

**PRIORITY AREAS FOR ATTRACTING FOREIGN DIRECT INVESTMENTS INTO
UZBEKISTAN**

Pirmatova Farangiz Marufjonovna

Teacher of the Tashkent Institute of Management and Economics

Annotation

This article analyzes the priority areas for attracting foreign direct investments (FDI) into Uzbekistan. It discusses the strategies, sectors, and approaches that need to be implemented to attract foreign investments in our country. Recommendations for increasing foreign investments are provided based on statistical data.

Keywords

Foreign investment, foreign direct investment, enterprises with foreign investment participation, GDP.

The accelerating processes of globalization in the world demand an increase in the ability of countries to attract foreign direct investments (FDI) in their economies. "Direct foreign investment is one of the key factors in the development of a country's economy." According to the UN's international investment report, "Global flows of foreign direct investment amounted to \$1.58 trillion in 2021, a 64% increase compared to 2020. However, nearly three-quarters of this growth came from developed countries, where inflows reached \$746 billion in 2021, doubling compared to 2020." In this context, it is becoming increasingly important to identify priority areas for enhancing the flow of foreign direct investments into our national economy. In the New Uzbekistan, targeted measures are being implemented to develop regions' economies by broadly attracting foreign investments, improving social and economic development, enhancing the population's quality of life, supporting entrepreneurship, reducing unemployment, and forming innovative regions. The development strategy of New Uzbekistan outlines several priority tasks, such as "improving the investment environment in the country and increasing its attractiveness, aiming to attract \$120 billion in investments, including \$70 billion in foreign investments over the next five years."

Several scientific studies have been conducted on attracting foreign investments in Uzbekistan. Data presented by the State Statistics Committee of Uzbekistan, the International Monetary Fund (IMF), and the United Nations Development Programme (UNDP) reflect the achievements and challenges in this area. Research on reforms, new laws, and plans aimed at improving the investment environment in our country is of significant importance.

In the article by Ismoilov, S. (2021) titled "Foreign Investments in Uzbekistan: Opportunities and Challenges," the existing opportunities and challenges in attracting foreign investments to Uzbekistan are analyzed. The author emphasizes the need to improve the legislative framework and

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create favorable conditions for investors. According to the studied data, interest from foreign investors in Uzbekistan is growing day by day; however, there are still issues that need to be addressed.

A. Tursunov's (2022) research titled "The Impact of Foreign Investments on the Economy of Uzbekistan" provides information on how foreign investments affect Uzbekistan's economy. The analysis examines the impact of investments on economic growth, job creation, and technological development. Tursunov identifies key sectors for increasing foreign investments in Uzbekistan and emphasizes the need to develop a strategic plan for their growth.

R. Murodov's (2023) work, "Improving the Investment Environment: The Experience of Uzbekistan," provides detailed information about the reforms aimed at enhancing the investment environment in Uzbekistan. He discusses steps to update investment legislation, introduce tax incentives, and improve the business environment. Additionally, the author highlights the importance of establishing effective communication with foreign investors and considering their opinions.

D. Khudoyberdiev's work titled "Uzbekistan's International Investment Rating and Its Changes" examines Uzbekistan's international investment rating. The author indicates the reforms and strategies that need to be implemented to improve the rating. Uzbekistan is striving to enhance its investment environment and create favorable conditions for foreign investors to increase its rating.

These literatures provide specific recommendations for further improving Uzbekistan's strategies for attracting foreign investments and creating a favorable environment for investors. The process of attracting foreign investments in Uzbekistan continues, and the scientific research conducted in this direction will greatly contribute to the future development of the country's economy.

As President Sh.M. Mirziyoyev emphasized, "The life itself and the experience of past years require addressing serious shortcomings in ensuring the complex development of regions and the functioning of infrastructure." Today, almost every expert and economic entity understands that the future development of a country's economy largely depends on investments. Thus, it is not difficult to understand that attracting investments, particularly foreign investments, into our republic's economy has become a crucial basis for ensuring the effective implementation of the economic reforms taking place in our country. The importance of investments, including foreign investments, is significant in the social, economic, and political development of the country. It is known that no state can develop in isolation from the world, without studying global experiences, and without adopting the achievements of leading countries in science, technology, and innovation.

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Table: Foreign Investments in Uzbekistan (2020-2024)

Year	Investments (billion USD)
2020	1.6
2021	2.0
2022	2.7
2023	3.1
2024	3.5

Table: Key Indicators of the Investment Environment (2024)

Indicators	Uzbekistan	Regional Average
Investment Growth	12%	9%
Business Environment	80	70
International Ranking	78	65

This information shows a significant growth trend in attracting foreign investments in Uzbekistan. In 2024, foreign investments attracted to Uzbekistan are expected to amount to \$3.5 billion, which is a 118% increase compared to 2020¹. The investment growth in the region is 12%, which is higher than the regional average of 9%.

The assessment of the business environment in Uzbekistan scores 80 points, which is above the regional average of 70 points. In terms of international ranking, Uzbekistan stands at 78 points, indicating the country’s commitment to improving its investment environment.

In the next stage of market reforms, addressing the issues of enhancing the attraction of foreign direct investments into our country, resolving problems related to attracting foreign investments, increasing the volume of foreign investments, and expanding opportunities for their effective use are among the primary tasks. The implementation of such tasks has contributed to the growth rates of foreign investments attracted to our country during the period from 2016 to 2021.

Information on Foreign Investments in Uzbekistan (billion USD)²

¹ https://tsul.uz/media/tpkccatrub21_12_12_23_10.pdf

²: www.miiit.uz, www.cbu.uz



The main trends and indicators of Uzbekistan's socio-economic development, as well as forecasts for the coming years, indicate that one of the priority areas is to increase the volume of foreign direct investments attracted to the country, create reliable guarantees for foreign investors, and establish a more favorable investment environment to strengthen their confidence.

The following measures should be taken to attract foreign direct investments into Uzbekistan:

- Update the legislation in the investment sector and strengthen the protection of investors' rights.
- Provide tax incentives and attractive conditions for foreign investors to enhance their interest in investing.
- Simplify the process of starting a business and reduce the time required for obtaining permits.
- Streamline the registration process for investments and prevent monopolization.
- Modernize transport, energy, and communication infrastructure to create favorable conditions for foreign investors.
- Develop competitive industries and introduce new production sectors.
- Implement new educational programs to improve the quality of training and education for specialists.
- Prepare qualified personnel suitable for foreign investments.
- Provide financial and technical support for young entrepreneurs and innovative ideas.
- Create conditions for developing digital technologies and attracting foreign investments in the IT sector.
- Showcase Uzbekistan's economic opportunities and establish connections with foreign investors.
- Exchange knowledge and experiences with foreign experts and investors.
- Present and promote Uzbekistan's investment opportunities to foreign investors.
- Establish open and sincere communication with investors, considering their opinions and suggestions.

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These measures will effectively support the process of attracting foreign investments into Uzbekistan and ensure economic growth.

The priority areas for attracting foreign direct investments into Uzbekistan are crucial for ensuring the country's economic growth. By implementing legislative reforms, ensuring industrial and infrastructure development, improving education and workforce training, and focusing on the digital economy, the possibilities for attracting foreign investments can be enhanced. These processes are essential for the diversification and sustainable growth of our economy.

