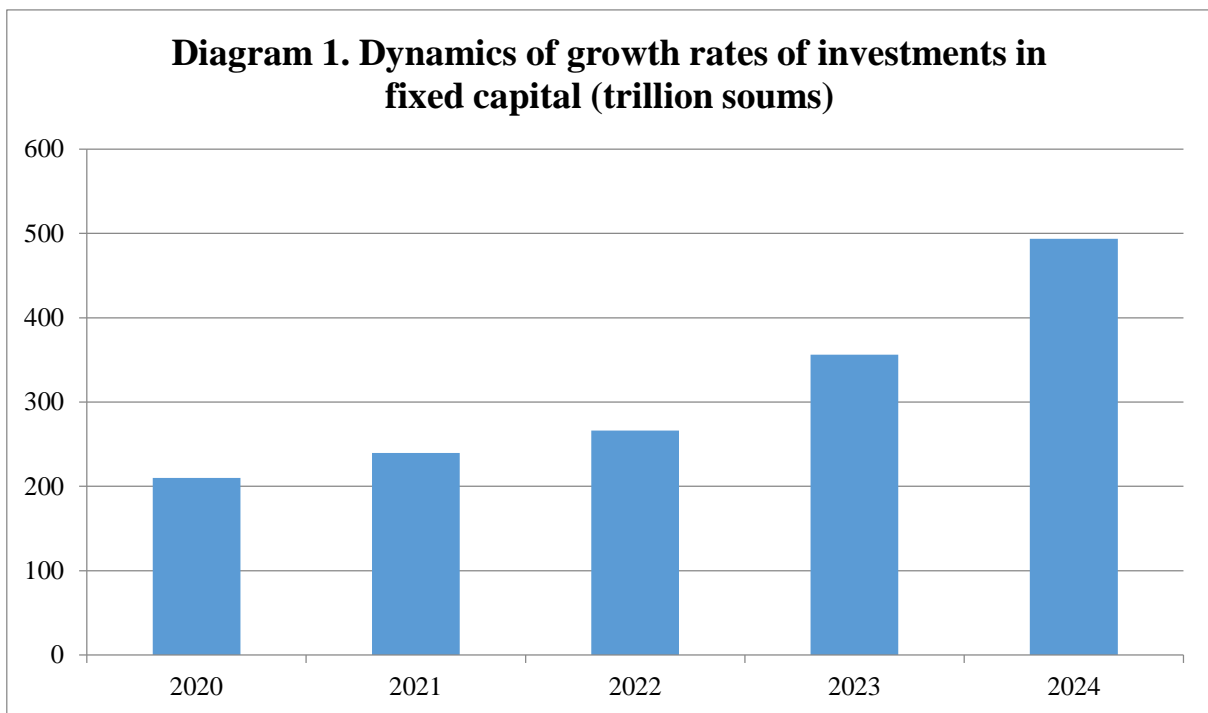
are becoming a key component of economic development. However, there are a number of problems that need to be resolved along the way. These problems require the implementation of a number of measures aimed at improving the economic reforms and investment climate. The biggest obstacles to attracting foreign investment include legal inconsistency, volatility in economic stability, uncertainty in rules and regulations, as well as political risks and low efficiency in governance. Therefore, in order to fully utilize the investment potential of Uzbekistan, it is necessary to constantly update economic policies and create more favorable conditions for investors. It is important to create a transparent, reliable and stable environment.²This article analyzes the role, achievements and current problems of foreign investment in Uzbekistan, as well as promising directions for increasing investment potential in the future. The article also reflects on the reforms implemented in the country, measures to improve the investment climate, and global trends in this area. It also develops promising directions for Uzbekistan in attracting foreign investment, practical recommendations in this process, and recommendations for implementing long-term investment strategies .

Main part. After gaining independence, Uzbekistan began to pay special attention to attracting foreign investment in the process of gradual transition to a market economy. Foreign direct investment is an important factor in fulfilling such important tasks as modernization of the country's economy, technical re-equipment of industry and creation of new jobs. As a result of the open foreign policy, economic reforms and measures aimed at creating a favorable investment environment in recent years, the volume of foreign investment in Uzbekistan has increased significantly. In particular, large foreign companies are investing in such sectors of Uzbekistan as energy, mining and metallurgy, oil and gas, transport and logistics, textiles, pharmaceuticals and information technologies. In order to facilitate this process, investors are offered tax and customs privileges, free economic zones, a transparent permit system and international arbitration guarantees. Countries such as China, Russia, South Korea, Turkey, Germany and the United Arab Emirates are actively implementing their investment projects in Uzbekistan. For example, Chinese companies are participating in large projects in the energy and transport infrastructure sectors, while Turkish companies are investing mainly in light industry and trade and logistics services. This process is supported by reforms to improve the investment climate, including the effectiveness of the Ministry of Investments and Foreign Trade, the improvement of Uzbekistan's position in international ratings, and the establishment of a permanent dialogue with investors by the state leadership. Also, Uzbekistan is creating broad opportunities for foreign investors through annual forums, international exhibitions, and business events aimed at attracting investment. As a result, foreign investments entering the country's economy play an important role in increasing the volume of industrial products, increasing export potential, and attracting new technologies. However, there are still some problems, such as bureaucratic obstacles, weak legal stability, and regional disparities, the elimination of which will further increase Uzbekistan's investment attractiveness. Therefore, the country should constantly focus on creating competitive regional conditions, efficient infrastructure, a skilled workforce, and a favorable business environment when attracting foreign investment.

**Table 1. Volume of investments in fixed capital
Growth dynamics (trln. soums)**

Years	Size	Difference (+,-)		Rate of change %		Additional growth rate %	
		Chained	Basic	Chained	Basic	Chained	Basic
2020	210,2	-	-	-	-	-	-
2021	239,6	29,4	29,4	114,0	114,0	14,0	14,0
2022	266,2	26,6	56,0	111,1	126,6	11,1	26,6
2023	356,1	89,9	145,9	133,8	169,4	33,8	69,4
2024	493,7	137,6	283,5	138,6	234,9	38,6	134,9

The dynamics of investments in fixed assets over the past five years show that it has increased by almost 2.3 times, especially in the current period, more investments have been made compared to the previous year, amounting to 137.6 trillion soums.



The above tables and diagrams provide an annual analysis of foreign investments in fixed assets in Uzbekistan. This table serves as an important basis for determining economic growth rates, assessing the sustainability of investments, and determining future directions.

In 2020, the volume of investments in fixed assets amounted to 210.2 trillion soums , which is taken as the base year. In 2021, this figure reached 239.6 trillion soums , an increase of 29.4 trillion soums . The chain-linked and base-linked growth rates were both 114% , and the incremental growth rate was 14% .

In 2022, the volume of investments reached 266.2 trillion soums , an increase of 26.6 trillion soums compared to the previous year . This increase amounted to 111.1% in chain growth and 126.6% in base growth . The additional growth rates were 11.1% and 26.6% , respectively , indicating that growth continued steadily at this stage.

In 2023, the volume of investments reached 356.1 trillion soums , an increase of 89.9 trillion soums . These high figures amounted to 133.8% in chain-wise growth and 169.4% in base-wise growth . During this period, investment activity increased sharply, which is a result of economic reforms in the country and a favorable environment created for investors. The additional growth rates were 33.8% in chain-wise growth and 69.4% in base-wise growth .

By 2024, the volume of investments in fixed assets amounted to 493.7 trillion soums . This is an increase of 137.6 trillion soums compared to 2023 , with a chain growth of 138.6% , and a base growth of 234.9% . This indicates that the volume of investments has increased by 2.3 times since 2020. The additional growth rates are also 38.6% and 134.9% , respectively .

Based on the above analysis, it is worth noting that investments in fixed assets in Uzbekistan are growing rapidly and consistently from year to year. In the period 2020–2024, not only the volume of investments increased, but also their growth rates show positive dynamics. In particular, the sharp increases in 2023 and 2024 indicate that the economic environment in the country is becoming more attractive for investors and the effectiveness of reforms. This situation expands the opportunities for ensuring economic stability, developing modern infrastructure, and creating new jobs.

Conclusion. There are a number of problems in attracting foreign investment in Uzbekistan. These problems serve as factors that hinder the country's economic development. The main problems are analyzed below: Weaknesses in investment laws and insufficient development of some regulatory legal acts negatively affect the legal protection of investors. Some laws and regulations in the investment sphere are still unclear and do not fully comply with international investment standards. This, in turn, undermines the confidence of foreign investors and delays their decisions to invest in the country. Also, a decrease in confidence in the legal system leads some investors to withdraw from investing in the country. Problems with political stability are a particularly important risk factor for investors. Changes in the political system and problems with the continuity of government can scare investors. Political instability and changes in government can hinder investors from making long-term decisions, as investors often see political risks as an obstacle to investing. The stability of political stability and the effectiveness of government administration are of great importance in attracting investments. A decrease in economic stability can also lead to a decrease in investments. High inflation rates, exchange rate fluctuations, and economic difficulties in the country are negative factors for investors, reducing their willingness to invest. In such cases, investors may be reluctant to risk their capital, since economic uncertainties reduce their chances of making a profit. Ensuring economic stability also requires creating the necessary conditions to reduce investor risk and increase their confidence in investing. The limited share of Uzbekistan's foreign trade and export opportunities make it difficult to attract foreign investment. Restrictions in the field of foreign trade, difficulties in managing imports and exports, create additional risks for investors. To increase Uzbekistan's competitiveness in the global economic arena, it is necessary to expand export opportunities and search for new markets. The decision of foreign investors to invest capital in the country is often associated with increased export potential and ease of access to foreign markets. The success of attracting foreign investment in Uzbekistan has a significant impact on the country's economic development. In order to expand Uzbekistan's investment potential and ensure economic growth, strengthening international cooperation, introducing new technologies, and

facilitating access to foreign markets should be important directions. Thus, attracting foreign investment in Uzbekistan is an important task for increasing the country's economic strength and competitiveness in the global economic system.

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