



## MODERN INVESTMENT POLICY OF UZBEKISTAN: PRIORITIES AND MECHANISMS FOR ATTRACTING FOREIGN INVESTMENT

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**Abstract:** *This article examines the main directions of the modern investment policy of Uzbekistan, aimed at attracting foreign investment into the national economy. Particular attention is paid to priority industries, measures of state support for investors, institutional reforms and the creation of a favorable legal environment. It also analyzes the achieved results and prospects for the development of the investment climate in the country in the context of global competition. A conclusion is made about the growth of the country's investment attractiveness against the backdrop of global economic changes.*

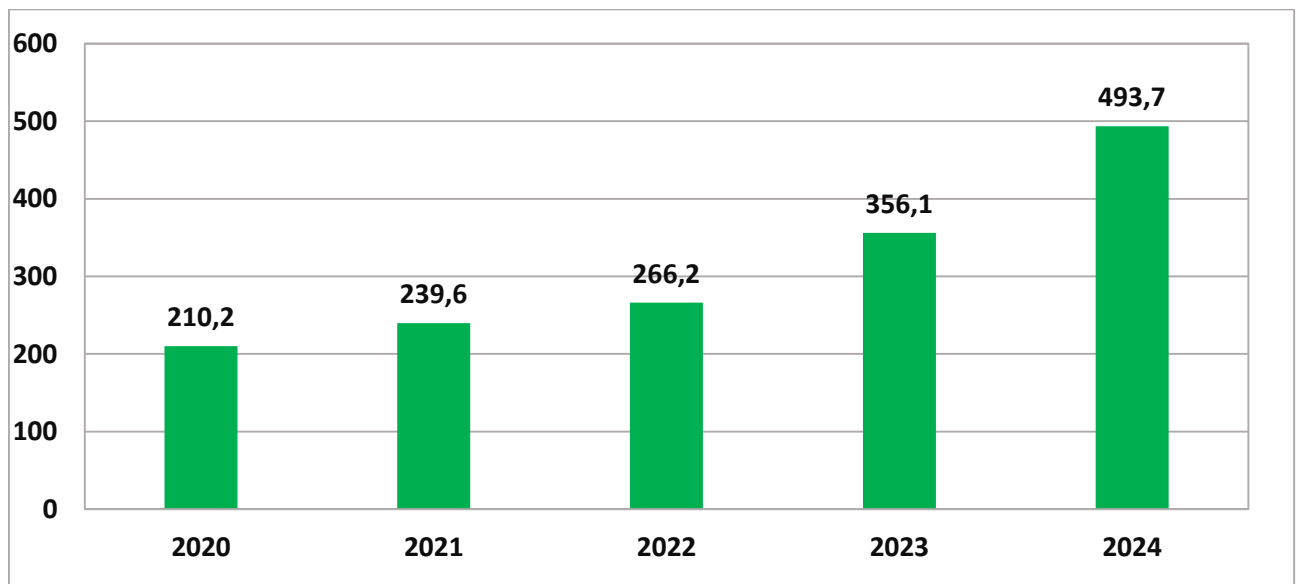
**Keywords:** *investment climate, infrastructure, tax incentives, free economic zones (FEZ), digitalization.*

**Аннотация:** *В данной статье рассматриваются основные направления современной инвестиционной политики Узбекистана, ориентированной на привлечение иностранных инвестиций в национальную экономику. Особое внимание уделяется приоритетным отраслям, мерам государственной поддержки инвесторов, институциональным реформам и созданию благоприятной правовой среды. Также анализируются достигнутые результаты и перспективы развития инвестиционного климата в стране в условиях глобальной конкуренции. Делается вывод о росте инвестиционной привлекательности страны на фоне глобальных экономических изменений.*

**Ключевые слова:** *инвестиционный климат, инфраструктура, налоговые льготы, свободные экономические зоны (СЭЗ), цифровизация.*

Investments are an integral engine of progress and economic growth in the modern world. They serve as the basis for the introduction of innovative technologies, modernization of production processes and increasing the competitiveness of countries in the global arena. Foreign investments play a particularly important role, contributing not only to capital growth, but also to strengthening international ties, developing new markets and improving the socio-economic infrastructure.

Uzbekistan, striving to modernize its economy and actively enter the global economy, is taking decisive steps to attract investment. The country is carrying out large-scale reforms aimed at improving the business climate, supporting priority industries and ensuring transparent conditions for foreign investors. In particular, in 2024, the volume of investments in fixed assets in Uzbekistan amounted to 493.7 trillion soums, which is 137.6 trillion soums more than in the previous year (Fig. 1). This growth in investment activity confirms the effectiveness of the policy and high interest from international partners.



**Fig. 1. Volume of investments in fixed capital by years (January-December, trillion soums).**

One of the most promising areas is green energy. In the context of global challenges related to climate change, Uzbekistan focuses on the development of

renewable energy sources, such as solar and wind power plants. The country's geographical location and climatic conditions allow for the efficient use of alternative energy potential. By 2030, Uzbekistan plans to reach 25 GW of "green" generation capacity, which will account for 40% of the total electricity production. In 2023, wind and solar power plants with a total capacity of 1.4 GW were commissioned in cooperation with international companies Masdar, Gezhouba and China Energy. This makes the industry particularly attractive for long-term investment.

The textile and clothing industry remains one of the key export-oriented areas. Thanks to the active development of cotton, leather and silk processing, Uzbekistan has significantly increased the output of high value-added products. In 2023, textile exports reached approximately US \$3 billion, an increase of 15% compared to the previous year. The development of textile clusters has created more than 50 thousand new jobs, which makes the industry not only economically important, but also socially significant.

The information and communication technology (ICT) sector in Uzbekistan is at the stage of active growth. Digitalization of the economy, development of e-commerce, implementation of IT solutions in public administration and education create high demand for investments in digital infrastructure, startups, creation of data centers and software products. Specialized IT parks and educational initiatives contribute to the formation of a competitive environment for innovative companies.

Tourism is another area with great potential. Uzbekistan has a rich historical and cultural heritage, unique architectural monuments and diverse natural resources. In 2023, 6.6 million foreign tourists visited Uzbekistan, which is 26.6% more than in the previous year. In 2024, a new record was set - 8.2 million tourists, and in 2025 it is planned to reach 10 million. The country is working to improve tourism infrastructure, simplify the visa regime and promote the national brand. Foreign investors can invest in the construction of hotels, tourist complexes, logistics and services.

The agricultural sector remains a fundamental part of the economy. Uzbekistan has vast sown areas, a variety of crops and a favorable climate. An important area is the introduction of modern agricultural technologies, drip irrigation, development of the processing industry and logistics. Foreign investment in this sector contributes to increased productivity and food security.

Construction and real estate remain one of the most dynamically developing areas. Increasing demand for housing and commercial real estate stimulates the growth of construction volumes. In 2023, more than 30 million square meters of residential space were built in Uzbekistan. In 2024, the volume of completed construction work amounted to 233 832.9 billion soums, which is 8.8% more than the previous year. This indicates a high interest of investors in the real estate market and infrastructure projects.

Mechanisms for attracting foreign investment play an important role in Uzbekistan's strategy to modernize the economy and strengthen its position on the global stage. To create a favorable investment environment, the country is implementing measures in the tax and legal spheres, conducting institutional reforms, and developing the financial and infrastructural base. These steps are aimed at creating a transparent, stable and predictable investment climate.

One of the most effective tools is the provision of tax and customs benefits. Foreign investors are granted tax holidays, reduced rates of income tax, tax breaks on property, land and customs duties. Such preferences are especially actively used in priority industries and remote regions, where the state seeks to stimulate the development of industrial and social infrastructure. This allows for a significant reduction in the costs of starting and expanding a business, and also increases the overall investment attractiveness of the country.

Free economic zones (FEZ) and industrial parks, which are being created in various regions of the country, play a special role. On their territory, investors gain access to simplified administrative procedures, accelerated registration of enterprises, preferential taxation and reduced customs duties. Such zones become

growth points for export-oriented production, localization of high-tech equipment and the creation of new jobs. Currently, there are more than 20 FEZs in Uzbekistan, in which hundreds of foreign enterprises are registered.

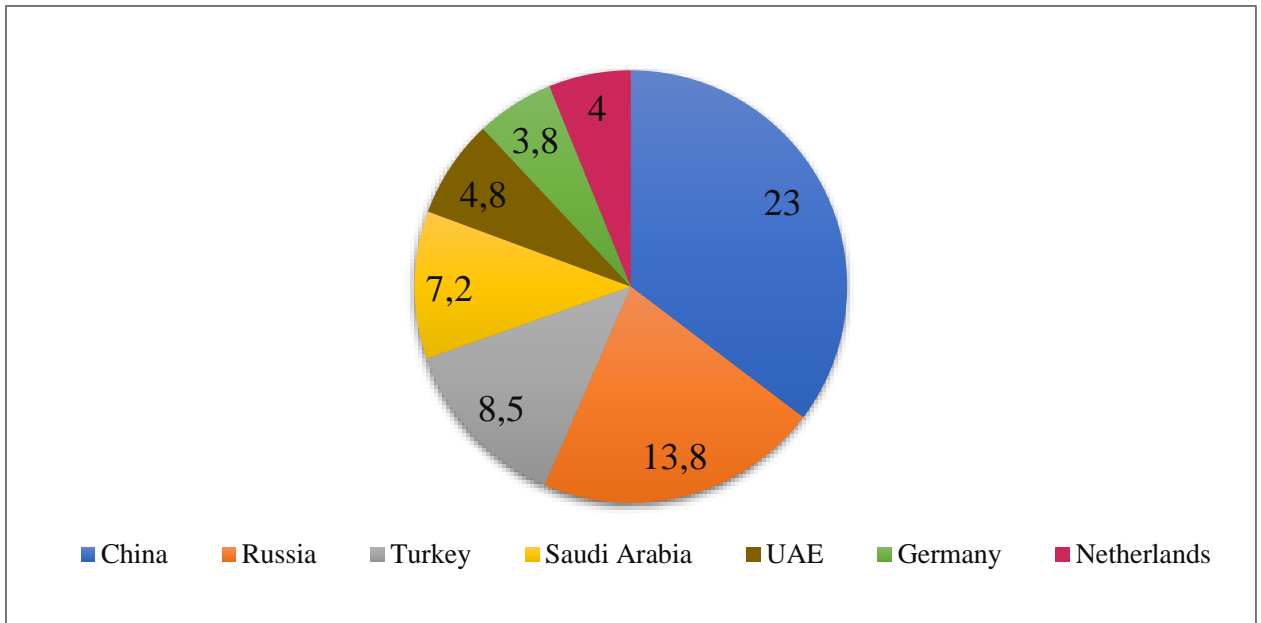
An integral part of the investment policy is the guarantee and protection of investors' rights. Uzbekistan systematically improves the legal framework in accordance with international standards, has ratified many bilateral agreements on mutual protection of investments and guarantees investors the possibility of judicial protection, including international arbitration. These steps contribute to the formation of trust on the part of foreign partners and increase the degree of predictability of doing business.

State co-financing and the development of public-private partnerships (PPP) are also an effective mechanism. The state provides institutional support for large projects in such sectors as energy, transport, agriculture and housing and communal services. Due to PPP, it became possible to implement large-scale infrastructure projects with the participation of international companies, such as road construction, modernization of thermal power plants, development of irrigation systems and much more.

In recent years, Uzbekistan's international cooperation in the investment sphere has been actively developing in several key areas. Close cooperation is maintained with such structures as the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, as well as with a number of Arab and Asian investment funds. The support of these institutions allows for the implementation of strategically important projects in the areas of infrastructure, energy, industry, agriculture and the social sphere, strengthening the country's position in the international arena.

Particular attention is paid to attracting investment from the world's leading economies. The main investor countries include China, Russia, Turkey, Saudi Arabia, the UAE, Germany and the Netherlands (Fig. 2). Joint projects cover a wide

range of industries, including green energy, processing industry, logistics, the IT sector and construction.



**Fig. 2. Share of foreign investment and loans by investor countries (January-March 2024, in percent).**

Despite the successes achieved, the investment climate in Uzbekistan still faces a number of challenges. One of the main problems remains bureaucratic barriers that slow down the processes of registering enterprises and implementing investment projects. In addition, there is insufficient legal protection for investors and ambiguity in the interpretation of certain legislative norms, which may cause concern among foreign partners.

Another important challenge is the shortage of qualified personnel, especially in high-tech and innovative sectors. This requires investment in the education system, retraining of specialists and active involvement of international experience.

Nevertheless, the prospects remain positive. The state is demonstrating a steady course towards economic liberalization, digitalization and increased transparency. Further simplification of procedures, strengthening of judicial protection for investors and expansion of the institution of public-private partnership are planned. Thanks to active dialogue with foreign countries and international organizations,

Uzbekistan retains the potential to strengthen its investment attractiveness and sustainable economic growth.

To further improve the investment climate in Uzbekistan and overcome existing problems, it is necessary to adopt a comprehensive approach. First of all, special attention should be paid to the optimization of bureaucratic procedures. Simplifying administrative processes and creating a "single window" for foreign investors will help speed up the processes of registration, obtaining permits and licenses. It is important to continue the digitalization of public services, which will significantly reduce administrative barriers and increase the transparency of interactions between business and the state.

One of the key solutions to eliminate the personnel shortage is the further development of the education system focused on the needs of the labor market. An important step is the creation of specialized educational programs that would combine theoretical knowledge with practical skills necessary for work in new and high-tech industries. Developing a partnership between the state, business and educational institutions will help prepare qualified specialists for all sectors of the economy.

In order to stimulate long-term investment, it is important to continue improving the legal framework, ensuring reliable protection of investors' rights. The creation and development of dispute resolution mechanisms, including through international arbitration, will increase the trust of foreign partners. It is also worth intensifying efforts to create additional economic and financial incentives for investors, such as tax incentives, support for start-ups and small businesses, as well as infrastructure development.

In conclusion, it should be noted that the modern investment policy of Uzbekistan is a dynamic and ambitious process aimed at creating a sustainable and attractive environment for foreign and domestic investors. Consistent reforms, improvement of the institutional framework and active interaction with international

financial institutions contribute to strengthening confidence in the country and increasing investment activity.

The creation of free economic zones, provision of tax incentives, support for innovative industries and development of entrepreneurship have become important steps towards economic modernization. All this creates a solid foundation for sustainable growth and increased competitiveness.

At the same time, important tasks remain the elimination of remaining barriers, improvement of the legal environment, development of infrastructure and improvement of the skills of the workforce. Combined with further reforms and the introduction of advanced technologies, this will allow Uzbekistan not only to attract investment, but also to ensure high-quality and balanced economic growth.

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