



ECONOMIC FOUNDATIONS OF USING INVESTMENTS IN THE ECONOMY AND THEIR CHARACTERISTICS IN UZBEKISTAN

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Abstract. *This article analyzes the formation of the country's investment climate, the attraction of foreign and local capital, and the dynamics of intersectoral economic development within the framework of the “Uzbekistan – 2030” strategy. The study examines the volume of fixed capital investment for 2023–2026, its distribution by sector, the growth in the number of enterprises with foreign participation, and the effectiveness of institutional reforms. At the same time, it is substantiated that Uzbekistan is becoming a leading investment destination in Central Asia, and the issues of effectively directing investments into competitive sectors are justified in order to achieve a high-middle-income economy by 2030.*

Keywords. *Investment, investment climate, foreign direct investment, investment dynamics, green financing, investment attractiveness, investment potential.*

Аннотация. *В данной статье анализируется формирование инвестиционного климата в стране, привлечение иностранного и местного капитала, а также динамика межотраслевого экономического развития в рамках стратегии "Узбекистан - 2030." В исследовании рассматриваются объем инвестиций в основной капитал на 2023-2026 годы, их распределение по отраслям, рост числа предприятий с иностранным участием и эффективность институциональных реформ. При этом обосновано, что Узбекистан становится ведущим инвестиционным направлением в Центральной Азии, а также обоснованы вопросы эффективного направления инвестиций в конкурентоспособные отрасли с целью достижения экономики с уровнем дохода выше среднего к 2030 году.*

Ключевые слова. Инвестиции, инвестиционный климат, прямые иностранные инвестиции, динамика инвестиций, зеленое финансирование, инвестиционная привлекательность, инвестиционный потенциал.

The creation of new enterprises in our country, as well as the expansion of existing ones, requires the hiring of new workers. This will strengthen social stability by ensuring employment and reducing unemployment. Investments are directed not only into production but also into infrastructure. The development of new transport routes, electricity networks, water supply, and other social infrastructure will allow for the modernization of the economy and make it more efficient. This, in turn, increases the country's global competitiveness. Investments support innovation processes. Through the introduction of new technologies, opportunities are created to increase production efficiency, improve product quality, and enter new markets. The "Uzbekistan – 2030" Strategy is one of such ambitious and result-oriented goals included in Uzbekistan's development agenda. The "Uzbekistan 2030" Strategy, which encompasses the country's multi-sectoral development, aims to enhance the country's economic, social, and political prestige on a global scale by proposing specific tasks and improvements to be achieved by 2030 to transform the country into an upper-middle-income economy. One of these goals to achieve the level of an upper-middle-income country is to improve the investment climate. In particular, the government aims to increase the country's investment attractiveness alongside capital markets. To achieve this, the government proposes attracting \$250 billion in investments, including \$110 billion in foreign investment and \$30 billion in public-private partnerships.

Investments are a decisive factor in economic growth, the renewal of production facilities, technological modernization, and the improvement of the population's standard of living. Over the past five years, Uzbekistan has radically reformed its investment attraction policy, creating a transparent investor environment through legal guarantees, tax stability, currency freedom, and

international arbitration mechanisms. In 2023–2025, the volume of investments in fixed assets is growing by an average of 11–14% per year, contributing to structural changes in the country's economy.

The dynamics of the growth rate of assimilated investments in fixed assets over the past five years show that in January-March 2026, this figure increased by almost 2.2 times compared to 2022. When analyzing the growth rates of fixed capital investments over the last 5 years, they have an upward trend, with the highest growth rate of 143.9% observed in 2024, and this figure reached 129.6% in January-March 2026.

Also, in January-March 2026, the volume of investments utilized from centralized funding sources amounted to 15.3 trillion soums, an increase of 44.8% compared to the corresponding period of 2025. Their share in the total volume of investments in fixed assets reached 9.8%. In the technological structure of investments in fixed assets in the Republic of Uzbekistan, 62 trillion soums of investments were disbursed in machinery, equipment and inventory, which amounted to 39.7% of the total investment, 74.4 trillion soums were disbursed for construction and installation works (47.6% of the total investment) and 19.9 trillion soums (12.7%) for other expenses.

The share of investments spent by sector in Uzbekistan in 2025 was as follows.

№	Area	Investment share, %	Main directions
1	Energy	28,4	Gas chemistry, power plants, solar/wind power, energy storage
2	Mining and metallurgy	19,2	Gold, copper, uranium, critical minerals, processing plants
3	Manufacturing industry	18,7	Textile, automotive, pharmaceutical, and electronics components
4	Construction & Real Estate	14,5	Industrial parks, residential, commercial facilities

5	Transportation and logistics	8,3	Road infrastructure, multimodal centers, and SEZ logistics
6	ICT and digital economy	5,1	Data centers, fintech, artificial intelligence, telecommunications
7	Agriculture	3,8	Greenhouses, processing, export chains
8	Other	2,0	Education, healthcare, social infrastructure

At the end of 2025, the energy and mining and metallurgical sectors were the leaders in terms of the volume of investments attracted in the sectors. These sectors are characterized by high capital intensity, long depreciation periods, and strategic importance. At the same time, despite the relatively small share of investments in the manufacturing industry and ICT, their level of added value, export potential, and innovative impact remain high.

The manufacturing industry leads in the structure of investments in fixed assets by type of economic activity. As a result of the implementation of large investment projects in this type of economic activity, 44.5 trillion soums or 28.5% of the total volume of investments in fixed assets were disbursed from all sources of financing.

For 2026, the volume of fixed capital investment is projected to be in the range of 195–205 trillion soums (annual growth of 9–12%).

The structural transformations implemented within the framework of the Investment Programs of the Republic of Uzbekistan have elevated the efficiency of foreign economic activity to a qualitatively new level. The demographic capacity of the local market and the tax and customs preferences provided by the state have become the primary drivers ensuring the transit of foreign capital. Intersectoral and structural analysis of national statistical data shows that the institutional role of foreign enterprises in the country's economy is strengthening year by year.

Specifically, as of May 1, 2026, there are 19,490 enterprises with foreign investment operating in Uzbekistan, of which 4,427 are joint ventures and 15,063 are wholly foreign companies. Over the past five years, the number of enterprises with foreign capital participation has increased 1.4 times. At the same time, the share

of foreign enterprises increased from 61.3% to 77.3%. This testifies to the growing confidence of foreign business in the country's economy. Mainly, China led in the number of operating enterprises - 5,615 companies. The leading countries in terms of the number of enterprises with foreign capital are mainly Russia - 3308, Turkey - 2216, Kazakhstan - 1259, the Republic of Korea - 721, Afghanistan - 656, Azerbaijan - 452, Tajikistan - 437, the UAE - 427, and India - 405.

The steady growth of the number of foreign companies in our economy is linked to consistent reforms aimed at improving the business environment, liberalizing the economy, and expanding international investment cooperation. Important reforms have been implemented in Uzbekistan's legislation to promote direct investment, with a focus on improving the legislative framework, ensuring investor protection, and strengthening a favorable business environment. Furthermore, one of the important aspects of implementing state policy in any field is that the government proposes strategic plans that must be implemented within a specific timeframe. Furthermore, maintaining the investment rating of regions in order to make them more attractive to investors is another urgent task that can solve the socio-economic tasks of the regions.

The main factors in solving these tasks are:

- Plans to attract foreign investment in the amount of \$50 billion within the framework of the state investment program for 2026;
- Tax stability, currency freedom, and the expansion of the "one-stop shop" system;
- Strengthening international cooperation on green financial instruments (green bonds, ESG standards).

At the same time, there are factors that limit investment potential, which include:

- Global economic instability and exchange rate fluctuations;
- Lack of qualified engineering and technical personnel and digital specialists;
- Restrictions on energy supply and logistics infrastructure in some regions;

- The process of adapting to international ESG standards consists of time and financial costs.

There are also ways to strengthen the investment climate, including:

1. Implementation of green financing instruments: Green bonds, carbon credits, ESG rating system.
2. Strengthening intersectoral integration: Energy-industry-logistics digital platforms.
3. Modernization of personnel training: practical educational programs in IT, engineering, and green technologies.
4. Expanding the "Single Window" investment service: Digitalization of licensing, permitting, tax, and customs processes.
5. Strengthening international arbitration and legal safeguards: Improving practice within the framework of ICSID and the New York Convention.
6. To increase investment attractiveness, green financial instruments, digital services, qualified personnel training, and the integration of international legal guarantees are organized.

The economic potential of Uzbekistan is becoming more attractive every year, and the investment climate is no exception. Although reforms and numerous incentive measures aimed at improving the investment climate and economic development in general are being implemented, despite the progress achieved, there is a need for constant improvement of the legislative and regulatory framework to ensure a consistent and transparent investment climate.

Nevertheless, Uzbekistan demonstrates a firm commitment to reforming investment legislation, significantly improving the investment climate, and attracting a high level of foreign direct investment. In particular, the adoption of the Law "On Investments and Investment Activity" has had a significant positive impact on direct investments in Uzbekistan, and this law is of great importance for economic development. The strategic implementation of a policy aimed at improving market-oriented practices is positioning Uzbekistan as an attractive destination for

international investors. Furthermore, in 2026, Uzbekistan will strengthen its leading position in Central Asia in attracting investment and ensure sustainable growth by effectively directing investment into competitive sectors of the economy.

Investments are of central importance in the development of the national economy accelerating economic growth, creating new jobs, and improving infrastructure support development and provide impetus for technological updates. Research results have shown that investments are a necessary tool for expanding economic activity and increasing the country's global competitiveness. Social and economic stability can also be maintained through effective investment management. However, there are also negative effects of investments. Investments that are misdirected or do not take environmental risks into account can damage the economy. Therefore, it is necessary to balance environmental, economic, and social factors during the investment management process. Effective cooperation between the state and the private sector, the creation of an investment climate, and the improvement of the investment management system: sustainable development of the national economy.

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