



State Policy on Investment Attraction in Uzbekistan

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Abstract

This article highlights the importance of the state policy on attracting investments, increasing investment attractiveness in Uzbekistan, and reveals the specific features of the state investment policy. Also, the state of investment attraction was analyzed, suggestions and recommendations were developed regarding the problems.

Keywords: investment, investment policy, investment policy.

Introduction

The state plays an important role in creating a favorable investment environment in the activities of economic entities of the Republic of Uzbekistan. Many regions of Uzbekistan have appropriate investment potential, which can be successfully implemented with state support. In the conditions of the market economy, each country should, first of all, try to attract both local and foreign investors to the field of material production. For this purpose, a specific investment policy is being developed and implemented, and an appropriate investment environment is being formed.

There is no clear approach to the concept of "regional investment policy" in domestic and foreign economic literature, depending on the purpose of the research, it is related to the study of its various aspects. In addition, most authors focus on the traditional approach to the formation of regional investment policy, while the modern cluster approach remains outside the scope of research. This explains the impossibility of formulating a universal definition that applies to every specific case.

Main part

The main indicators reflecting the transformation of the results of economic growth into qualitative changes in the economy are material productivity, capital productivity and labor productivity, due to their growth, structural changes in the economy are ensured and, as a result, the well-being of the population is ensured.

The indicators listed above describe the volume of gross regional product produced for each unit of material, capital, financial and labor resources.

The evaluation of these indicators plays an important role in the analysis of the quality of economic growth at all levels of public policy, from the micro to the macroeconomic level.



The analysis of economic development trends of the regions showed that in 2015-2021, stable economic growth rates are observed in all regions of the Republic of Uzbekistan (see Table 1).

**Table 1. Capital investments in 2015-2021¹, billion soum**

#	Regions	2015	2016	2017	2018	2019	2020	2021
	Republic of Uzbekistan	44810,4	51232,0	72155,2	124231,3	195927,3	210195,1	239552,6
	including							
1.	Republic of Karakalpakstan	6021,2	3778,3	2822,0	6757,8	8750,6	7089,8	8110,7
2.	Andijan	1956,5	2188,5	2986,0	4711,9	7452,1	9622,6	11176,6
3.	Bukhara	4075,9	5922,9	11613,4	9610,9	10366,6	12183,9	20528,3
4.	Jizzakh	1304,9	1449,7	1788,2	3606,3	7900,9	12545,4	12545,4
5.	Kashkadarya	5894,7	7304,4	11175,3	10579,5	24462,5	20557,6	17359,1
6.	Navoi	1809,1	2963,2	3977,9	10579,5	17646,3	15688,4	15020,1
7.	Namangan	2227,5	2824,5	3586,7	8158,1	12084,9	12007,2	12982,0
8.	Samarkand	3237,2	3623,5	4384,2	7061,4	10266,7	14656,4	15641,6
9.	Surkhandarya	1843,6	2142,4	3551,0	7240,6	11835,1	10068,2	12037,8
10.	Sirdarya	1083,3	1322,9	1628,0	2699,3	5869,1	7191,9	8051,8
11.	Tashkent	4428,1	4238,7	5938,4	11226,9	20353,9	21148,6	28113,6
12.	Fergana	2542,3	2643,6	2954,5	5539,1	8685,4	11040,0	12625,2
13.	Khorezm	1531,5	1560,5	2175,9	3013,8	5032,0	5391,8	8292,0
14.	Tashkent city	6854,6	9268,9	13573,7	26435,7	42458,1	50371,3	58172,7

¹ Information from the website of the Statistical Agency under the President of the Republic of Uzbekistan. <https://stat.uz/uz/rasmiy-statistika/investments> Date of application: 22.03.2023.



At the same time, economic growth in the regions has a different character depending on the existing structure and specific characteristics of the regions, which is confirmed by the increase of interregional stratification in the maximum and minimum values of GNI per capita in the regions of the Republic of Uzbekistan (see Table 2).

In accordance with the approved investment programs, in order to increase the potential of economic and social networks in the regions, cities and districts of the republic in 2022 with the effective use of existing resources, work on the implementation of 9,431 investment projects with a total value of 15.7 million dollars in the fields of industry, agriculture and services is critical. was studied.

In particular, 9,149 medium and small projects worth 8 billion dollars will be launched and more than 300,000 jobs will be created within the framework of the Investment Program in accordance with 282 large and regional investment programs worth 7.6 billion dollars.

As a result of the works carried out during the past period of this year, 8 large and 1,512 medium and small projects were put into operation and nearly 24,700 jobs were created. Including:

- 10,500 jobs within the framework of 769 projects launched ahead of schedule worth 266 million dollars;

- with effective use of financial resources, 200 projects worth 69 million dollars were commissioned and 2.6 thousand permanent jobs were created.

At the same time, 1,393 jobs were not created on time as a result of 49 projects not being launched on time due to the delay in the construction works and the delay in the import of foreign specialists and equipment, as well as the need for additional sources of financing. In particular:

15 projects in Khorezm, 10 in Navoi, 6 in Kashkadarya and Surkhandarya regions, 3 in Fergana, 2 in Samarkand, Syrdarya, Tashkent regions and Tashkent city, and 1 in Jizzakh were not put into operation within the stipulated time.

The analyzes show that it is necessary to strengthen the work carried out on the launch of investment projects in Jizzakh, Kashkadarya, Navoi, Samarkand, Surkhandarya, Syrdarya, Tashkent, Fergana, Khorezm regions and Tashkent city, and to further increase the responsibility of those responsible for the projects.

In addition, the disproportion of the growth rates in the regions of Uzbekistan is confirmed by the existing structural changes in the branch structures of the region's economy.

One of the main indicators of the efficiency of economic growth, indicating qualitative changes in the regional economy, is the indicator of material efficiency in the production process.

In 2023 and subsequent years, attention will be paid to the active attraction of foreign direct investments, their directions in electric power, chemical industry, production of electrical engineering products, IT-technologies, light industry, agriculture and production of construction materials.

**Table 2. Investments in fixed capital per capita in 2015-2021², billion soum**

#	Regions	2015	2016	2017	2018	2019	2020	2021
	Republic of Uzbekistan	1431,7	1608,6	2227,8	3769,6	5834,6	6140,3	6861,0
	including							
1.	Republic of Karakalpakstan	3388,2	2094,0	1542,2	3641,1	4644,4	3710,0	4189,2
2.	Andijan	678,4	745,3	999,6	1550,3	2406,0	3047,2	3470,1
3.	Bukhara	2264,0	3237,6	6254,2	5112,4	5429,3	6295,0	10462,9
4.	Jizzakh	1033,1	1125,1	1361,9	2693,9	5778,9	8984,7	6470,7
5.	Kashkadarya	1969,9	2389,3	3583,4	5193,4	7534,6	6214,7	5148,2
6.	Navoi	1965,1	3168,1	4185,4	10892,1	17855,2	15604,2	14672,4
7.	Namangan	863,8	1074,8	1340,3	2992,5	4344,1	4229,2	4477,8
8.	Samarkand	912,0	1001,6	1189,4	1878,3	2674,9	3746,0	3920,7
9.	Surkhandarya	773,0	879,1	1427,1	2848,3	4552,8	3792,2	4438,7
10.	Sirdarya	1382,2	1660,3	2011,1	3280,2	7002,9	8425,4	9257,1
11.	Tashkent	1595,0	1507,5	2087,2	3898,4	6970,0	7169,0	9644,5
12.	Fergana	731,6	747,8	822,4	1516,8	2336,2	2916,0	3272,3
13.	Khorezm	884,7	885,8	1215,1	1655,6	2718,4	2868,2	4344,3
14.	Tashkent city	2877,4	3848,1	5552,7	10627,8	16710,5	19065,6	20619,8

² Information from the website of the Statistical Agency under the President of the Republic of Uzbekistan. <https://stat.uz/uz/rasmiy-statistika/investments> Date of application: 22.03.2023.



Uzbekistan is in many ways suitable for a country with a favorable investment environment, especially after the liberalization of the foreign exchange market.

The analysis of modern practice shows that there is a clear conflict between the investment needs of the regions and the current level of their investment attractiveness. In order to develop systematic and effective management decisions and actions, it is necessary to have the ability to correctly assess the level of investment attractiveness of the territory.

Practice shows that, as in the world, in the territories of the Republic of Uzbekistan, not the benefits offered to foreign investors, but stability of conditions, reliability of investments and transparency of activity are important. economic processes. In addition, foreign investors began to oppose the excessive competition between regions in the fight for investor preferences, because the existence of many preferences separates a single investment area, making it difficult for the investor to assess the objectivity and standardization of the investment decision-making process.

It should be said that currently there is a big gap between the achieved level of investments in the economy of the regions of the Republic of Uzbekistan and the level necessary to ensure their sustainable development. One of the reasons for this disparity is the problem of the reliability of the assessment of the investment attractiveness of the regions obtained by applying existing methods.

Practice shows that it is very difficult for investors and other interested parties to assess the investment attractiveness of regions due to the large number of available methods and in some cases their insufficient development.

Despite the positive trends in attracting investments to the Republic of Uzbekistan, there are still serious problems in forming the investment attractiveness of the region, in particular:

- the need to improve and develop legislation in the field of regulation of foreign investments;
- uneven development of infrastructure, which leads to peripheral areas lagging behind the center, etc.

Therefore, great efforts should be made to organizationally support the investment process in the regions.

Taking into account all the above problems, it is necessary to assess the investment attractiveness of the regions and develop effective directions for increasing the investment attractiveness of the regions and the country as a whole.

Modern realities of economic development demand the need to focus on investment resources, including the innovative type of economic growth based on foreign resources.

In the investment strategy of Uzbekistan, special attention is paid to investment projects closely related to technical re-equipment and modernization of the economy.

Thus, development of investment policy should be carried out in the following directions:

- creation of conditions for equal and fair competition;
- further development of the tax system, stimulation of investments in the real sector of the economy and comprehensive development of the financial market;
- further development of free economic zones;
- improvement and strengthening of the legal base of the investment process;



- development of the banking sector, the stock market and other segments of the financial market in order to solve the problems of financing the investment process.

- creation of conditions for stimulating the population's savings in various financial and credit institutions, expansion of the financial market, activation of investment activities of its institutions.

Based on the conducted research, the following proposals and practical recommendations can be developed for improving the investment policy in the context of the modernization of the economy of Uzbekistan:

- to carry out the policy of further improvement of the mechanism of implementation of state investment programs;

- improvement of the mechanism of joint participation of state and private entrepreneurship in the financing of investment projects in priority sectors;

- increasing attention to saving resources by creating conditions and factors that encourage the development of high-tech industries, focusing on knowledge-intensive and energy-saving sectors.

Regions that effectively use the potential of their territory, attracting not only local capital, but also foreign capital, have favorable opportunities for socio-economic development. Otherwise, the resources of the region will be used by others, which will lead to the economic decline of this region. Therefore, it is very important to find industries that can compete with others in improving the high socio-economic status of the regions.

In addition to the large-scale activities and measures implemented in Uzbekistan to create a favorable investment environment and increase investment activity, there are also a number of shortcomings:

- insufficient development of infrastructure in some regions of the republic to create a favorable investment environment, as a result of which the majority of bank investments are directed to cities and regional centers;

- The underdevelopment of the production of competitive products is due to the lack of sufficient number of processing enterprises in these regions.

In the future, it is desirable to develop certain industries by attracting foreign investment to the economy. Establishment of joint ventures with the participation of foreign investors creates wide opportunities for economic sectors:

- In the period up to 2025, taking into account the country's investment policy strategy, it is necessary to analyze the possibilities and prospects of the economic development of the regions in depth;

- creation of new jobs and providing employment to the unemployed, which allows the introduction of advanced foreign management experience in the regions, which also increases labor productivity;

- it is necessary to accelerate the inflow of foreign currency into the country by attracting large amounts of loans and investments in loans for the production and export of competitive products on the world market.



Conclusion

In general, it should be noted that the favorable geographical location, rich natural resources, high level of production and social infrastructure are attracting great interest from local and foreign investors, and it is an important condition for expanding investment in the regions of Uzbekistan.

Based on the above, the following conclusions can be drawn:

- regional investment attractiveness is closely related to the country's economy. The state plays an important role in forming the investment environment of business entities in the regions;

- the state's investment policy is aimed at deepening economic reforms in the country, it is aimed at modernization of production and technical re-equipment;

- the efficiency of the economic policy should be based on the basic principles that can solve the problem of increasing the quality of economic growth in the regions;

- shows the impact of changes in the economy of the regions of Uzbekistan on the main quality indicators such as material productivity, capital productivity, labor productivity. The analysis of the regions of Uzbekistan for the years 2000-2018 showed that the levels of economic development of the regions are completely different, therefore the Jizzakh region is in the first place in terms of capital capacity and capital productivity; in terms of labor productivity - the cities of Tashkent, the Republic of Karakalpakstan, and the city of Jizzakh, which are related to the use of modern technologies, take the leading place;

- on the basis of this analysis, the problems and contradictions between the investment needs of the regions and their level of attractiveness were determined;

- according to the author, the main shortcomings in the creation of the investment environment of the regions are the following: the insufficient development of the market infrastructure, the lack of production of competitive products, as well as the partially insufficient qualification of the management staff in the regions of the republic.

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