

## ENHANCING THE EFFICIENCY AND SUSTAINABILITY OF FOREIGN INVESTMENT PROJECTS IN UZBEKISTAN: CHALLENGES AND OPPORTUNITIES

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### Abstract

This article examines the role of foreign investment in the economic development of Uzbekistan, highlighting recent reforms and challenges faced by foreign investors. It delves into the efficiency and sustainability of foreign investment projects and explores strategies for improving the investment climate. Using a mixed-methods research approach, the study identifies key factors affecting the success of foreign investments, including regulatory frameworks, infrastructure, and political stability. Recommendations are provided to address these challenges, ensuring Uzbekistan attracts more investments, fosters economic growth, and facilitates the transfer of technology. The findings offer valuable insights for policymakers and practitioners in Uzbekistan and other developing countries aiming to enhance their foreign investment strategies.

**Keywords:** Foreign investment, Uzbekistan, economic development, investment efficiency, sustainability, regulatory framework, infrastructure, economic growth.

### Introduction

Foreign investment is becoming an increasingly important direction of economic development in many countries of the world. As countries seek to attract foreign investment they must also ensure that foreign investment projects are efficient and sustainable for maximum benefit. Located in Central Asia- Uzbekistan has made significant efforts to attract foreign investment in recent years, but much needs to be done to improve the efficiency and sustainability of foreign investment projects.

The purpose of this topic is to study ways to increase the efficiency and stability of foreign investment projects in Uzbekistan. To achieve this goal, the study analyzes the current state of foreign investment in Uzbekistan and identifies factors affecting the effectiveness and sustainability of foreign investment projects. The research uses a mixed-methods approach that includes both quantitative and qualitative data collection and analysis.

Important economic reforms, including the liberalization of the foreign investment regime, have been implemented in Uzbekistan in recent years. As a result, the flow of foreign investments to the country increased. However, despite this progress, there is a need to address the challenges facing foreign investors, including a lack of transparency and predictability in the regulatory environment and inadequate infrastructure. Foreign investments play a decisive role in the economic development of Uzbekistan, and increasing the efficiency and stability of foreign investment projects can bring great benefits to the country. By improving the investment climate, Uzbekistan can attract more foreign investment, which can create jobs, transfer



technology and promote economic growth. The topic of increasing the efficiency and stability of foreign investment projects is of great importance not only for Uzbekistan, but also for other developing countries.

Considering ways to increase the efficiency and sustainability of foreign investment projects in Uzbekistan, this thesis can provide valuable information and lessons for other countries that want to attract foreign investments. In conclusion, it can be said that the topic of the thesis "Ways to increase the efficiency and stability of foreign investment projects (Uzbekistan)" is very relevant and reasonable. By solving the problems faced by foreign investors and developing a stable business environment, Uzbekistan can attract more foreign investments that contribute to the country's economic development. In addition, the results of this thesis may provide valuable information to other emerging market economies seeking to attract foreign investment.

The purpose of the research main purpose of this study is to determine ways to improving foreign direct investment attractiveness and develop new approaches of removing trade berries for sustainable economic development in Uzbekistan.

To achieve the goal of this research, the following tasks are performed:

- ❖ A study of the existing literature on foreign investment in Uzbekistan, including the current investment environment, regulatory framework and investment trends;
- ❖ To determine the factors affecting the effectiveness and stability of foreign investment projects in Uzbekistan, including political, economic and social factors;
- ❖ Collection and analysis of quantitative data on foreign investments in Uzbekistan, including types of investment projects, their geographical distribution and economic impact;
- ❖ Export-oriented industrialization program development analysis;
- ❖ Analysis of removing the barriers to successful foreign investment projects
- ❖ Solutions on sophistication for export goods and services in the light of foreign investment projects in Uzbekistan.

The main problems and questions of the research main problems:

Despite efforts to attract foreign investments, Uzbekistan faces a number of problems in increasing the efficiency and stability of foreign investment projects.

These challenges include a complex regulatory framework, a lack of transparency and accountability in the investment process, and an uncertain political and economic environment. These problems hinder the growth of foreign investment in Uzbekistan and limit the benefits that foreign investment can bring to the country.

Questions:

The following questions will guide the research and help to address the main issues raised above:

What is the current state of foreign investment in Uzbekistan and what are the main trends of foreign investment in the last ten years?

What are the main factors affecting the efficiency and stability of foreign investment projects in Uzbekistan and how do these factors interact?

What are the perceptions and experiences of foreign investors in Uzbekistan and how do these perceptions and experiences affect their investment decisions?



What is the current regulatory framework and policy governing foreign Investment in Uzbekistan, and how effective in this system and policy in increasing the efficiency and sustainability of foreign investment projects, According to the results of the research, what recommendations can be given investment projects in Uzbekistan?

Research object:

The object of this research is foreign investments in Uzbekistan. Foreign investment refers to the injection of capital, resources or assets by a foreign entity, such as an individual or corporation, into a local business or project in Uzbekistan.

### Research topic:

The topic of this study is measures to remove existing obstacles to the export of national products to foreign markets and attracting investments.

Efficiency refers to the extent to which foreign investment projects in Uzbekistan use resources to maximize economic and social benefits. Stability refers to the extent to which foreign investment projects in Uzbekistan are protected from external and internal risks such as political instability, economic decline, and legal disputes.

This study focuses on identifying ways to increase the efficiency and sustainability of foreign investment projects in Uzbekistan. This is an analysis of the current investment environment in Uzbekistan, affecting the effectiveness and stability of foreign investment projects identifying factors, politicians and by developing recommendations for practitioners to improve the investment climate in the country. The research uses a mixed method that combines quantitative and qualitative methods of data collection and analysis.

What investment is and what it is not

The term "investment" means something different to economics than it does to not of the resto star talking For example, if you ask your banker about investment she will probably start talking about stocks and mutual funds that she would like you to purchases of financial assets do not represent real wealth for the economy as a whole.

Instead, they reflect credit relationships within the economy. Financial assets such as loans and bank accounts represent contracts to pay interest and repay principal on borrowed money. Stocks represent partial ownership of a corporation, implying a right to vote on the governance of the corporation and to receive dividends as determined by the directors that the shareholders elect. In either case, the financial asset of one individual in the economy is offset by a financial liability of another person or corporation. Thus, when we aggregate the wealth of all members of the economy, these assets and liabilities cancel and financial assets disappear. Thus, if you "invest" in a financial asset, someone else is "disinvesting" at the same time, so aggregate, or social, investment does not rise. Economists usual reserve the term investment for transactions that increase the magnitude of real aggregate wealth in the economy. This includes mainly the purchase 15 - 3 (or production) of new real durable assets such as factories and machines. 1 The category of investment that receives the most attention is business fixed investment, which is the purchase of new structures and equipment by business firms for production purposes. However, there are two other categories, and they are also important.

Inventory investment consists of increases in stocks of unsold goods or unused input materials. This kind of investment is quite different from business fixed investment because inventory



capital normally has a very short life span. When inventories decrease from one period to the next, as sometimes happens even at an aggregate level, inventory investment is negative.

Economists have long recognized that investment tends to be the most volatile of the components of expenditure over the business cycle. Of course, strong correlations between investment and output only mean that the two variables tend to move together; they do not allow us to determine the direction(s) of causality. For that, we need the framework of economic theory with which to interpret the data<sup>1</sup>.

Some economists have inferred from the high volatility of investment that fluctuations in investment demand are a major cause of business cycles. Others have argued that the wide variation in investment over the cycle reflects consumption smoothing: investment gets squeezed out as households attempt to maintain their consumption expenditures at a high level during recessions.

John Maynard Keynes and the business cycle a satisfactory theory of the business cycle was a pressing need in the 1930s, when the Great Depression inflicted widespread economic suffering on Europe and America. John Maynard Keynes attempted to fill that need with *The General Theory of Employment, Interest and Money*, which he wrote in 1935. Although the ambiguities in *The General Theory* have proved sufficient to sustain a huge literature attempting to interpret Keynes, one of the points on which most scholars agree is that Keynes believed that fluctuations in investment were the primary source of cyclical fluctuations<sup>2</sup>.

### **Practical importance:**

The practical significance of this research lies in its potential to inform policy and practice developed in Uzbekistan. This study has the potential to contribute to the sustainable development of the economy of Uzbekistan by providing effective recommendations to policy makers and practitioners on improving the efficiency and sustainability of foreign investment projects. In particular, the recommendations developed in this study will help attract more foreign investments, increase the economic benefits of foreign investment projects, and reduce the risks and problems associated with foreign investments in Uzbekistan. In addition, research will help improve the investment climate in Uzbekistan, thereby contributing to the country's overall economic growth and development. Brief description of the composition of the topic The topic consists of several chapters. The first chapter provides an introduction to the research topic and describes the purpose, tasks and main issues of the research. In the second chapter, relevant literature on foreign investments, investment environment and legal framework is considered. Study methodology in the third chapter, including methods of data collection and analysis are described.

The fourth chapter presents the results of the study, including the current state of foreign investment in Uzbekistan, factors affecting the efficiency and stability of foreign investment projects, as well as the understanding and experience of foreign investors in Uzbekistan. The fifth chapter analyzes the effectiveness of the current legal framework and policy regulating foreign investments in Uzbekistan. And finally, in the sixth chapter,

<sup>1</sup> Uzbekistan 2024: goldmine of investment opportunities in evolving economy — Daryo News

<sup>2</sup> Who Was John Maynard Keynes & What Is Keynesian Economics? (investopedia.com)



policy makers and practitioners are given recommendations on increasing the efficiency and stability of foreign investment projects in Uzbekistan. The topic concludes with a summary of key findings and a discussion of the research's implications for future policy and practice in Uzbekistan.

Summing up, one can make an unequivocal conclusion: the implementation of market reforms in Uzbekistan, including the deepening of privatization processes, the achievement of macroeconomic stabilization and ensuring sustainable economic growth, fundamental structural changes in the national economic complex are inextricably linked with the active investment policy. As first President I.Karimov rightly noted in his report, “we must always remember the simple truth - without investment there is no progress, there is no technical, technological renewal and modernization of production and the whole country”

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