

WAYS TO INCREASE INVESTMENT ATTRACTIVENESS AS A FACTOR OF SUSTAINABLE DEVELOPMENT OF UZBEKISTAN

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Abstract

The article assesses the factors contributing to increasing investment attractiveness and creating a favorable investment climate in the regions of the Republic of Uzbekistan.

Keywords: Investment, investment environment, investment attractiveness, investment climate, strategy, foreign investment, risks, favorable regime.

Introduction

The socio-economic development of New Uzbekistan is directly linked to investments, including foreign capital. In this regard, under the conditions of rapid economic reforms, creating a favorable and attractive investment environment in the country, expanding the ability of regions to attract investments, forming necessary social, financial-economic, and legal conditions for sustainable investment activity, increasing the volume of foreign investments, and addressing issues related to improving the investment climate are of great importance.

Today, the future development of any country's economy largely depends on investments. Investments play a significant role in the social, economic, and political development of states. Therefore, to develop investment activity in our country, the Presidential Decree of the Republic of Uzbekistan dated January 28, 2022, "On the Development Strategy of New Uzbekistan for 2022–2026" outlines 100 goals, including Goal 26: "Improving the investment climate and increasing its attractiveness; attracting USD 120 billion over the next five years, including USD 70 billion in foreign investments."

The main purpose of organizing the national scientific-practical conference on "Improving the Investment Climate and Increasing its Attractiveness in the Country" is to ensure the implementation of the tasks defined in Presidential

Decrees PF-6097 of October 29, 2020, “On Approving the Concept for the Development of Science Until 2030”, and PF-60 of January 28, 2022, “On the Development Strategy of New Uzbekistan for 2022–2026”, as well as to enhance the effectiveness of economic reforms in the country [1]. Active attraction of foreign investment into Uzbekistan’s economy, further improvement of investment legislation, consistent enhancement of the investment climate in the regions, and studying the institutional norms and mechanisms used in foreign countries are crucial. It is evident that no country in the world can achieve economic growth without foreign investment. Therefore, attracting investments has become one of the priority directions of Uzbekistan’s economic and legal policy.

The existing legislation of Uzbekistan provides various guarantees and incentives for foreign investors. In recent years, significant reforms have been introduced to radically improve the business and investment environment, introduce globally recognized metrics for assessing business conditions, and enhance the country's international rankings. The formation of a market economy in Uzbekistan is closely linked with solving major challenges at each stage of its development. President Sh.M. Mirziyoyev emphasized the following regarding the continuation of these processes: “Improving the investment climate, increasing the effectiveness of investment policy across sectors, updating the list of large investment projects to be implemented between 2022–2026, expanding public-private partnerships, and ensuring the protection of investors' rights require the development of a unified Investment Code.” [2]

Review of the Literature

Creating favorable conditions for attracting foreign investments into the national economy is essential; foreign capital flows only where economic, political, social, and legal conditions are stable. The term *investment environment* has been defined differently in academic literature. According to Glagoleva and Belogura, “The investment environment of a country or region is a combination of political, social, economic, and legal conditions that determine the degree of attractiveness of financial investments.” Uzbek scholars D. G’ozibekov and T. Qoraliyev argue: “The investment climate is a broad concept that encompasses all issues considered by an investor. It includes both the favorable and

unfavorable aspects of investing in a country, as well as the country's ideology, politics, economy, and culture.” [3]

Analysis and Results

Uzbekistan's investment legislation is considered one of the most advanced among CIS countries and incorporates the main principles of international investment law. The issue of economic competitiveness, especially under growing globalization, depends largely on creating a favorable investment environment. Foreign investors may establish enterprises in any organizational-legal form permitted by national legislation. It is well known that labor resources are of great importance for foreign investors. An analysis of the data for 2018–2022 shows that the volume of investments in fixed capital has increased year by year. In 2018, this indicator amounted to 124 trillion 231.3 billion soums, while in the following years its growth reached 145 trillion 626.2 billion soums. The minimum value was recorded in 2018, and the maximum indicator reached 269 trillion 857.5 billion soums in 2022. This reflects the growing intensity of investment activity. The average value for the period amounted to 207 trillion 952.7 billion soums.



“Dynamics of investments in fixed capital in the Republic of Uzbekistan during 2018–2022 (billion UZS)”

In January–March 2023, 56.6 trillion UZS were utilized for economic and social development, showing a 103.1% increase compared to the same period of the previous year. A significant portion of investment growth is associated with large projects included in the 2021–2022 Investment Program. As a result of an improved business environment, the number of foreign enterprises increased from 5,000 to 16,000 in recent years. The number of exporting enterprises grew

from 4,500 to 7,200. Export product types doubled from 1,500 to nearly 3,000, expanding to 164 countries. The share of finished goods in exports increased from 50% to 65%.

In 2022, Uzbekistan attracted a record USD 2.5 billion in foreign direct investment, an 11% increase compared to 2021. This achievement was mainly due to the doubling of reinvested earnings [4]. However, several issues remain low investments in fixed capital, insufficient investment attractiveness, slow growth of foreign investments, lack of a clear mechanism for coordinating the investment market, weak implementation of innovation-oriented economic mechanisms.

Conclusion and Recommendations

Modernizing the economy, deepening reforms, creating new production capacities, updating technologies, and promoting the effective implementation of investment processes are key to achieving strategic goals.

For Uzbekistan, continuous technological modernization, searching for internal and external reserves, implementing structural reforms, and diversifying industry must remain priorities. To improve and develop a favorable investment climate for foreign investors, the following measures are recommended expanding conditions for attracting investments through the development and implementation of innovative ideas and technologies, and improving the regulatory framework supporting them, establishing a competitive investment market, creating an information database on investment projects and securities, ensuring wide access for potential investors, optimizing and simplifying public service procedures, increasing the efficiency of public administration using modern economic mechanisms.

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